

**CASCADE CHARTER TOWNSHIP
SPECIAL BOARD MEETING**

Personnel Committee

Thursday, December 07, 2006

4:00 P.M.

Cascade Township Office

2865 Thornhills SE Grand Rapids, MI

- Article 1.** Clerk Goodyke called the meeting to order
Present: Trustee Koessel (representing Supervisor Julien), Clerk Goodyke, Trustee Beahan, Treasurer Carpenter.
Absent: Supervisor Julien
Others Present: Manager Cravens, Deputy Clerk Biegalle

Article 2. New Business

Discussion of the issue related to Health Insurance for employees

Discussion of the Health Insurance Plan was led by Trustee Koessel. It was agreed that we need to make every attempt to reduce the cost of health care to the Township. There were three options discussed to achieve this goal

Option 1. To look at changing **from** the current HMO, which has an annual premium of \$378,917.40, of which the staff pays 10%, leaving \$341,025.66 as the Township's total annualized premium obligation, **to an** HSA which has an annual premium of \$305,260.03 of which the staff would continue to pay 10%, leaving \$274,734.08 as the Township's annualized premium obligation. To cover the large deductible liability in the HSA of \$79,200.00 (based on the current employee census), the Township would contribute 2/3 which amounts to \$53,064.00. The total that the township would be obligated to pay is \$327,798.03. **This saves the Township \$13,227.03 (3.8%) annualized.** The employees would then be obligated to pay \$30,526.00 (10% of the new premium) rather than the current amount of \$37,891.74, for a total saving of \$7,365.08.

However, the employees now accept the possible financial obligation for the deductible not covered by the Township's contribution to the HSA. For a family this amounts to \$726.00 annually and for a single person \$363.00. The cost to cover this shortfall risk is \$13.95 per pay period for singles and \$27.92 for families. This amount could be deducted and deposited into the HSA if they choose to take advantage of the tax breaks and wish to eliminate the risk of a large financial obligation should their deductible be entirely used up in the first year. Under this plan, the **employees' bi-weekly cost for the same coverage for singles increases from \$15.57** currently paid by singles **to \$12.54** for the premium plus \$13.95 for the shortfall or **\$26.49 total (increase of \$10.92) ; and for families** the bi-weekly deduction goes **from \$42.82** currently paid **to \$34.95** for the premium plus \$27.92 to cover the shortfall or **\$62.87 total (increase of \$20.05).**

This is the plan with which we concluded the discussion. There was no vote taken to make this a solid recommendation to the Board at the December 13 meeting since members wanted more time to review the numbers. Clerk Goodyke was charged with giving the summary of the meeting minutes to the other members to get their input to see if we can agree on a recommendation.

Option 2. The Committee discussed moving to a program which allows the Township to offer insurance only to employees unless there is no other option for family or spouse coverage. This could reduce the cost to the Township significantly by only giving single coverage to couples and families who have another option and who now choose to double insure. This is a common practice in many firms and companies. A very cursory survey of the staff shows that there **may** be nearly half of the employees who fall into that category.

Option 3. The suggestion was made that we interview or survey the staff to see if a larger cash payment in lieu of insurance would entice more employees to opt out of our insurance plan and go that of their spouse. This would have potential of both saving a significant amount for the Township and giving a nice reward to staff. More research needs to be done to see if this is feasible in the middle of a contract year with insurance companies. Clerk Goodyke will investigate with our insurance company and report to the personnel committee.

Article 3. Adjournment

The meeting was adjourned at 6:45 p.m.

Ronald H. Goodyke, Clerk

Michael Julien, Supervisor
