

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING, ROOM 113
THURSDAY, JULY 23, 2009
8:30 A.M.**

Commissioners Present: Bernie Heier, Chair
Ray Stevens, Vice Chair
Larry Hudkins

Commissioners Absent: Bob Workman
Deb Schorr

Others Present: Kerry Eagan, Chief Administrative Officer
Gwen Thorpe, Deputy Chief Administrative Officer
and
Interim Lancaster Manor Administrator
Cori Beattie, Deputy County Clerk
Dan Nolte, County Clerk
Ann Taylor, County Clerk's Office

The Chair opened the meeting at 8:33 a.m.

AGENDA ITEM

1 APPROVAL OF THE STAFF MEETING MINUTES, THURSDAY, JULY 16, 2009

MOTION: Stevens moved and Hudkins seconded approval of the July 16, 2009 Staff Meeting minutes. Stevens and Hudkins voted aye. Heier abstained from voting. Motion carried.

2 ADDITIONS TO THE AGENDA

A. Legislative Resolution (LR) 171 (Exhibit A)

MOTION: Stevens moved and Heier seconded approval of the addition to the agenda. Stevens, Hudkins and Heier voted aye. Motion carried.

3 FIRST QUARTER HEALTHCARE REPORT - Brett Young and Jeffrey Huether, BlueCross BlueShield of Nebraska; William Karolski, Prime Therapeutics; Bill Kostner, City Risk Manager

Brett Young, BlueCross BlueShield of Nebraska, presented a first quarter report on the healthcare plan, noting the following (Exhibit B):

- Paid Claim Experience (Overall and Per Cost/Per Member)
- Claim Experience Comparison
- Inpatient Hospital Utilization
- High Cost Claimants (More Than \$100,000 in Paid Claims)
- Health Cost Savings
- Plan Design Comparison Versus the City of Lincoln and Douglas County

Hudkins said he would like to see a comparison with other counties in the County's array.

- Plan Design Alternatives
 - * Deductible
\$300 Single/\$600 Family
(Approximate Claim Savings - 1.5%)
 - * Physician Office Co-Pay
\$20 Co-Payment
(Approximate Claim Savings - 0.5%)
 - * Emergency Room Co-Pay
\$150 Co-Payment
(Approximate Claim Savings - 0.5%)

Young said implementing these alternatives would save the County 2.5%, or approximately \$250,000.

- Prescription Drug Mix

Jeffrey Huether, BlueCross BlueShield of Nebraska, discussed the prescription drug mix (generic, formulary name brand and non-formulary name brand).

William Karolski, Prime Therapeutics, said there is approximately a \$130.00 cost difference between the typical brand product and generic product, per claim, and said they would like to see generic use increase.

Hudkins said there is still a perception that generics aren't as good as brand products.

Karolski said they can provide materials to encourage use of generics.

- Prescription Drug Utilization

Huether discussed utilization and the opportunity for a Proton Pump Inhibitor (PPI) Pre-authorization Program.

Karolski noted the program doesn't completely lock out non-formulary products.

- Specialty Pharmacy

Karolski presented information about specialty drug utilization and a benefit strategy.

Bill Kostner, City Risk Manager, asked whether the Board has interest in pursuing alternatives with next year's renewal.

Hudkins said he would like to look at moving to \$300 single/\$600 family deductible like the City of Lincoln and Douglas County.

Jason Speer, Milliman USA, appeared and said Douglas County is also a client of his firm and said Douglas County is considering significant changes to their plan and increases to their deductibles.

4 HEALTH AND DENTAL INSURANCE FUNDING REPORT - Stephanie Noonan and Jason Speer, Milliman USA; Bill Kostner, City Risk Manager

Jason Speer, Milliman USA, presented a calculation of expected claims and expenses and medical and dental premiums for the 2010 calendar year, noting the following (Exhibit C):

- Self-insured medical claims and expenses are projected to be \$12,810,981 (18.3% increase over the current year) (See Attachment #2)

Speer said that amount does not include a spend-down of excess assets. He said the excess was amortized last year over five years. Experience was higher than projected so the excess has been re-amortized over another five-year period.

- Self-insured dental claims and expenses are projected to be \$744,384 (7.5% increase over the current year) (See Attachment #3)

Speer said last year excess assets were spent-down over three years.

- 2010 projected premium for the medical plan is \$895.62 on a per employee/per month (PEPM) basis (18.3% increase) (See Attachment #4)
- 2010 projected premium for the medical plan is \$849.77 on a per employee/per month (PEPM) basis if spend-down of the trust fund is re-amortized over another five-year period (12.3% increase) (See Attachment #5)

Stephanie Noonan, Milliman USA, explained that plan design changes could reduce that figure further.

- 2.6 claimants are expected to exceed stop-loss deductibles (See Attachment #6)

Speer projected a \$27.28 stop-loss premium (PEPM) next year (15% increase). He said they will explore whether the County can "move up the deductible ladder" but said if the premium savings do not exceed the estimated additional claims liability it's probably not a good net deal.

- 2010 projected premium for the dental plan is \$55.24 on a per employee/per month (PEPM) basis (7.5% increase) (See Attachment #16)
- 2010 projected premium for the dental plan is \$52.78 on a per employee/per month (PEPM) basis if spend-down of the trust fund is re-amortized over another three-year period (2.7% increase) (See Attachment #17)

Speer also discussed incurred but not reported (IBNR) reserves for the medical and dental plans (See Attachments #21-22).

5 CLASSIFIED/UNREPRESENTED EMPLOYEE SALARIES - John Cripe, Classification and Pay Manager; Nicole Gross, Compensation Technician; Kristy Bauer, Deputy County Attorney

John Cripe, Classification and Pay Manager, said the Board needs to decide what increase to give the 285 unrepresented employees, 60 excluded employees and four excluded classes that mirror American Federation of State, County & Municipal Employees (AFSCME) positions, but are excluded from union representation.

Hudkins asked how many employees are covered by unions.

Cripe said as of December, 2008, 576 are covered by AFSCME and 61 Sheriff's Deputies and 58 Correctional Officers are covered by the Fraternal Order of Police.

Cripe recommended that those in the excluded classes (Clerk Typist III and a Scheduling Clerk position) receive as the same increase as those represented by AFSCME (3.25%).

In response to a question from Hudkins, Cripe said 50-60% of employees are at the maximum step of the pay plan, so this will be their only increase.

The Chair suggested the item be held to get input from all the Commissioners.

ACTION ITEMS

A. Microcomputer Requests:

1. C#56121, \$1,181.28 from Emergency Management, One (1) Computer and One (1) Wide Screen LCD Monitor
2. C#56177, \$259.25 from Microcomputer Fund for a 22" Wide Screen Monitor for Records and Information Management

MOTION: Hudkins moved and Stevens seconded approval of the microcomputer requests. Stevens, Hudkins and Heier voted aye. Motion carried.

ADMINISTRATIVE OFFICER REPORT

- #### **A. Claim for Review - PV228936 from Community Corrections to Behavioral Interventions for \$3,000.00. This claim is over the amount which requires a purchase order.**

Kerry Eagan, Chief Administrative Officer, said Kim Etherton, Community Corrections Director, has indicated the purchase was made inadvertently. He said her department ordered monitoring equipment components they previously had not been charged for under terms of a lease agreement. The units have now been purchased.

MOTION: Stevens moved and Hudkins seconded to handle the claim through the regular claims process. Hudkins, Stevens and Heier voted aye. Motion carried.

Hudkins said he believes the amount which requires a purchase order should be raised from \$1,500 to \$5,000, which is the statutory limit.

B. Board of Equalization Final Action Date

Cori Beattie, Deputy County Clerk, said the date of final action on property valuation protests will need to be rescheduled, as the City Council/County Commissioners Hearing Room is unavailable on August 6th.

Board consensus was to take final action on August 5th instead, with a starting time of 2:00 p.m. Board members also clarified what information they would like to see on a spreadsheet: County Assessor's valuation for 2008 and 2009, requested valuation, referee's recommended valuation and a column for notes.

Beattie said Tom Kubert, Referee Coordinator, will provide a verbal summary of new information.

Hudkins requested copies of the new, additional information received following the referee hearings.

C. One and Six Year Road and Bridge Improvement Program Hearing
Date

Item was held with a suggestion that the hearing be scheduled either the end of October or early November.

D. Smoking Cessation Letter

Heier and Hudkins expressed concerns regarding the content of the letter to Kim Kaspar, AFSCME Local #2468 President (See July 9, 2009 Staff Meeting minutes). Heier said he's not sure he is willing to paying funds up-front for smoking cessation assistance without seeing the outcome. He also questioned the proposals to ban smoking outside county buildings and to make an exception for Midtown Center clients.

Hudkins concurred, noting it will be difficult to enforce the policy. He also stressed the need for a consistent City/County policy.

Board consensus was to schedule further discussion of the proposed smoking policy on the July 30th Staff Meeting agenda.

6 A) LANCASTER MANOR UPDATE - Gwen Thorpe, Interim Lancaster Manor Administrator
B) POTENTIAL SALE OF LANCASTER MANOR (EXECUTIVE SESSION)

A) Lancaster Manor Update

Extensive discussion took place regarding the issue of Lancaster Manor becoming a preferred provider.

Gwen Thorpe, Interim Lancaster Manor Administrator, recommended that the Board wait, given the Manor's current situation.

Hudkins urged the Board to proceed, stating it will benefit the Medicare and private pay residents.

MOTION: Hudkins moved and Stevens seconded to direct Gwen Thorpe, Interim Lancaster Manor Administrator, to start the process for Lancaster Manor to become a preferred provider. Hudkins voted aye. Stevens and Heier voted nay. Motion failed.

Thorpe also reported that the Purchasing Department will lead an inventory at the facility.

Discussion then took place regarding the Manor's proposed budget. Dennis Meyer, Budget and Fiscal Officer, said he has removed the "wish list" items (capital expenditures) and \$1,000,000 for Contingency and moved the \$1,000,000 that was in the Renewal and Replacement Fund over to cover operating expenses. He said the Manor's directors have also suggested cuts totaling \$150,000 to \$160,000.

Hudkins asked whether the proposed budget includes any new full-time equivalent employees.

Thorpe said yes, the position of comptroller was included.

Meyer said a budget deficit of \$1,800,000 remains and asked whether the Board would like him to reduce expenditures or increase revenues in the proposed budget. He reminded the Board that 80% of expenses at the Manor are related to labor.

Hudkins said he believes it is unwise to remove the \$1,000,000 for Contingency. He stressed the need to increase revenues and said it is difficult to attract private pay clients if the facility is not a preferred provider.

Thorpe said the computer software package necessary for the electronic billing that is required to become a preferred provider was removed from the budget.

Hudkins asked whether all of the insurance companies require electronic billing.

Thorpe said does not have all of the contracts but said UnitedHealthcare does and said she believes it is also a requirement of BlueCross BlueShield. She said she was also advised that her estimate of \$500,000 for the software package is much too low and said \$2,000,000 may be a more realistic figure.

In response to a question from Eagan, Thorpe said the preliminary budget was based on a census figure of 241.

Meyer added that it was based on March census figures and said the census has decreased since then.

Thorpe said the census was 235 yesterday.

Heier asked how many employees would need to be cut to make up the deficit.

Meyer said 45, assuming \$40,000 in costs per employee.

Heier noted the alternative may be a one to a one and a half cent levy increase.

Hudkins noted some work has been done on possibly shutting down one of the nursing stations to cut operation costs. He said if that becomes a necessity and the Manor cannot provide the nursing care a patient wants, transfer to another facility might be an option.

Thorpe said she has not looked at moving anyone to another facility. She said they are working to depopulate one hall on Station 4, as appropriate.

Hudkins suggested the Board look at freezing salaries as a cost saving measure, adding the County's bargaining unions have said they are willing to work with the Board.

Stevens said he doesn't know how the County can generate more revenue.

Hudkins said the Board needs to restore confidence in the Manor to get the census back up and solve the budgetary problems. He added that he is against removing the Contingency, stating pulling it out is just a ploy to make the budget look better.

Stevens and Heier said they do not support restoring those funds.

MOTION: Hudkins moved and Stevens seconded to schedule a special Staff Meeting, immediately following the regular County Board of Commissioners Meeting on Tuesday, July 28th for the purpose of further budget discussion. Hudkins, Stevens and Heier voted aye. Motion carried.

DISCUSSION OF BOARD MEMBER MEETINGS

A. Lincoln Independent Business Association (LIBA) - Stevens

Stevens said he reported on the status of the budget and Lancaster Manor.

B. Meeting of Public Building Commission (PBC) Chair, Vice Chair and Mayor - Hudkins

The meeting was cancelled.

C. Meeting with Jim McGraw - Hudkins, Heier

NOTE: Jim McGraw is the University of Nebraska at Lincoln's (UNL's) consultant for the Nebraska Innovation Park (a site adjacent to UNL's city campus that will provide public and private technology development space to encourage private entrepreneurs to work with the UNL research faculty).

Hudkins said McGraw wanted their views on the Nebraska Innovation Park. He said they suggested consideration be given to utilizing District Energy.

D. Meeting with Jim McGraw - Stevens

Stevens said he has nothing further to report.

RETURNING TO ITEM 6

B) Potential Sale of Lancaster Manor (Executive Session)

MOTION: Stevens moved and Hudkins seconded to enter Executive Session at 10:43 a.m. for discussion of the potential sale of Lancaster Manor. Stevens, Hudkins and Heier voted aye. Motion carried.

MOTION: Stevens moved and Hudkins seconded to exit Executive Session at 11:04 a.m. Stevens, Hudkins and Heier voted aye. Motion carried.

7 BUDGET UPDATE - Dennis Meyer, Budget and Fiscal Officer; Dean Settle, Community Mental Health Center (CMHC) Director; Travis Parker, CMHC Deputy Director; Judi Tannahill, Administrative Services Officer, CMHC

Dean Settle, Community Mental Health Center Director, presented a list of proposed reductions to his budget totaling \$119,535.00 (Exhibit D).

8 A) PHONE CARD SALES TAX; AND B) REQUEST FOR PROPOSALS (RFP) FOR MEDICAL SERVICES - Michelle Schindler, Youth Services Center (YSC) Director; Melissa Hood, Administrative Aide, YSC; Tom Fox, Deputy County Attorney

A) Phone Card Sales Tax

Michelle Schindler, Youth Services Center (YSC) Director, said her department was informed they should have been collecting sales tax on phone card sales since 2003.

Melissa Hood, Administrative Aide, YSC, estimated the amount of sales tax owed is less than \$5,000.

Schindler added they have ceased direct sale of the phone cards.

B) Request for Proposals (RFP) for Medical Services

Schindler recommended that the County proceed with a Request for Proposals (RFP) for medical services at YSC. She noted the Health Department has said they would be willing to assist the facility this year with the transition. **NOTE:** The Health Department is the current provider of medical services.

Stevens asked whether the Health Department would be willing to continue if the County were to agree to higher fees.

Schindler said no, said the Health Department has indicated that providing medical services to YSC is not within their vision or scope of services.

ADDITIONS TO THE AGENDA

A. Legislative Resolution (LR) 171 (Exhibit A)

Schindler said she will provide information and testimony at the hearing on LR 171.

Eagan said he will also forward the request to Gordon Kissel, Legislative Consultant.

9 SALTILLO ROAD STIMULUS PROJECT AGREEMENT - Doug Pillard, Design Division Head, County Engineering; Tom Fox, Deputy County Attorney

Doug Pillard, Design Division Head, County Engineering, gave a brief overview of the project.

Tom Fox, Deputy County Attorney, said the contract requires the Board to certify that it has been reviewed and vetted, as required by law, and said it is unclear what law it is referring to. He said he will schedule the contract, and a corresponding resolution, on the July 28th County Board of Commissioners Meeting agenda for action.

10 ACTION ITEMS

- A. Microcomputer Requests:
 - 1. C#56121, \$1,181.28 from Emergency Management, One (1) Computer and One (1) Wide Screen LCD Monitor
 - 2. C#56177, \$259.25 from Microcomputer Fund for a 22" Wide Screen Monitor for Records and Information Management

Items was moved forward on the agenda.

11 CONSENT ITEMS

There were no consent items.

12 ADMINISTRATIVE OFFICER REPORT

- A. Claim for Review - PV228936 from Community Corrections to Behavioral Interventions for \$3,000.00. This claim is over the amount which requires a purchase order.
- B. Board of Equalization Final Action Date
- C. One and Six Year Road and Bridge Improvement Program Hearing Date
- D. Smoking Cessation Letter

Items A-D were moved forward on the agenda.

- E. Jail Site "O" Street Entrance

MOTION: Hudkins moved and Stevens seconded to enter Executive Session at 11:26 a.m. to discuss the purchase of real property. Stevens, Hudkins and Heier voted aye. Motion carried.

MOTION: Stevens moved and Hudkins seconded to exit Executive Session at 11:41 a.m. Hudkins, Stevens and Heier voted aye. Motion carried.

13 PENDING ITEMS

There were no pending items.

14 DISCUSSION OF BOARD MEMBER MEETINGS

- A. Lincoln Independent Business Association (LIBA) - Stevens
- B. Meeting of Public Building Commission (PBC) Chair, Vice Chair and Mayor - Hudkins

- C. Meeting with Jim McGraw - Hudkins, Heier
- D. Meeting with Jim McGraw - Stevens

Items A, B, C and D were moved forward on the agenda.

- E. District Energy Corporation - Hudkins, Heier

Hudkins said discussion focused on future development.

- F. Community Mental Health Center (CMHC) Advisory Committee - Stevens

Meeting was cancelled.

15 ADJOURNMENT

MOTION: Stevens moved and Hudkins seconded to adjourn the meeting at 11:46 a.m. Hudkins, Stevens and Heier voted aye. Motion carried.

Dan Nolte
Lancaster County Clerk