

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes
October 21, 2014

Present:	Mary Burgess Maria Borges-Lopez Mary Geake Mary Mann David Westmoreland Martha Wooten-Dumas	Chairperson Vice Chairperson
Absent:	Cèsar Ramirez	
Also Present:	John M. Hiscock Lisa Roland	General Manager District Clerk
Public Present:	None	

Call To Order:

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:02 p.m. on Tuesday, October 21, 2014. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Commissioner Burgess: "I will call the Regular Meeting of the Second Taxing District Commissioners to order Tuesday, October 21, 2014 at 7:02 p.m. and I need a motion for acceptances of the minutes."

1. Acceptance of the Minutes

Commissioner Westmoreland: "So moved."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "Are there any changes or anything to the minutes? All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "No public participation."

2. Quarterly Customer Write-Offs – July 1, 2014 thru September 20, 2014

Commissioner Burgess: "Ok, let's move to pass the Consent Agenda."

Commissioner Westmoreland: "So moved."

Commissioner Mann: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Opposed? Abstentions?" Ok, regular agenda. Do you want to speak on that item or no?"

3. Keep Norwalk Beautiful – Thanksgiving Community Dinner – South Norwalk Neighborhood Association

John Hiscock: "I just want to indicate to you that they have cleaned up something that always used to bother me. The donation that we made to that dinner was kind of loose and through the organization was or wasn't and the interesting thing is...and that was why I gave you all of the backup with respect to who the group is, so that you can look at it. So at this point, it is a little bit cleaner, a little bit clearer, where the money is going to go and who is actually going to dole it out and who is responsible. And as you know, we budget this amount so it's in the budget and it's earmarked for this specific thing. So, I only went so far to put all of this information in here so that you can look at how it is being arranged. If it wasn't for the change, I probably would have probably stuck it on the Consent Agenda but it's something a little bit different, so if anybody has any questions or issues, I read through it and it looks ok to me."

Commissioner Geake: "I actually like the fact that everything that we needed was right here."

John Hiscock: "Yes, they clearly gave you exactly what they are. I did look at the incorporators of the group. One of them is familiar to the Second Taxing District, the other is familiar to the City and actually do not know Reid Stewart."

Commissioner Mann: "Neither do I?"

Commissioner Borges-Lopez: "You don't know who?"

John Hiscock: "I don't know him. Reid Stewart, he is one of the incorporators of the group. And then obviously if you look at the board members, most of those names are pretty familiar to all of us. So, I think the only thing that, unless somebody has a concern, the only thing we need to do is have a resolution from the Board approving the transmittal of funds to the Keep Norwalk Beautiful Group for the purpose of funding or partially funding the Thanksgiving Community Dinner through the South Norwalk Neighborhood Association."

Commissioner Westmoreland: "So moved."

Commissioner Borges-Lopez: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Opposed? Abstentions? Ok, health insurance."

4. Health Insurance – Discussion

John Hiscock: "Ok, we went through this process last year. There was frustration on members of the Commission's part with respect to the late notice and the late issues. There was some indication that it would be better to deal with it a little bit sooner as opposed to waiting until the premium came out. I talked to the agent from Benefit Planning to try to get an indication on what he felt the change in premium would be. He indicated that he thought the renewal, now this is not saying we wouldn't still go out for prices. I wanted to know what the renewal price would be and I got the usual hedging from the agent because they don't know, it is what it is and I was given the...take a look at 8% by the time we go through the process and put it out to bid and then argue back and forth with a minus 1 and a plus 2. That is generally 7% to 10% with a probability of 8%. And I thought that was somewhat important to the discussion certainly, but really not something to focus on other than a simple range of what is probable. I then simply gave you on the next page, which I didn't want to do a lot of research because it is all over the lot. I certainly didn't go to neighboring towns to figure out what they are doing and I looked at the workforce of the other Taxing Districts. I didn't look at the Sixth District because the Sixth District is tiny, it has like two or three employees at most other than their fire group and I dug through the City of Norwalk contracts and for those five work groups that are listed there. I didn't look at the school contract. It was a little bit more difficult to look at but basically its 12% to 14%. You know that the City contracts with their unions are multi years, usually in the range of about four years a piece and as they have been coming up they have been phasing it in. It appears that they seem to have, I guess what looks to me like a standard position in dealing with them because they all gravitate in the same direction and maybe the timing is slightly different from when the contracts were negotiated, but basically it looks like next year they are all headed to right about 15%. It looks like they..."

Commissioner Borges-Lopez: "15% increase?"

John Hiscock: "No I am talking about...excuse me. This is the employee contribution rates for those entities."

Commissioner Borges-Lopez: "Employee contribution, ok."

John Hiscock: "Ok this is the employee contribution rate for those groups. I am sorry I didn't go to the heading for you, which I thought was a relevant piece of information. Each one of these groups has public employees. They are all unionized, except for the

First Taxing District employees. So that is a piece of information for you to deal with. Then I included all of the information that you got last year. I didn't see the need to try to reduplicate all of this. I certainly could have. The benefits paid by SNEW have not changed. So, that document is the same. As you can see, it includes both employees and retirees and I think I indicated to you in prior conversations that based on the Employee Manual, whatever the employees get the retirees get. So, that it basically says that the retirees are covered, but to a no greater extent than the regular employees are. So, whatever happens here and I am only commenting for a few minutes on it, but whatever happens here happens also to the retirees."

Commissioner Borges-Lopez: "Do you have any idea when...I am sorry through the Chair?"

Commissioner Burgess: "Go ahead."

Commissioner Borges-Lopez: "When we will be receiving the renewal from the agent?"

John Hiscock: "We are supposed to get it a minimum of 60 days. I haven't seen one a minimum of meeting that criteria in years. It is usually down to about 6 weeks. I am anticipating mid-November that you will get a renewal. What has happened in the past is we have gone out and solicited quotations from multiple insurance companies and I think you have all heard the comment that because we cover retirees under the age of 65, that gives us a problem with our primary employee health coverage and it limits us to three companies. And three is actually a good deal because at one point there were only two and with Oxford at one point we had to really go at them to get them to continue the process. They look at our numbers and our ages and they can judge how many people are going to be where in relationship to the employees and they didn't see it increasing, so it was fine. So we will go out for quotes for November 1. We will get quotes maybe November 1, maybe not. We will pressure Oxford/United Healthcare to come in on time and they won't, but we will do that obviously. The agent does it."

Commissioner Westmoreland: "Is that a law November 1 or is that our date that we set?"

John Hiscock: "I don't know if it is an insurance commission regulation as opposed to actual law or not. I don't know. I don't dig that deeply into the insurance company business. It is what it is supposed to be. I don't know if it is a law or regulation. I am not sure."

Commissioner Borges-Lopez: "Through the Chair?"

Commissioner Burgess: "Yes."

Commissioner Borges-Lopez: "I am not dealing with a broker. I am dealing directly through my company with the carrier and I can tell you that even the carriers have not released the rates yet. I have been told the same thing; that the rates will probably not be out until the next week or two and that is dealing directly with the carrier. I don't know what drives those dates but..."

Commissioner Westmoreland: “Well, I was thinking that if it is a law, we could get our legislators to actually do something that would be helpful to us.”

John Hiscock: “There are so many laws in this State that are ignored that to me it is like whatever. Ok, so what. You make a complaint, three years later someone says you were complaining about that a while ago.”

Commissioner Westmoreland: “The employee contribution rates I see here is like 3%, 12% and I think you mentioned 15% is that percent of their salaries?”

John Hiscock: “No, no it is percentage of the cost.”

Commissioner Westmoreland: “The cost.”

John Hiscock: “Of the cost.”

Commissioner Westmoreland: “Now, what you had proposed last year though was like a flat fee regardless of what people made right? As I remember it was like \$100 or something like that?”

John Hiscock: “Well, I didn’t actually make a recommendation. I gave you data and I gave you a spreadsheet.”

Commissioner Westmoreland: “In the data you gave us, I remember a flat numbers not having any bearing on...”

John Hiscock: “They were percentages.”

Commissioner Westmoreland: “They were percentages?”

John Hiscock: “Yes, they were percentages of the cost and had nothing to do with the employees’ wages or anything else. That is an issue you get into trouble with. You have to be really careful about the equity of the plan and that is an important issue. I am presuming that under certain circumstances you can have multiple plans, but you have to have a certain way that you do it so that you don’t run afoul of the rules. I am sure you know that we have an HSA; a high-deductible plan. You also know that we fund the HSA. To give you a comment about the employee contribution levels and an example for the First Taxing District is they have an HRA, which is the same as the HSA from the insurance company’s perspective, but instead of providing money to the bank of the employee, their HSA bank, they simply under the HRA pay for the deductible or their out-of-pocket and there is a little bit of a savings to the company to actually do that. But, in their case not only is it a percentage of the premium, but it’s a percentage of and it is the same percentage of the HRA portion, I guess you would call it the co-pay deductible that they reimburse the employees for. So it is pretty close to a true 12%; the actual cost per employee. The City is a little bit different. Based on the fact that they have two plans. They have a basic plan and then they have a higher option plan with a higher premium. And up until this year, it was the contribution level of whatever plan they were in. Now,

you can see the contracts at a certain timeframe it's a contribution percentage of the base plan and the differential to the higher plan. So, they have a two-tier plan that they have to meet. So they pay not only the lower plan percentage, but they also pay if they elect, higher plan they get to pay the differential. So, it actually turns out to be little more than the percentage. And they are free to choose apparently between each plan. We are a little too small to have multiple plans obviously. I don't know how many people take the higher level plan in the City. I have no idea. Now, in all of the cases I have sited, it's on the employee and family or employee plus one coverage. They don't make any differential about the employee versus the family plan. It is a straight percentage all the way through, whatever it is. Whether it is a single or whether it is a family plan. I think I have mentioned in the past, some people will do it where they cover the employee and then take a percentage for the rest of it, for the family. That seems to be more common in private companies, regular businesses. It is not apparently very common in governmental style plans."

Commissioner Burgess: "Does the Third Taxing District include retirees? Do they insure retirees?"

John Hiscock: "Yes."

Commissioner Burgess: "They do?"

John Hiscock: "They do. The City does also. The City does cover the retirees. They do it today. They have a pretty big OPEB liability. A very big OPEB liability, but they do cover retirees and as you know we only cover retirees in the water utility, who started prior to 1991 and the electric prior to 2001. And there is a gradual scale with respect to the electric retirees."

Commissioner Westmoreland: "John, if the employees start to contribute, can they contribute pre-tax to the HSA?"

John Hiscock: "No."

Commissioner Westmoreland: "There is no way to do it where it is pre-tax?"

John Hiscock: "No, not that I am aware of and I am not a tax guru."

Commissioner Borges-Lopez: "Can you pose that question again?"

Commissioner Westmoreland: "It is just that if the employees have to start contributing, can their contribution be pre-taxed into the HSA account?"

Commissioner Borges-Lopez: "Well, HSA is a pre-tax."

Commissioner Westmoreland: "Right. That was why I was saying that if we put less into their HSA account and their part of it goes into the HSA, they would at least have the benefit of not having to pay after tax dollars."

Commissioner Borges-Lopez: "Yes, they would have the benefit for the monies that they put in. Yes, that is pre-tax."

Commissioner Westmoreland: "So to help soften the blow a little bit."

Commissioner Borges-Lopez: "That would be pre-tax for everybody who contributes to the HSA; their portion."

John Hiscock: "They are allowed...I can't remember."

Commissioner Borges-Lopez: "\$6,350 I think for family and about \$3,300 and something for single. I don't know exactly but I know it is \$3,000 and there is a catch-up of about \$1,000 for over 55."

John Hiscock: "Right, over 55."

Commissioner Borges-Lopez: "For over 55, there is an additional \$1,000 that they can contribute to the HSA."

John Hiscock: "And they do it when they file their income tax."

Commissioner Borges-Lopez: "Yes, it is on top. When you file your income tax and that is when you get the deduction."

Commissioner Westmoreland: "Do we fund the HSA for them? I thought we funded it."

John Hiscock: "We fund the entire high-deductible HSA, \$2,000 for employee and \$4,000 for family."

Commissioner Borges-Lopez: "That is not tax deductible to them."

Commissioner Westmoreland: "No, no I know that, but if we funded less of that and then we took their contribution to go into the HSA, can we funnel it out of their paycheck into the HSA pre-tax."

Commissioner Borges-Lopez: "No you cannot, it is their choice."

John Hiscock: "You can't do that. That cannot happen."

Commissioner Geake: "I am a little upset with the fact that it seems like insurance is getting higher and higher. Have you thought about sending it out to bid again to see if we can get some other bids?"

John Hiscock: "Yes."

Commissioner Geake: "Ok, so it is going to be done?"

John Hiscock: "It will be done."

Commissioner Geake: "Alright."

John Hiscock: "We have done that."

Commissioner Geake: "Well, I thought you did, but I wasn't sure."

Commissioner Westmoreland: "Has Anthem, will they bid on us? Anthem Blue Cross/Blue Shield?"

John Hiscock: "I believe so."

Commissioner Westmoreland: "Consumer Reports...."

John Hiscock: "Let me look in the table in the back before I say that."

Commissioner Westmoreland: "Consumer Reports rated Anthem's plan as the best in Connecticut at 87 and they gave Oxford an 85 and those are the only two plans that they recommended. They didn't recommend Connecticare or any of the other United Healthcare plans, but they said Anthem was the best."

Commissioner Borges-Lopez: "Was AETNA there?"

Commissioner Westmoreland: "No. I think AETNA is generally pulling out."

Commissioner Borges-Lopez: "Is generally what?"

Commissioner Westmoreland: "Is pulling out. Their making their plans so high that they are leaving. They didn't rate them."

Commissioner Geake: "They were at 87% or?"

Commissioner Westmoreland: "They just gave them a score of 87, whatever their scoring is. They gave them a Consumer satisfaction, they got a 5 rating out of 5. But, if we had to switch plans, my only thing is that I am trying to point out here is that there was a lot of concern about switching plans and it's like if we switch plans and it's to Anthem because it is less expensive, it's a better plan and everybody takes them. If you go to some weird plan like Connecticare, you know who has heard of that? I can see that there might be a doctor issue, but if you are switching from Oxford to Anthem there might be one doctor somewhere that has a problem."

John Hiscock: "Yes, that is not going to be an issue."

Commissioner Westmoreland: "I just don't want that to be the thing that...because you know I think United Healthcare ripped us off last year, clearly."

Commissioner Geake: "That was my concern."

Commissioner Westmoreland: "And I feel like we are paying for all of it, if the employees are inconvenienced, too bad. We are paying for all of it. Be happy. Change your doctor, sorry."

John Hiscock: "And I brought this up this month obviously because you have in the past indicated it would be nice to give the employees warning or a notice if you were going to do something. If a decision is made this evening to do something different and I am not talking about insurance companies or anything like that, but with respect to potential employee contribution, you know it should happen fairly soon so that they have some time to plan. That is certainly important. As I look through the City contracts, they did phase their stuff in over time. It was not an instantaneous change. They started relatively low each year and each of the contracts has an amount each year. It is very clearly stated and it has been creeping up 1% to 2% over time. That is generally how they have done it."

Commissioner Westmoreland: "And the cap is 15%?"

John Hiscock: "Well, I couldn't see a single City contract that had anything above 15% and they were mostly next year's. This is a topic that obviously comes up because there are other issues that come up later on in the year and from the employees' perspective they sort of have two things to weigh. If they are going to be contributing, it is one thing it also ties into any compensation change you might make to the structure. They are sort of tied together because it's really whatever the employee nets as opposed to the actual either way. That is something to consider. If you go into and let's look at the chart in the back. As an example, the hand out is the best one to look at, the one marked hand out. The very last one before tab 5. The renewal rate for a family is \$1,900 a month. It is a fairly big number. Just as a..."

Commissioner Borges-Lopez: "That's the HSA?" That is the HSA plan?"

John Hiscock: "Yes. Well, quick math, if somebody were to evaluate this on a 10% basis and that is not a suggestion, I am just running through the math, it is \$192.00 a month times 12 months is a big number."

Commissioner Borges-Lopez: "The reason the rates are so high, is it because of the aging factor because of the retiree's maybe?"

John Hiscock: "I think that is certainly part of it. We have a lot of old employees."

Commissioner Westmoreland: "Who handle electric wires."

John Hiscock: "Or they drown in water main breaks."

[Laughter]

Commissioner Borges-Lopez: "Age, demographics, exposure all that is a factor in the rates. Because I am looking at these rates right now and I can tell you we are nowhere near this in our company. It's a lot higher. A single I can tell you off the top of my head is \$401.00 for an HSA and here you are looking at \$662.00. So, it has to be because we are in a very high risk pool, so you must be in a high risk pool."

John Hiscock: "Our demographics are awful. We have a lot of employees who, how shall I put this politely, who have been around for a very, very long time. We expanded around 1980. We expanded our construction crew very significantly and probably upped our size, at least in the water utility by six or seven employees and we hired a bunch of young kids. Well, all of those young kids are now in their 50's and that is the problem. If I had to gage the average age of the employees in the company, is clearly over 50, clearly over 50 and I am sure your company isn't that."

Commissioner Borges-Lopez: "No, we don't. We have a balance and mix."

Commissioner Westmoreland: "Are we going to have a problem when a bunch of them start retiring at the same time?"

John Hiscock: "It is starting and we have been filling in. We just picked up two new employees in the last year in the water work group in the water operations. We picked up one new employee in the electric work group; an apprentice. We just had an individual who resigned from the electric utility after 30 something years and is now working for the Third Taxing District. That maybe actually helpful in one way. All of these people who can do the 25 and out, they are actually looking for jobs now to take the 25 year and out. And the individual that just went over to Third, he had 33 years I think so he's got 66% of his pay combined with social security. Now he is eligible for social security so they pick up the tab for now. He's got health insurance with us. He went to Third and I am sure he negotiated insurance waiver payment and he is getting paid slightly higher hourly wage at Third then he was making here. So he is now making about 160% of what he was making here. On the other hand, that takes an older employer out of our insurance mix and he is going to be replaced with a kid. So that is starting to happen. We are starting to get younger...I shouldn't say kids, but you know 20-somethings working for us. That will help in this area. And there is a significant number of employees that can retire tomorrow. And there are employees that are looking for other jobs to do the same thing. So, what you mentioned is happening here. We do have trouble attracting employees, there is no doubt about that. So far we have been doing ok. Those were entry level positions that we were filling with mostly local people. They generally live relatively close and then they get married with families and they move out to someplace else."

Commissioner Geake: "So do you want us to make a decision tonight whether we should make any changes?"

John Hiscock: "I think at some point you are going to have to...well again as I said to you last year, if you don't make a change it stays the same."

Commissioner Geake: "Yes that I know."

John Hiscock: "So, clearly if you want to make a change you have to do something. I think it is fair to give the employees notice. I don't think it is fair to spring it on them and you didn't want to do that last year because remember we talked about it. You passed a resolution saying that at some point in the future they were going to have to pay, not a specific amount or anything like that. It was just a general, what I would call, a policy resolution. Do you have to make a decision tonight? No, you absolutely do not by law have to make a decision because the plan year starts January 1. So you have that ability to defer, but once you go past January 1, I think it is a 60-day notice, I believe, to change anything. And we talked about this last year. If we went past January 1, now we were talking about this in December and if you went past January 1 you were locked in until at least March without being able to do anything. Right now we are 2¼ months away from any change that you might make."

Commissioner Borges-Lopez: "So I don't feel that we can make any changes without having any renewal rates. It is difficult to make any decision now unless you have the numbers to work with."

Commissioner Westmoreland: "We should have some information by the November meeting?"

John Hiscock: "I think you will have quotations by the November meeting."

Commissioner Westmoreland: "Last year we had the 17%, the first quote right? And then it came down to 6% or 7%."

John Hiscock: "And that is really what happens, you have seen it year after year. They come in with a high ball expecting you to argue with them. They always ask you if you are going to seek quotations and we always tell them yes, we are going to seek proposals from other companies. They know the marketplace. They know who is going to bid on a company our size and who is not. They get it. They are in a competitive position, they understand it. Sometimes they will say alright we will cut it to this if you can tell us right away, which we never ever do and they simply try to lock us in."

Commissioner Westmoreland: "Is he going to United Healthcare first? I would hope he is going to all of them at the same time and asking for quotes."

John Hiscock: "He does. He goes to the three that are willing to write us. He goes to them simultaneously. Sometimes Oxford/United Healthcare is the last one in. The others are trying to get business so maybe they are willing to come up with a quote sooner. This has been problematic for a long time. I haven't seen a final quote before the middle of November in years even though the rates or the law, whichever it is, says 60 days."

Commissioner Borges-Lopez: "I was told by our representative that the rates have not come out yet. They don't have the rates yet."

John Hiscock: "Right, they don't know."

Commissioner Borges-Lopez: "The carrier."

John Hiscock: "Yes. I guess a lot of people come due January 1 because there is a lot of people to talk to and negotiate with and maybe that is the delay in the process. Is there any information you want at this point from us, the staff? I can only tell you that we have a guess on the premium. We don't know. There is not much else I can tell you until the quotes come in but then once that happens, then you are pushing it back against the employees who expect a notification time. I don't know. This is a policy decision you are all going to have to come up with here."

Commissioner Westmoreland: "When the City phased it in, what did they start out with? Like 2% or 1%?"

John Hiscock: "No, I think it was...it was hard for me to say because I didn't go back to the older, older contracts because they are harder to get. The current contracts are on line. They are easier to get. You can tell exactly what everybody is doing. But they were in the high singles three years ago from what I could tell. I don't specifically know. They did start out low and work forward. I think as a matter of practicality what I mentioned to you before, that when you get up to a wage scale change you are going to have to sort of take this into consideration. Whatever you do here, I think you are probably going to have to think about, at a later date, when you deal with that issue. They sort of go hand-in-hand. I think, and I think it has been pointed out to me by several employees who are aware that this is going to come up again. That net/net whatever you do is probably going to cost them money because whatever increase they are going to get, if they get it, I am not committing to anything for you, that is not my intention, but based on history you know if it is CPI related against their entire wage versus a percentage against the premium, it may end up costing them some money, I don't know and maybe that is the balance you might want to think about going forward. I don't know. I am just suggesting that that is the way to kind of blend it in a way that makes some sense."

Commissioner Westmoreland: "Do we get better rates from the insurance companies when the employees are contributing or do we get more companies that will quote us? Is that what I understand?"

John Hiscock: "No, it is the retirees that kill us. We have too many retirees under age 65. We have two groups which you need to focus on. We have the current employees and retirees under 65 and then we have the retirees over 65. We have employees that are over 65 but by law they are in the employer work group."

Commissioner Westmoreland: "So nothing really changes from the insurance company perspective?"

John Hiscock: "I don't believe so. I certainly am not an expert and I certainly could bring the agent in to a meeting if it got down to those types of questions as to what he felt with respect to that. But this is clearly as Commissioner Lopez pointed out, this is the demographics, this is the census of the employees that we have. I look at those numbers and those are big, big numbers."

Commissioner Westmoreland: “On the other hand if we are going to charge them and then we are going to turn around and give them raises to pay for it. It is just more bookkeeping work, why bother? I mean the point would be to save the company money but if we have to turn around and increase their pay, let’s just save a bunch of trouble.”

John Hiscock: “I think you have to look at the divergence here. Medical cost increases are never going to anything less than at least twice the CPI or maybe three times that. That has been the history for like 10 years now. So, it’s going to diverge and continue to cost more money.”

Commissioner Westmoreland: “But if it is going to cost the employee more money and we are going to be expected to keep giving them raises to offset it, I don’t understand the math.”

John Hiscock: “No, I am not saying to give them all raises to offset it. I am simply saying...”

Commissioner Westmoreland: “I thought that was what you were saying.”

John Hiscock: “No, I am not saying to offset it. I am saying just think about that issue. That they view this as a combined net arrangement from their perspective. So, if you have them contribute 5% as an example, they can calculate the amount of money then they calculate what a 2% or a 1% raise is. If you are going to go to the 10% or 15% that is when they are clearly going to lose.”

Commissioner Westmoreland: “Well, that was one of the reasons why I was hoping we could find a way to do it pre-tax to help in that calculation.”

John Hiscock: “Well, you have all of these tax laws to deal with. That is simply out of our control. There are certainly tax issues and considerations like you can’t take money out of your HSA to pay the increase in premium because that is a tax code violation. You certainly can’t do that.”

Commissioner Westmoreland: “Well, the only game changer that I know of is that Vermont legislature has passed a law two years ago, they are planning to go to the single payer system in 2017 and we will see if that has a dramatic impact to lower medical costs, insurance costs in the future. We will see if that actually happens.”

John Hiscock: “Really, really. You would think that would cause exactly the opposite. You would think a single payer system would drive costs upward.”

Commissioner Westmoreland: “I had a kidney stone attack in Paris and it was the least expensive, best medical experience I ever had in my life. It was amazing.”

John Hiscock: “I can see that. It is all subsidized out of the tax base.”

Commissioner Westmoreland: “Well because they negotiated a country level for all of their, everything, pharmaceuticals and this other stuff.”

John Hiscock: “I don’t know. I think that is voodoo economics.”

Commissioner Westmoreland: “An MRI costs \$89.00 that is without their insurance. That was their full cost that I had to pay and they were worried because I had to pay that much. I was like are you kidding me?”

Commissioner Mann: “No problem.”

John Hiscock: “It would be nice.”

Commissioner Westmoreland: “I came home and had it done and it was \$1,200, just for the MRI.”

Commissioner Burgess: “So we have to make a decision at the November meeting, correct?”

John Hiscock: “I think to be fair to the employees, you would have to make a decision by then. Obviously, you now the minute the Clerk finishes the minutes of this meeting and posts it online, the employees clearly will be aware it is on the Commission’s mind again. I think the employees would prefer that it doesn’t happen, but I think a good number of them have a realistic view point about this situation. I think they all know that it is rare that people get what they get. I am not saying that we should do it. I am simply saying that we are the outlier, let’s put it that way. Now, I am sure there are companies that take care of everything. Some employers take care of everything for the employee and then the family is some sort of an arrangement depending on their benefit packages, which we know are fairly complex. A lot of them are cafeteria style where they get a certain amount of money and they put it wherever they want. So, I don’t think they are going to be shocked by this discussion that it is occurring. I think they are anticipating this discussion. They are hoping for the best and they are hoping that you don’t change things. Let’s be realistic here, from their perspective.”

[Laughter]

Commissioner Mann: “I am going to be silent tonight.”

Commissioner Wooten-Dumas: “Through the Chair?”

Commissioner Burgess: “Yes.”

Commissioner Wooten-Dumas: “So, right now or until November 1st or whatever, we don’t need to vote to give out that there will be a change should we decide? My feeling is insurance wise is they have it really good. I am not saying they shouldn’t, since they are good employees. I know some people who where I worked before, even though the company paid for part of the insurance, some co-workers decided to not even take the

company insurance and they went in another direction. They also just last year, some of them decided to back out and go with the Obamacare because it was cheaper than getting paid bi-weekly and having \$142.00 taken out of their check every two weeks. And with the Obamacare, they are only paying \$30.00. So, I mean with all of what we are looking at down the road and finance wise, I don't know how long we can go this route without asking them to divvy in something with the repairs that we are going to have to do."

John Hiscock: "I don't think that and I am not sure, but very few if any of our employees would under the Obamacare provisions, would qualify for the subsidies. We have very few employees that even at the lowest pay scale in the company, unless they have large families, they are not going to be eligible for the subsidized portion. They would have to pay the full premium."

Commissioner Borges-Lopez: "And the other issue also is that a lot of doctors are not participating in the Affordable Care Act Plan. So you will find many people who are going to back out of it just because you know we were concerned about going with another insurance and another carrier that may have less network of doctors. I think it is going to be even more drastic with the Affordable Care Act because many, many doctors are not participating because of payment system they have. The reimbursement is much, much lower. I don't believe they will go there. I agree with John saying that they wouldn't contemplate going there. I could be wrong. I think we should all wait for the rates and then revisit with what the increase would be and decide then."

Commissioner Burgess: "Maria, I have to go take a pill."

Commissioner Borges-Lopez: "So, I guess since there are no more discussions and since I am taking over and we are going to move to the next item on the Agenda."

John Hiscock: "I just wanted to say, if there is any information you want, get a hold of me. If there are any questions, get a hold of me and I will talk to the Chairman before the next meeting. If you want the agent here I would be happy to bring the agent in so that you can have a more detailed discussion about what is likely to happen or not happen."

Commissioner Geake: "I have a question. Do you have an agent already that you already got and then he goes out and finds the bidding from the companies?"

John Hiscock: "Correct."

Commissioner Geake: "Correct, ok, I didn't know how that worked."

Commissioner Westmoreland: "I think we should have the agent here at the next meeting."

Commissioner Borges-Lopez: "Oh, definitely."

Commissioner Geake: "I do too."

John Hiscock: "Ok, that is fine. I can do that."

Commissioner Borges-Lopez: "Ok, so we move on to Item #5, Update on Audit and Annual Electors' Meeting – Schedule, section 5."

5. Update on Audit and Annual Electors' Meeting – Schedule

John Hiscock: "It is pretty self-explanatory."

Commissioner Borges-Lopez: "It is information only, any questions?"

Commissioner Geake: "No."

Commissioner Westmoreland: "Oh, this is next year."

Commissioner Mann: "2015."

[Laughter]

Commissioner Geake: "Yes, when I first saw it I thought..."

Commissioner Westmoreland: "Do we have an annual meeting coming up?"

John Hiscock: "Oh look at this."

Commissioner Borges-Lopez: "Tuesday, 11/17 annual meeting in 2015."

John Hiscock: "2015."

Commissioner Mann: "They all say 2015."

Commissioner Geake: "Everything goes according to the calendar for the 2015, so that was why I was a bit confused."

John Hiscock: "Wait a minute. Today is 2014."

Commissioner Geake: "Ok, then I am not going crazy. So she has it for next year."

John Hiscock: "Yes this is next year's schedule."

Commissioner Geake: "When I saw it I had to check and make sure and it was like this is for next year, but I don't know."

Commissioner Westmoreland: "Is this next year or this year's?"

John Hiscock: "It is next year's."

Commissioner Borges-Lopez: "It is next year's."

Commissioner Westmoreland: "But we have this year's coming up, right?"

John Hiscock: "Yes, we have this year's coming up. We will modify this schedule and get it right out to you tomorrow. You will get an email. Sorry about that."

[Laughter]

John Hiscock: "You have an audit meeting coming up and the audit is pretty much done and we are looking at the draft now. The only thing I have left to do on it is I have to do the transmittal letter to the Chairman, other than that the numbers are all in. We will modify this and get it to you tomorrow. There is nothing discretionary on this, it is all based on the Charter and that is the way it is. The Commission meets the week before the Electors' meeting. We will just roll the dates back in."

Commissioner Borges-Lopez: "Ok we are back with our Chair, we are ready to adjourn. So, I make a motion to adjourn."

Commissioner Geake: "I second it."

Commissioner Burgess: "All in favor?"

Commissioner Unanimously: "Aye."

Commissioner Burgess: "Opposed? Abstentions?"

Adjournment

The meeting adjourned at 8:15 p.m.

Attest:

Lisa Roland
District Clerk