



BOARD OF TRUSTEES

Special Meeting

October 20, 2021

Minutes

2:00 PM

Members Present:

Rod Waeckerlin, *President*
Jason Campbell, *Vice President* (via phone)
Garry Goergen, *Treasurer*
Mark Kostovny, *Member*

Members Absent:

Jerry Steele, *Secretary*

Administration:

Ken Harman, *Chief Executive Officer*
Jon Smith, *Chief Financial Officer*
Lisa Woodcock, *Director of Human Resources*

Guests:

Abbi Forwood, *Legal Counsel* (via phone)
Woody White, QHR, *Senior Vice President* (via phone)

Rod Waeckerlin, President, called the Memorial Hospital of Carbon County Board of Trustees meeting to order at 2:03PM. The Pledge of Allegiance and a moment of silence in recognition of those affected by COVID-19 followed.

Approval/Amendment of Agenda:

Mark Kostovny made a motion, and Garry Goergen seconded the motion to approve the agenda as amended. Motion carried.

New Business:

- **Employee Health Insurance Premium Restructure – Ken Harman, Chief Executive Officer:** Mr. Harman informed the Board that MHCC received notice last week that our premiums for employee health insurance are going to increase again for 2022 despite having had good claim management control this past year. He expressed that it is our goal to minimize the cost for our employees so we are proposing a new model for calculating employee premiums. Mr. Harman explained that, under the current model, premiums are 3% of the employee's salary for the employee themselves, then \$100 for their spouse and \$37.50 per child. He added that this is a very unique structure and creates difficulty for Payroll to process because it has to be done manually as there are no payroll systems that are built to calculate it that way, nor is it a fair and equitable pay practice.

Mr. Harman presented a new premium structure that proposes MHCC to pay for 98% of the employee's premium and 87% of family premiums, which increases the cost to MHCC for the employee premiums and decreases MHCC's contribution for family premiums. He noted that, with the proposed restructure, 23 employees will see an increase in premiums; whereas, if the structure remains the same, 100% of employees will bear an increase. He further explained that, although MHCC will see about a \$300,000 increase overall, \$150,000 due to the premium

increase and \$150,000 due to the model restructure, it creates a more fair pay practice and reduces the time that Payroll has to spend doing the calculations manually.

Discussion: There was extensive discussion regarding the reasons for the increase, which is primarily due to the lasering of two high-claim employees as well as an increase in the stop loss coverage, and some future options for possibly reducing the cost, such as going out to a shared pool for stop loss coverage and requesting expected premium adjustments 6 months earlier in order to allow for budgeting. The Board also inquired as to how the extra \$300,000 expense will affect the budget projections and how that loss can be rectified. Mr. Harman assured them that the first solution is to work with those two individuals on finding them better and more cost-effective coverage than what they are getting through COBRA. Additionally, he noted that he and CFO Smith are working on some FEMA grants to cover some of the extra costs that have been incurred due to COVID.

The Board also expressed concern that the 23 employees that will see premium increases are mid to lower wage employees, with the highest impact being \$63.69 per pay period. President Waeckerlin expressed that the goal of raising the minimum wage from \$12 to \$15 in July was to help those individuals, and this added cost is not helping to accomplish that goal. Mr. Harman offered that it would cost about \$20,000 to grandfather in those employees and still does not solve the additional labor that Payroll has to expend to process it. However, he noted that all 23 employees may not need to be grandfathered in, depending on what plan they select and if they choose to stay on the MHCC plan. While no one wants it to negatively impact any of our employees, Treasurer Goergen also noted the significant contribution that MHCC makes toward employee health insurance premiums at \$3,500 for a family plan, while the employee pays about \$200.

Garry Goergen made a motion to accept the proposed health insurance premium structure as presented, without a grandfather provision for the 23 impacted employees. Motion died due to the lack of a second.

Discussion: Board Member Kostovny recommended that the 23 employees be grandfathered in to their current rates for 6 months in order to allow for planning and movement or pay raises to help offset the additional cost. Vice President Campbell added that it is not likely that insurance premiums are going to go down and, while everyone has to give a little, he hesitates to do a permanent grandfather provision due to the complexity for Payroll.

Mark Kostovny made a motion, and Jason Campbell seconded the motion to approve the proposed health insurance premium structure with the provision that the 23 negatively impacted employees will be grandfathered in to their current rates for 6 months, effective January 1, 2022 through June 30, 2022, so long as their employment status remains the same.

Mr. Kostovny thanked MHCC Administration and HR for their work on the plan, expressing the need to be equitable. President Waeckerlin asked HR Director Lisa Woodcock to report on the status in six months.

Open Discussion/Citizen Participation: No comments were made.

Adjournment:

Mark Kostovny made a motion, and Garry Goergen seconded the motion to adjourn the Board of Trustees public meeting at 2:51pm with no further business coming before the Board.

The next Board of Trustees meeting will be November 18, 2021.

Respectfully Submitted.

Chandra Buchholz, *Executive Assistant*
Rod Waeckerlin, Board of Trustees, *President*

crb