

MINUTES
LA PORTE COUNTY COUNCIL BUDGET HEARINGS CONTINUATION
September 9th, 2024

The La Porte County Council Budget Hearings Continuation was held on September 9th, 2024 at 5:00 p.m. (central time) in the Assembly Room of the La Porte County Government Complex, 809 State Street, La Porte, IN 46350.

CALL TO ORDER

The meeting was called to order by Council President Randy Novak.

ATTENDANCE

Councilman Cunningham, Councilman Yagelski, Councilman Rosenbaum, Councilman Novak, Councilman Koronka, and Councilman Mollenhauer were all physically present for the meeting. Councilman Kiel, as well as Council Attorney Guy DiMartino and County Financial Advisor Karl Cender, appeared electronically via Zoom.

PRESENTATION: BUDGETING FOR LA PORTE COUNTY HEALTH INSURANCE

La Porte County Financial Advisor Karl Cender recommended that the Council budget \$9.5 million out of the county's various funds for estimated health insurance expenses for 2025. He explained that the estimated claims and health expense for 2025 was listed at \$12,028,000, which was provided by GIS as a low-end range actuarial calculation on the estimated health costs from UMR. Mr. Cender noted that the high-end range of the estimate could go as high as \$14 million. The Anthem premium was listed at \$340,000, Lakeshore Clinic at approximately \$372,000, Planning Solutions at \$125,000, EMC National Life at \$235,000, Northwest Health LaPorte at \$52,000, East Isles at \$85,000, Fidelity at \$45,000, and miscellaneous at \$10,000, for a subtotal of \$13,292,000. From this number, four items of reimbursements would be subtracted, which included estimated prescription rebates at about \$1 million a year, estimated stop-loss reimbursement at about \$1.5 million, estimated retirees withholding at about \$100,000, and estimated employee withholdings at the 15% level of \$1,200,000, which would bring the total down to \$9,492,000, which Mr. Cender rounded up to \$9.5 million for simplicity. He noted that this was about a 10% increase in the 2025 budget in contrast to the \$8,636,560 budget for 2024, and clarified that this would be an \$863,565 increase for 2025. He stated that the largest payment would come out of the General Fund in the amount of \$685,000, however this could be shuffled to various funds as the Council saw fit. He added that if enough money were not budgeted, the Council might need to appropriate more funds to balance it later in 2025.

Mr. Koronka questioned that, with the unsure future of the inadequately staffed Lakeshore Clinic, if it was being utilized properly to the point where La Porte County was getting a savings by contracting it. Mr. Yagelski stated that in the past, the Board of Commissioners said that there would be no additional cost to the county to use the clinic, and questioned how the Commissioners could make decisions to free-spend such as this. Mr. Novak clarified that the Lakeshore Clinic was in the process of hiring a nurse practitioner, however it would be 6-8 weeks before the hire in question could see patients, which limited the current services available. Mr. Novak concurred with Mr. Yagelski regarding the Commissioners' statements about the clinic, noted that Bank 6 funding was currently being used to pay for it, and funding for the clinic should have been discussed before agreeing to contract it as a service.

Mr. Kiel inquired what the alternative cost of the clinic was, as the original intention of contracting it was to reduce the cost of the healthcare of the employees who utilized it. Mr. DiMartino answered that the county would not see much savings from the clinic unless 20%-30% of employees used it, citing that of the roughly 78,000 encounters with employees' regular, non-Lakeshore Clinic providers, the Lakeshore Clinic locations only saw 1,795 encounters in comparison. He added that although there were reduced charges for encounters at Lakeshore Clinic, it was still charging for items such as lab work.

Mr. Kiel asked what the calculation was for prescription savings at the clinic, which Mr. DiMartino explained that even if an alternate doctor of an employee issued them a prescription, the Lakeshore Clinic's doctor could not fill this same prescription without an encounter first. Mr. Kiel added that marketing for the clinic also seemed insufficient. Mr. Rosenbaum noted that the clinic was breaking its contract with the county by not supplying the physicians necessary to serve the county employees who were trying to utilize it and, suggested reaching out to the Board of Commissioners to end or renegotiate the contract. Mr. DiMartino added that mental health service use at the clinic was also low, while Mr. Kiel reconfirmed with Mr. Cender that La Porte County paid the Lakeshore Clinic \$372,000 for their administrative costs in 2023. Mr. Kiel noted that savings for prescriptions, which was about \$370,000 was considerably a wash when the \$372,000 savings in administrative costs for the clinic were taken into consideration.

Mr. DiMartino recommended rewriting contracts with UMR and Magellan to denote that, if prescriptions were available through NorthShore but weren't selected through NorthShore by the employee, that the co-insurance should be 50%-70% of the prescription cost, however it was too late to approach this action for 2025. Mr. Kiel emphasized the importance of the clinic as an affordable healthcare option for county employees, and that the Council should work to balance the cost of the clinic with the benefit to the employees. Mr. Novak concurred with Mr. Kiel, however noted that employees needed to utilize the clinic to increase the cost savings of it, first. Mr. Yagelski recommended researching the healthcare needs and wants of the

employees and researching if any of the less-utilized services offered through insurance could instead be purchased as add-ons.

Human Resources Director Monique Thomas reported that 560 county employees were on La Porte County's health plan.

Mr. Kiel recommended having a representative from NorthShore to present at the next meeting to answer the Council's questions. Mr. DiMartino explained that FQHC's like NorthShore, whose business model centered around Medicaid, Medicare, and receiving increased reimbursements, sometimes held certain "attitudes" towards its poorer users, and this should also be discussed in negotiations. Mr. Novak responded that his treatment at the Lakeshore Clinic did not seem to reflect this, while Mr. Rosenbaum added that employees might not be incentivized to use the clinic because they would rather see a doctor that they are familiar with or had comfortable seeing on a regular basis.

When Mr. Kiel asked what other funds could be used to help pay for the increased insurance costs besides the General Fund, Mr. Cender explained that Community Corrections, Cumulative Bridge and Major Cumulative Bridge, Health Department, MVH, the Recorder's Perpetual Fund, E-911, and Adult Probation were some of the funds that money could be directed from to help offset the cost.

Mr. Cender informed the room that the Council had been made aware of just over \$3 million in claims that related to the 4th quarter of 2023 which had not been posted until the first quarter of 2024. He questioned if the claims occurred because of the potential that they were over the county's stop loss amounts, or the county receiving higher reimbursements. He noted that later in the year the county might see if the reimbursements exceed the \$1.5 million estimate, and informed the Council that they may need to appropriate additional funds to balance the Bank 6 books. Mr. Kiel questioned if the Group Health Insurance Fund had been chronically underfunded for a number of years, or if it had not been adjusted as insurance costs increased over time. Mr. Cender concurred with Mr. Kiel that not increasing the money in Bank 6 to mirror rising insurance costs could have played a role in the current issue, and recommended doing additional appropriations to balance the Bank 6 account so the Council could monitor what was happening with the health claims.

Mr. DiMartino stated that the Council could not approach budgeting insurance for 2025 or 2026 with just the health insurance being 20% of the budgetary amount, noting that corporations across the United States dedicated about 7%-12% of their budgets towards health insurance premiums. Mr. Novak noted that he would like to see one person assigned whose sole job was to oversee the health insurance and ensure that it was properly funded. Mr. Yagelski recommended treating the Bank 6 account with the same scrutiny as the county's other accounts, while Mr. Stabosz questioned if the Council could simply discontinue funding. Mr. Yagelski answered that the Council had withdrawn up to \$150,000 from the Commissioners'

account in the past. Mr. Novak added that he wanted to investigate the subject further before considering any discontinuation of funding for NorthShore.

Mr. Yagelski asked what the status of the workman's compensation insurance was, specifically regarding getting injured employees back to work sooner following an injury. Mrs. Thomas reported that the program was implemented, in place, and appeared to be working successfully, as workman's compensation claims were decreasing and no employees at this time were completely off work because of an injury.

For the record, Mr. Novak stated that the Council was not talking about defunding insurance. Regarding a \$900,000 deposit that was made to Bank 6 on August 26, 2024, Chief Deputy Auditor Rhonda Graves informed Mr. Novak that this specific deposit was an employer's deposit, which Mr. Cender added that the deposit in question included money from all of the funds, including the 15% contribution from employees' paychecks.

Mr. Kiel asked if Mr. Cender's \$863,656 increase to health insurance costs was calculated with the intent to pay 100% of it out of the General Fund, or if the direct intention of the calculation was for the county to pay for it out of other funds. Mr. Cender responded that the 10% increase was expected to be paid for proportionately out of every fund, however the county could be selective as to which funds they wanted to use, specifically citing that with the increase of the Public Safety LIT tax, if no additional public safety positions were being created, additional funding could be gleaned from Public Safety LIT as well. Noting the importance of offering insurance as an incentive to the county's employees, Mr. Cunningham added that with the deadline to appropriate ARP funding approaching, funds could be utilized from there as well.

Mr. Novak asked if the current net-assessed value had been completed, to which Mr. Stabosz responded that the county was currently in queue with the state for evaluation. Ms. Graves informed the Council that the evaluation should be complete before the September 30th Regular Council Meeting so the Council could review it for consideration of adopting the budget. She noted that the county's numbers were still \$2.5 million over from what would be approved, so at some point, the General Fund would need to be looked at to see what changes could be made. She added that a 4% increase to the levy, in the amount of about \$1.7 million, would be divided between 7-12 different funds.

To begin finalizing the approval of the budget, Mr. Novak informed the room that there would be a workshop regarding Enterprise Fleet Management at 5pm on September 30th, followed by the Regular Council Meeting at 6pm that same evening. On October 3rd the county would advertise for another meeting to take place on October 14th, where at 5pm, there would be a public hearing regarding the adoption of the budget. Finally, during the Regular Council Meeting on October 28th, the formal adoption of the budget would be addressed.

Mr. Kiel asked what steps the Council would need to take to prepare for the final approval for advertisement at the September 30th meeting, which Ms. Graves responded that any remaining department requests would need to be addressed at the September 30th meeting, as well as approving or denying any of the Job Evaluation Committee's recommendations for pay increases or step increases.

- i. Motion to approve the 100 accounts with the job reclassifications that were presented and approved at the August 26th, 2024 Regular Council Meeting made by Mr. Yagelski and seconded by Mr. Cunningham.

Regarding annual pay raises for all county employees that had not been assessed by the Job Evaluation Committee or received a step increase, Mr. Kiel questioned if any annual increase may put additional strain on budgets that might not have the money to afford the increase. Mr. Yagelski added that an increase in salary might also affect those whose jobs were paid for by grant money and recommended addressing across-the-board pay increases for county employees at the September 30th Regular Council Meeting. Mr. Kiel concurred, as long as the Council had a grasp on revenues and found a way to bring down the cost of the General Fund.

- ii. During roll call, six members voted in favor (Mr. Cunningham, Mr. Yagelski, Mr. Novak, Mr. Koronka, Mr. Mollenhauer, and Mr. Kiel) and one member voted not-in-favor (Mr. Rosenbaum).

Mr. Yagelski asked the Auditor to calculate how much 1%, 2%, and 3% raises for employees would cost the county and to report back to the Council members, while Mr. Rosenbaum requested that the Auditor also report back on any accounts that may be critically short.

ADJOURNMENT

- i. Motion to recess made by Mr. Yagelski and seconded by Mr. Rosenbaum.
- ii. All members voted in favor; the meeting would be recessed until the Regular Council Meeting on September 30th, 2024.

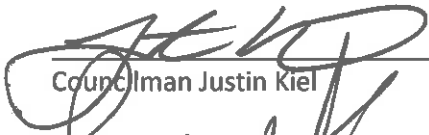
Examined & Approved by the La Porte County Council this 25th day of November.



Councilman Earl Edningham



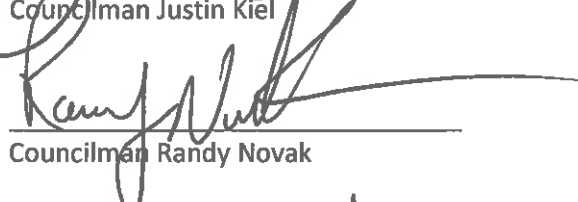
Councilman Adam Koronka



Councilman Justin Kiel



Councilman Mike Mollenhauer



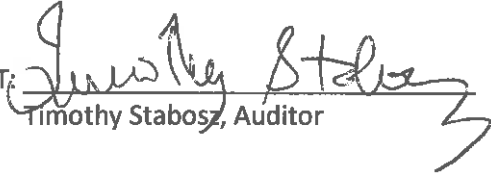
Councilman Randy Novak



Councilman Mike Rosenbaum



Councilman Mark Yagelski

ATTEST: 
Timothy Stabosz, Auditor