



**SURFSIDE BEACH TOWN COUNCIL  
SPECIAL COUNCIL MEETING MINUTES  
JANUARY 15, 2013 ♦ 4:00 P.M.  
SURFSIDE BEACH FIRE STATION CONFERENCE ROOM**

1  
2  
3  
4  
5  
6  
7 **1. CALL TO ORDER.**

8  
9 Mayor Samples called the meeting to order at 4:00 p.m. Mayor Samples, Mayor Pro Tempore  
10 Mabry, and Councilmembers Dodge, Kohlmann, Smith and Stevens were in attendance. Councilmember  
11 Johnson was out of town on business. A quorum was present. Others present: Administrator Fellner,  
12 and Town Clerk Herrmann.  
13

14 **2. PUBLIC COMMENTS – AGENDA ITEMS**

15  
16 There were no public comments.

17  
18 **3. BUSINESS.**

19  
20 Employee Health Insurance.

21  
22 Ms. Fellner presented a decision paper and spreadsheet, which are on file. The town must renew  
23 or choose a new plan and/or provider by February 1<sup>st</sup>. Town Council needed to select a healthcare plan  
24 and provider that offers good coverage to employees and minimizes costs and financial exposure for the  
25 town. The assumptions are a desire to decrease overall costs for employee healthcare coverage and to  
26 maintain the current level of service and coverage.  
27

28 Mayor Samples said there is no degradation to the level of service to town employees; he wanted  
29 everyone to understand there is no reduction to benefits for employees.  
30

31 Ms. Fellner referred to the spreadsheet and explained the various plans and applicable savings,  
32 potential exposure, and exposure if all employees participate in the Health Incentive Account (HIA)  
33 program. The negotiated rate to participate in United Health Care, the current provider, is \$43,846 per  
34 month; out of network per year is \$526,153; financial exposure is \$145,500.  
35

36 Mayor Samples said the finance committee did not consider the percentage paid by town  
37 employees in the analysis. The spreadsheet shows total costs. Ms. Fellner said the town currently pays  
38 \$4,620.50 per year per employee. The employee's contribution is \$384.72, which is approximately 8-  
39 percent. Coverage including employee/child or employee/family has higher premiums, \$4,116.24  
40 contribution by employees. Employees have another benefit, regardless of plan type, of a maximum  
41 \$350 out-of-pocket deductible, because the town funds the difference for the total \$1,500 deductible.  
42

43 Ms. Fellner said the coverage for the three proposals shown on the left side of the spreadsheet  
44 are very similar insofar as co-insurance, deductibles, office co-pays, and out-of-pocket. The cost for  
45 United Health Care per year is \$489,888; which represents a \$36,265 savings over the current plan. This  
46 particular plan would lower the town's financial exposure from \$145,500 to (\$34,000.) She emphasized  
47 that the town averages \$10,000 per year in deductible payouts. That number would be much, much  
48 higher if every single person insured claimed the deductible reimbursement.  
49

50 Mayor Samples explained that a past town council decided on an insurance policy with a higher  
51 deductible to save the town money, but decided to subsidize employee's deductible to a maximum of  
52 \$350 out-of-pocket.  
53

54 Option 5 has a \$5,000 deductible; Option 8 is \$10,000. The finance committee considered using  
55 a reinsurer to insure the portion of the deductible. It required the use of two insurance cards, creating

56 inconvenience and unreasonable administrative tasks, which is why the finance committee decided  
57 against using a reinsurer. The City of Forest Acres used a reinsurer and said it would not be renewing  
58 the contract, because reinsuring created more problems than it solved. It may be an option in the future.  
59

60 Ms. Fellner said Option 5 has a \$5,000 deductible and a cost of \$408,666 per year. The savings  
61 would be \$117,486. Potential exposure is \$339,500; however, if all employees participate in HIA,  
62 exposure is \$194,000. The HIA, Health Incentive Account, requires the employee to register with basic  
63 health information, get an annual physical, and possibly get additional credit for achieving set some  
64 health related goals, i.e. exercise, stop smoking, weight loss, etc. The town will certainly help employees  
65 that need assistance registering.  
66

67 Mr. Smith asked if a physical is covered under the plan, and if the \$1,000 savings in HIA was for  
68 all employees. Ms. Fellner said annual physicals were covered; the employee only paid the co-pay. The  
69 up to \$1,000 credit is for every insured under the plan, regardless of whether it was an employee or a  
70 dependent.  
71

72 Ms. Fellner said the only difference to the employee between the current plan and Option 5 would  
73 be that the employee's portion of the deductible. She suggested increasing the employees portion by  
74 \$150 to \$500 as long as the employee participated in HIA, and suggested that Town Council require  
75 employees to participate in the HIA, otherwise the employee would be responsible for the full deductible.  
76

77 Ms. Kohlmann asked if the HIA would be mandatory for each employee. Ms. Fellner reiterated  
78 that HIA participation should be mandatory, unless the employee doesn't care what the deductible  
79 amount is, and then the employee would be responsible for the \$1,500 deductible. Ms. Kohlmann asked  
80 if dependents should also participate in HIA. Ms. Fellner said they should, because that is how the  
81 example for cost exposure was calculated.  
82

83 Mr. Smith asked if existing conditions were covered under the new plan. Ms. Fellner said yes.  
84

85 Ms. Dodge asked if there was a limit to the number of children covered. Ms. Fellner said the  
86 family plan covers all family members.  
87

88 Ms. Fellner said the finance committee believed that Option 5 was the best option because  
89 Option 8 had significantly higher risk categories and potential exposure. She reiterated that the town's  
90 history shows an average of about \$10,000 per year in deductible payouts. She explained that the town's  
91 deductibles are likely to double, because of the higher plan deductible. She explained that this is a  
92 budgetary matter and Town Council should decide how to proceed. The budget has approximately  
93 \$10,000 in a line item, but she believed the exposure amount of \$145,500 should have been used to  
94 show the actual amount for which the town is responsible.  
95

96 Mr. Stevens said the figures on the chart were lower than the ones disclosed during the finance  
97 committee meeting. Ms. Fellner said that prices were lowered in an attempt to get the account. Mr.  
98 Stevens said the town actually got a better price. Ms. Fellner said it did.  
99

100 Mr. Smith asked if \$339,500 should be budgeted. Ms. Fellner said \$194,000 if council requires  
101 HIA participation.  
102

103 Ms. Kohlmann asked whether under United Health Care using an in-network doctor instead of an  
104 out-of-network doctor would affect the savings. Ms. Fellner said the likelihood is that a person would go  
105 halfway through a telephone book before finding a doctor that did not accept Blue Cross/Blue Shield. Ms.  
106 Kohlmann said her concern was that doctors would be available.  
107

108 Mayor Samples asked for clarification on the totals. Ms. Fellner said that employees, spouses,  
109 and children were used. Totals include 29 x \$5,000; 10 x \$10,000; 11 x \$10,000, and 13 x \$10,000.  
110

111 Mr. Smith asked if the number of employees times the deductible equaled the potential exposure.  
112 Ms. Fellner explained that deductibles are \$5,000 for employee only, and \$10,000 for all other plans. The  
113 numbers across the top of the chart, 29, 10, 11, 13, represent the number of insured people in each plan  
114 type. She reiterated that potential exposure depended upon whether Town Council chose to require  
115 employees to participate in the HIA and whether employees would be asked to increase their deductible  
116 amount from \$350 to \$500, both of which she was asking Town Council to do. Assuming both of those  
117 are done, the town's exposure would be \$194,000.  
118

119 Mr. Stevens asked if hospital coverage was being increased with the proposal. Ms. Fellner said  
120 the plans were very similar. Mr. Stevens asked if the deductible was only in the case of a major medical  
121 situation. Ms. Fellner said various payments apply towards the deductible. Mr. Stevens asked if any of  
122 the doctor's appointment counted towards deductible, for instance if someone had the flu. Ms. Fellner  
123 said it would depend what the visit was for, but not for a flu visit.  
124

125 Ms. Fellner recommended accepting Option 5, which raises the deductible to \$5,000; requiring  
126 employees to participate in the first \$500 of the deductible, and requiring employees to enroll in the HIA.  
127 However, if the employee does not participate in the HIA, he or she will be required to contribute the first  
128 \$1,500 of the deductible. The rationale for the recommendation is that employees will have a healthcare  
129 plan with a provider that offers good coverage and minimizes cost to the town, and also doesn't impact  
130 the employee very much. The net difference to the employee is \$150 if they have to meet the deductible.  
131

132 Mayor Samples said the City of Myrtle Beach pays 100-percent for its employees, but any  
133 dependent costs are the full responsibility of the employee. Blue Cross/Blue Shield is a good plan that is  
134 recognized everywhere.  
135

136 Mr. Smith asked if the out-of-pocket maximum was \$2,500 for the employee and family. Ms.  
137 Fellner said that should state \$2,500/employee and \$5,000/family on the chart.  
138

139 Mr. Stevens said most people will try to find an in-network doctor, because it saves them money.  
140 The proposal covers 100-percent of hospital and 97-percent of doctors, which is a lot. Blue Cross/Blue  
141 Shield is recognized everywhere. This is a plus for the employees.  
142

143 Ms. Kohlmann asked if benefits were included if a teenager needed some type of counseling  
144 treatment. Ms. Fellner said there is some coverage; this proposal has the same coverage as is currently  
145 provided. She believes some chiropractic coverage might not apply towards the deductible.  
146

147 Ms. Mabry said the deductible is \$1,500 for an employee; however, that can be reduced to \$500 if  
148 they take advantage of the HIA. Ms. Fellner said she cares about every employee that works for the  
149 town. She reiterated that if Town Council does not make it mandatory for employees to participate in the  
150 HIA, then when a medical problem arose, the employee would be "screaming" that he or she cannot  
151 afford the deductible. There are some employees that will need assistance getting enrolled, and staff  
152 will provide assistance. She really believed a mandatory HIA would prevent a bad situation with an out-  
153 of-pocket expense.  
154

155 Mr. Stevens said HIA makes good sense. He believed it should be mandatory and agreed 150-  
156 percent.  
157

158 Mayor Samples believed Town Council understood the recommendation and asked if there were  
159 other questions or comments. There were none. Mayor Samples asked if there was consensus to  
160 authorize the town administrator to proceed with Option 5 as described. **COUNCIL CONCURRED.**  
161

162 Mayor Samples said health insurance is a never-ending challenge.  
163

164 Mr. Smith thanked Ms. Fellner for the information and presentation. Mayor Samples said thank  
165 you from all of council.



166  
167 Mayor Samples announced that Mike Wooten was appointed to the South Carolina Department  
168 of Transportation Commission. A greeting card for him was distributed for signing.  
169

170 Mayor Samples said an article was in the newspaper about "spice" purchases in Surfside Beach.  
171 He wasn't sure of the process, but believed that "spice" should be outlawed.  
172

173 Ms. Kohlmann said that Helping Hand is in need of donations and volunteers. It is open Monday  
174 through Friday from 9 a.m. to 2 p.m. One can [of food] makes a difference in somebody's life!  
175

176 Mr. Smith said the town pays 93-percent of single employee's insurance premiums, and asked  
177 what payments are for other plans. Mayor Samples said the percentages increase in 7-percent  
178 increments for the plans. Mr. Smith asked if the same percentages would apply. Ms. Fellner said <sup>No.</sup> yes.  
179 *The dollar amount would remain the same, not the percentage.*

180 4. ADJOURNMENT. *scrivener's error. [redacted] cmc*  
181 *town clerk*

182 Ms. Mabry moved to adjourn the meeting at 4:38 p.m. Mr. Smith seconded. All voted in favor.  
183 **MOTION CARRIED.**  
184

185 Respectfully submitted,  
186 [redacted signature]

187  
188  
189 Debra E. Herrmann, CMC, Town Clerk

190 Approved: February 5, 2013

191 [redacted signature]  
192  
193 Douglas F. Samples, Mayor  
194

195 [redacted signature]  
196 Mary M. Mabry, Mayor Pro Tempore  
197

198 [redacted signature]  
199 Ann Dodge, Town Council  
200

201 [redacted signature]  
202 Mark L Johnson, Town Council  
203

204 [redacted signature]  
205 Elizabeth A. Kohlmann, Town Council  
206

207 [redacted signature]  
208 Roderick E. Smith, Town Council

Randle M. Stevens, Town Council

Clerk's Note: This document constitutes minutes of the meeting, which was audio taped. This meeting was transcribed by Town Clerk Herrmann. In accordance with FOIA, meeting notice and the agenda were distributed to local media and interested parties. A complete list is on file in the clerk's office. The agenda was posted on bulletin boards outside Council Chambers and in the Town Hall reception area. Meeting notice was also posted on the Town marquee. When (\*\*) is used, a section of the transcription is inaudible. Public Comments and Council Comments made during Special Meetings are edited.