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DeKalb County Government  
Sycamore, Illinois

**Finance Committee Minutes  
August 3, 2016**

The Finance Committee of the DeKalb County Board met Wednesday, August 3, 2016 at 7:00pm in the Administration Building's Conference Room East in Sycamore, Illinois. Chairman Stoddard called the meeting to order. Those present were Mr. Cribben, Mr. Gudmunson, Mr. Jones, Mr. Reid and Chairman Stoddard. Mr. Luebke and Ms. Tobias were absent. A quorum was established with 5 members present and 2 absent.

Others that were present included Tim Bagby, Joan Berkes Hanson, Gary Hanson, Christine Johnson, Tim Kearns, Dianne Leifheit, Paul Miller and Pete Stefan.

**APPROVAL OF THE MIINUTES**

**It was moved by Mr. Cribben and seconded by Mr. Jones to approve the minutes from June 1, 2016. The motion carried unanimously.**

**APPROVAL OF THE AGENDA**

**It was moved by Mr. Gudmunson and seconded by Mr. Jones to approve the agenda as presented.** Chairman Stoddard mentioned that the Authorized Depositories Resolution item was recently added to the agenda. **The motion carried unanimously.**

**PUBLIC COMMENTS**

There were no public comments.

**DELINQUENT PROPERTY TAX SALE RESOLUTIONS**

Ms. Christine Johnson, DeKalb County Treasurer outlined that unpaid property taxes are sold annually at the County's tax sale. She explained that those taxes that do not receive a bid default to the County as trustee for the taxing body and the County then acts as the tax buyer.

Ms. Johnson further explained that after 3 years, the County can take deed to the parcels and sell them. She referenced parcel 08-14-329-021, which is a vacant property located on North First Street in DeKalb and per the proposed Resolution (attached to these minutes), the property will be transferred to the City of DeKalb.

**It was moved by Mr. Jones and seconded by Mr. Reid to forward the Resolution to the County Board, proposing the transfer of parcel 08-14-329-021 to the City of DeKalb for the sum of \$2,209.43 to be paid to the Treasurer of DeKalb County, Illinois. The motion carried unanimously.**

Ms. Johnson referenced parcel 09-29-134-010, which is located on Somonauk Road in Cortland. She stated that the house that once stood on the property fell into disrepair and was demolished. Ms. Johnson outlined that per the proposed Resolution (attached to these minutes), the property will be transferred to the Town of Cortland. Ms. Johnson added that this program is helpful in getting orphan properties into the hands of individuals or entities that will take care of them.

**It was moved by Mr. Cribben and seconded by Mr. Gudmunson to forward the Resolution to the County Board, proposing the transfer of parcel 09-29-134-010 to the Town of Cortland for the sum of \$184.25. The motion carried unanimously.**

#### **AUTHORIZED DEPOSITORIES RESOLUTION**

Ms. Johnson presented the annual proposed Resolution (attached to these minutes) that lists recommended financial institutions to serve as depositories of public funds in the custody of the DeKalb County Treasurer. She added that all of the listed institutions also collect real estate taxes for the County, which provides a convenient option for some citizens.

**It was moved by Mr. Jones and seconded by Mr. Cribben to forward the Resolution to the County Board, recommending the listed financial institutions serve as depositories of public funds in the custody of the DeKalb County Treasurer. The motion carried unanimously.**

#### **HEALTH INSURANCE PLAN UPDATE**

Mr. Pete Stefan, DeKalb County Finance Director introduced Tim Kearns, Employee Benefits Consultant with R.J. Lee & Associates. Mr. Kearns presented the Aggregate Report for 2016 (which is attached to these minutes) that provides a snapshot of the financial performance of the County's health insurance plan for the first 6 months of the plan year. Mr. Kearns explained that the current loss ratio is 82.8%, which represents performance that is 2.8% worse than what was anticipated. Mr. Kearns stated that this is not great news, but that it isn't necessarily a bad result. He mentioned that there have been 2 large claims in 2016 thus far that have each exceeded \$95,000. Mr. Kearns explained that in 2015, there were 4 claims at this point in the year that exceeded \$95,000, and in 2014, there were 7 claims that exceeded that amount. Mr. Kearns outlined that prescription drug performance for the first 6 months of 2016 has yielded a loss ratio of 20%. He stated that it's desirable to keep this loss ratio as low as possible.

Mr. Kearns reviewed the County's medical demographics, comparing the first 6 months of 2016 with the first 6 months of 2015, and outlined that overall plan membership is up slightly due to an increase in the number of dependent children enrolled in the plan. He explained that this increase had a positive impact on the average member age, which is now lower than last year and more desirable in terms of its effect on future plan cost.

In terms of medical claims, Mr. Kearns reviewed that total payments are down this year by 15.1%. He detailed that there was a \$510.34 cost per month per member for 2015, compared to a current \$427.89 cost per month per member.

Mr. Kearns outlined that there are some disappointing results with an 11.4% increase in pharmacy expenses and an increase of 17.1% on dental claims. He mentioned that the 11.4% increase on the pharmacy expenses is actually less than the national average, as prescription drugs are currently the largest growing expense in healthcare. He mentioned that he has requested additional detail from BlueCross BlueShield on the dental claims to better understand the reason for the increase.

Mr. Kearns explained that specialty medications, which are high-cost drugs that require close supervision and monitoring for serious and/or complex chronic conditions, are driving the increase in healthcare costs and they present a significant challenge for health plans in accommodating members that require these medications. Mr. Kearns mentioned that certain brand-name medications will likely require a higher co-pay after January 1, 2017, and that mandatory prior-authorizations for certain medications will likely be implemented. He stated that all of these changes represent an attempt to more tightly manage pharmaceutical costs. Mr. Kearns stated that he has been in discussion with Mr. Stefan on the possibility of modifying the County's pharmacy network in an effort to reduce plan cost. Mr. Kearns mentioned that adding tiers to plans with higher co-pays would be another method to control cost. He stated that the greatest opportunity for cost savings is in the management of pharmaceutical care with the objective of adopting those changes that won't have a significantly negative impact on the members.

Mr. Cribben asked if Mr. Kearns feels that the County is getting its money's worth on the administration fee paid to Prime Therapeutic, which is the plan's pharmaceutical manager. Mr. Kearns responded that he does think the County is getting a good value for the dollar they are paying.

Mr. Stoddard inquired about the status of the "Cadillac Tax", which would potentially result in a tax on employer-sponsored plans that exceed certain thresholds. Mr. Kearns responded that this tax is currently on hold and has been delayed until 2020. He also mentioned that there is a possibility the "Cadillac Tax" proposal will go away entirely, but cautioned that a different tax will likely take its place.

Mr. Hanson asked Mr. Kearns to quantify the potential impact that could be realized if some of the suggested cost-containment strategies were implemented by the County. Mr. Kearns responded that a reasonable result would be a 1% or 2% cost reduction and that this savings would be most impactful over time.

Mr. Cribben requested further explanation of pharmacy classification and network strategy. Mr. Kearns explained that not every pharmacy chain has the same contract, and directing members to or away from certain chains can have a positive financial impact on the plan. Mr. Kearns also mentioned that small "mom and pop" type pharmacies play a critical role in networks, as they frequently provide the only service available in rural areas and can also serve as "compounding" pharmacies, which are very specialized pharmacies authorized to combine required additives to manufacture products that aren't sold off the shelf.

Mr. Kearns commented that another area that is being reviewed for cost savings is moving from a flat-dollar co-pay to a co-insurance / percentage plan that would encourage members to shop for the lowest cost prescriptions. He cautioned that there are considerations with this technique and that it's a balancing act in determining the best fit.

Mr. Cribben inquired about possible cost savings with the dental plan. Mr. Kearns stated that the County doesn't currently have an overly rich dental plan and that considering a cost-saving move to network coverage would likely result in a significant disruption to members, as dental networks typically aren't very large. Mr. Kearns mentioned that he will continue to work with Mr. Stefan on options and budget considerations for the County.

Mr. Stoddard thanked Mr. Kearns for the information he presented. [Attachments \(.pdf\)](#)

### **BUILDING INSPECTOR SALARY RANGE**

Mr. Hanson reminded the committee that Mr. Miller will be leaving County employment effective September 1st and that there are two additional open positions that need to be considered. He explained that one item of consideration is the salary range of the Building Inspector. Mr. Hanson stated that he feels that the current Building Inspector salary range may be too low and that based on prior experience in advertising for this role, he feels the current salary range will have a negative impact on the recruiting process. He outlined that the County hasn't yet determined if a Building Inspector will be hired or if the County will continue to outsource the position. Mr. Hanson feels it prudent that a salary range be established at this point so that the County will be prepared to move forward with recruitment, if that is the decision that's ultimately made. Mr. Hanson added that although the County is considering significant budget cuts, it is anticipated that the County will still meet the budget target established for Planning & Zoning. He mentioned that hiring a Building Inspector at a higher salary range won't jeopardize the budget. Mr. Hanson invited Mr. Miller to provide additional information on the staffing strategy for the Planning & Zoning Department.

Mr. Miller outlined that the current starting salary range for the Building Inspector is \$22.85 - \$25.14 and that prior advertisement of this position just a few months ago only yielded 2 applicants within 4 weeks. Mr. Miller explained that the County considers a qualified inspector to be one that has 10+ years of industry experience with certifications and familiarity with building codes. He went on to state that inspectors with these qualifications are in very high demand. Mr. Miller said that following a 2015 salary study, the County determined that the average salary for a Building Inspector in surrounding counties is \$29 - \$42 per hour and that DeKalb County's range is significantly below the average. He stated that a determination has been made that increasing the current range by \$3.00 will allow DeKalb County to be more competitive in recruiting and retaining a qualified Building Inspector.

**It was moved by Mr. Jones and seconded by Mr. Reid to forward the Resolution to the County Board, recommending an increase in the Building Inspector starting salary range from \$22.85 - \$25.14 per hour to \$25.85 - \$28.14 per hour.**

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Mr. Jones commented that it's important to put the groundwork in place and be prepared to begin recruiting for a qualified Building Inspector. Mr. Jones mentioned that he is not a fan of utilizing a contractor for this role, as this is a key position.

**The motion carried unanimously.**

**NEW BUSINESS**

No new business items were discussed.

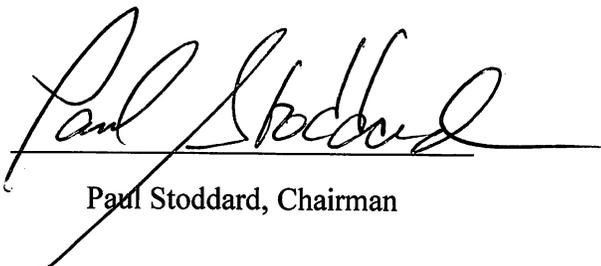
**ADJOURNMENT**

**Mr. Cribben moved to adjourn the meeting and Mr. Gudmunson seconded the motion.  
The motion carried unanimously.**



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Christie Klein, Recording Secretary



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Paul Stoddard, Chairman