

RESOLUTION 0602

WHEREAS, there are currently 20 counties participating in a multi-county, self-funded health care plan known as the GemPlan; and

WHEREAS, there is considerable effort being put forth by the Department of Insurance, major insurance carriers, and some Idaho legislators, to place cumbersome and costly regulatory requirements on the GemPlan, which is contrary to current Idaho law; and not consistent with requirements typically placed on governmental entities; and

WHEREAS, the reasoning for such efforts is their perception that GemPlan benefits unfairly from these regulatory exclusions, that GemPlan will leave providers unpaid and result in employees paying for medical claims, or leave counties who continue to participate in the plan paying for medical claims of those who exit the plan with a negative fund balance; and

WHEREAS, GemPlan has experienced financial challenges typical for a new health care plan and proposed regulation could further burden its effort, possibly forcing the GemPlan to dissolve, which could leave Idaho counties, especially small counties, with few options for employee health care coverage and the added responsibility to reconcile current debt without the opportunity to build the plan toward a stronger financial position; and

WHEREAS, member counties wish to convey to the legislators and the DOI the GemPlan's willingness for some oversight and regulation, its desire to benefit from any mentoring, advice, or reasonable structure agreed upon by the legislators, the DOI and the Gem Plan which will enhance its ability to succeed; and

WHEREAS, GemPlan further wishes to alleviate and neutralize fears now held by some legislators and the DOI by committing to the following;

NOW, THEREFORE, BE IT RESOLVED, that member counties recognize that long-term success of the plan is contingent upon a long-term commitment by each member county; and member counties are willing to make that commitment should a compromise be reached between the DOI, the legislators and the GemPlan regarding the pending legislation.

BE IT FURTHER RESOLVED, the Board of Caribou County Commissioners, in conjunction with the counties now in GemPlan and any new members who join agree to continue participation in the plan as GemPlan negotiates with the legislators and the DOI to develop the appropriate level of regulation and explore all future options, or agree to

pay all claims including run-out claims incurred by their county, therefore stemming concerns of member dropout which could trigger adverse selection and leave a few counties to pay the medical expenses of those who exited; and

BE IT FURTHER RESOLVED, in the event of plan dissolution all member counties agree to exit simultaneously and pay their respective claims including run-out claims as provided in the Joint Powers Agreement again laying to rest the fears of adverse selection and assuring appropriate financial responsibility; and

BE IT FINALLY RESOLVED, the counties in the GemPlan ask that the Idaho legislators and the DOI, through a mentoring role be sensitive to GemPlan's challenging situation by allowing it at least a year to show improved results, and monitor it as it builds toward success of the program and the best interest of the participating counties.

APPROVED THIS 9<sup>th</sup> DAY OF JANUARY, 2006

Bruce M Dredge  
CHAIRMAN, CARIBOU COUNTY

ATTEST: \_\_\_\_\_

## **GemPlan Talking Points**

(To assist with passage of support resolution and in talking with legislators)

### **General Statistics**

- Idaho population is barely over 1,300,000
- 200,000 are uninsured
- 160,000 are on Medicare
- 90,000 children and about 40,000 adults on Medicaid
- 600,000.+ members with the Blues – Blues have 92% of the market share (this is the largest market share by the Blues in any state in the nation i.e. an oligopoly)
- The rest are either covered by other insurance companies or are self-funded.
- In every state in the nation, governmental entities are successfully self funding to lower health care costs and save taxpayer monies.

### **GemPlan**

- 2000 and prior to GemPlan, counties received double digit increases as a norm and often 30% or more.
- 2001 and after, county increases began to be much lower (GemPlan started organizing).
- 2004 and after, average county rate increases at or below 10% (GemPlan started operation).
- 2005 increases less than 5% regardless of claims history for many counties.
- Cities, Highway Districts and other public entities that can't join GemPlan still have increases up to 30% or more this year.
- Insurance Companies who previously insured counties have refused to release claims information on small counties, even when signed authorizations were completed by county employees, as it would assist GemPlan in setting proper rates.
- As a result, GemPlan has had to struggle, both financially and legislatively.
- If GemPlan is forced out of business, small counties will lose their opportunity to save tax payer monies through self funding of health benefits.
- Self-funding of health benefits by governmental entities is being successfully accomplished in every state in the union.
- Each legislative session over last two years had challenges for GemPlan.
- This year a bill introduced by the Department of Insurance (DOI) intends to make GemPlan an insurance company.

- DOI legislation would classify counties governments as a MEWA, such as an automobile dealer association, and fail to recognize them a unit of state government.
- Passage of resolution by counties shows that they strongly support the GemPlan and are willing to make a long term commitment to the program.
- Blue Cross in pushing for legislative changes, use the excuse that they want to "level the playing field".
- Blue Cross and Blue Shield have over 600,000 members. GemPlan has a total of 4,000 members.
- ICRMP consultant has studied the GemPlan program and has stated they feel that the program is viable.
- Counties who are willing to participate in must make a long term commitment to allow the program to stabilize.
- The resolution is necessary to show County support of GemPlan to the legislators.
- ICRMP has offered administrative and legal support to GemPlan.
- GemPlan, with Skip Smyser's lobbying assistance, will work on compromise legislation with DOI and legislators to maintain JPA and self-funding.