

TOWN OF VALDESE
TOWN COUNCIL MEETING - BUDGET WORKSHOP #2
APRIL 18, 2023

The Town of Valdese Town Council met on Tuesday, April 18, 2023, at 6:00 p.m., in the Community Room at Town Hall, 102 Massel Avenue, SW, Valdese, North Carolina. The following were present: Mayor Charles Watts, Mayor Pro Tem Frances Hildebran, Councilwoman Rexanna Lowman, Councilman Tim Skidmore, Councilman Tim Barus, and Councilman Paul Mears. Also present were: Town Manager Seth Eckard, Assistant Town Manager/CFO Bo Weichel, and Town Clerk Jessica Lail.

Absent: None

A quorum was present.

Others present: Dwayne Wilson Insurance & Financial Services

Mayor Watts opened the meeting with an invocation and led in the Pledge of Allegiance to the Flag.

EMPLOYEE HEALTH INSURANCE UPDATE Dwayne Wilson of Dwayne Wilson Insurance & Financial Services reminded Council that Blue Cross Blue Shield's first renewal quote for Medical insurance showed a 33% increase in the premiums, and Mr. Wilson got it down to 27%. Mr. Wilson said that BCBS would not lower the percentage anymore, so he has shopped out other providers. Mr. Wilson has received competitive rates from Aetna and is waiting to hear back from Cigna and United Healthcare. Mr. Wilson feels that Aetna will probably be the best. Mr. Wilson discussed different options showing the current plan, BCBS's original 33% increase, and two options with Aetna. Mr. Wilson shared a new option (#3) with going to a Health Reimbursement Account (HRA) with an HSA. Mr. Wilson explained that the deductible is higher, but the net exposure for the employee stays the same. If employees reach their deductible, they will still be responsible for \$3,000 plus the \$1,000 the Town provides in employees' HSA accounts. Mr. Wilson explained the Town would pay \$2,900 out of the PayFlex HRA Account to cover the rest. Council members like this plan. Mr. Wilson will share other plans once he receives them.

Town of Valdese
 Medical Rates Only
 Renewal Effective Date: **June 1, 2023**

	HSA Plans				
	BCBS Current Quote # 401176 Blue Options HSA	BCBS Original Renewal Quote # 423352 Blue Options HSA	Option #1 AFA CPOSII 2250 HSA 100/50 PY V22 ISL 20 SGP	Option #2 AFA CPOSII 2250 HSA 80/50 PY V22 ISL 20 SGP	Option #3 AFA CPOSII 6250 HSA 100/50 E PY V22 ISL 20 SGP
In-Network Deductible					
Employee Only	\$2,000	\$2,000	\$2,250	\$2,250	\$6,250
Family Member	\$4,000	\$4,000	\$4,500	\$4,500	\$6,250
Family Total	\$4,000	\$4,000	\$4,500	\$4,500	\$12,500
In-Network Out of Pocket Maximum					
Employee Only OOP Limit	\$4,000	\$4,000	\$3,450	\$3,450	\$6,900
Family Member OOP Limit	\$7,000	\$7,000	\$6,900	\$6,900	\$6,900
Family Total OOP Limit	\$8,000	\$8,000	\$6,900	\$6,900	\$13,800
In-Network Coinsurance					
Inpatient Hospital Services	20% after ded	20% after ded	0% after ded	20% after ded	0% after ded
Outpatient Hospital Services	20% after ded	20% after ded	0% after ded	20% after ded	0% after ded
Physician Office Visit					
In-Network Primary Care Visit	20% after ded	20% after ded	\$25 copay after ded.	\$35 copay after ded.	0% after ded
In-Network Specialist Visit	20% after ded	20% after ded	\$75 copay after ded.	\$75 copay after ded.	0% after ded
Telehealth Visit	20% after ded	20% after ded	\$25 copay after ded.	\$35 copay after ded.	0% after ded
Preventive Care	No Charge	No Charge	No Charge	No Charge	No Charge
Urgent Care	20% after ded	20% after ded	\$75 copay after ded.	\$75 copay after ded.	0% after ded
Emergency Room Care	20% after ded	20% after ded	\$500 copay after ded.	\$500 copay after ded.	\$500 copay after ded.
Prescription Drugs					
Generic Tier 1A Drugs	20% after ded	20% after ded	\$3 copay after ded.	\$3 copay after ded.	\$3 copay after ded.
Generic Tier 1 Drugs	20% after ded	20% after ded	\$10 copay after ded.	\$15 copay after ded.	\$15 copay after ded.
Preferred Brand Drugs	20% after ded	20% after ded	\$50 copay after ded.	\$50 copay after ded.	\$50 copay after ded.
Non-Preferred Generic & Brand Drugs	20% after ded	20% after ded	\$80 copay after ded.	\$100 copay after ded.	\$100 copay after ded.
Preferred Specialty Drugs	20% after ded	20% after ded	20% up to \$250 max after ded.	20% up to \$250 max after ded.	20% up to \$250 max after ded.
Non-Preferred Specialty Drugs	N/A	N/A	40% up to \$500 max after ded.	40% up to \$500 max after ded.	40% up to \$500 max after ded.
Employee Only	83 \$673.18	\$896.08	\$818.78	\$767.29	\$632.14
Employee + Child	1 \$981.48	\$1,292.74	\$1,571.18	\$1,470.44	\$1,206.05
Employee + Children	1 \$1,290.42	\$1,690.34	\$1,571.18	\$1,470.44	\$1,206.05
	85 \$58,145.84	\$77,357.72	\$71,101.10	\$66,825.95	\$54,879.72
		33.0%	22.3%	14.6%	-5.6%
			\$3,541.67	\$3,541.67	\$3,541.67
			\$67,559.43	\$63,084.28	\$51,338.05
			16.2%	8.5%	-11.7%
Admin Credit					
Net Monthly Premium					

Submitted by Dwayne Wilson
 A Hilb Group Company
 Dwayne Wilson Insurance & Financial Services, Inc.
 (O) 828-428-0800 (F) 828-428-0806
 Dwayne@dwaynewilsoninsurance.net

Cost Comparisons - #1 2250 HSA Plan (Option #2)

- Recommendation: Switch to Aetna Insurance Company - HSA Option #2
- Net Increase 9.6% - Lower Exposure - Large National Network

Employee / Member Advantages:

- Net Exposure is less than current - \$3,000 vs \$2,450.
- Keeps premiums the same for dependents.
- Copays for members after their deductible. Medical & Rx.
- Enables the member to keep more monies in their HSA.
- 3 EAP Counseling Sessions - Face to Face or Tele-video Visits.
- Free Minute Clinic – After Deductibles

Employer Advantages:

- Keeps rates in budgeted range. 9.6%
- No extra administrative cost, HRA, etc.
- Simple transition.
- Monthly Claims Reporting.
- Potential \$7,500 plus Surplus @ 15 months If Renewed

Disadvantages:

- Having to switch Insurance Companies
- Slightly different plan design
- COBRA Administration – \$1.50 PMPM = \$127.50 / Month
- Health Equity – HSA Administration \$1.75 PMPM = \$148.75 / Month

Cost Comparisons - #2 6250 HSA Plan (**Option #3**)

- Possible Solution: Switch to Aetna Insurance Company - HSA Option #3
- Decrease -5.6% - Increased Exposure - Large National Network
- Saves \$81,683 Annually
- \$2,900 = 28 Claims Budgeted
- Statistics: 15% = 13 Members
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Employee / Member Advantages:

- Net Exposure Remains the same - \$3,000
- Keeps premiums the same for dependents.
- 3 EAP Counseling Sessions - Face to Face or Tele-video Visits.
- Free Minute Clinic – After Deductibles

Employee / Member Disadvantages:

- Members May Have To Submit Claims For Reimbursement

Employer Advantages:

- Keeps rates below current.
- Monthly Claims Reporting.
- Potential \$7,500 plus Surplus @ 15 months If Renewed
- \$147,000 HRA Funds Available For Claims & Admin.

Disadvantages:

- Having to switch Insurance Companies
- Different plan design
- COBRA Administration – \$1.50 PMPM = \$127.50 / Month
- Health Equity – HSA Administration \$1.75 PMPM = \$148.75 / Month
- PayFlex HRA Administration \$4.50 PMPM = \$382.50 / Month

Aetna Funding Advantage

- Level Funded Arrangement
- \$42,500 Admin Credit – 2nd Month
- **\$7500 minimum guaranteed surplus when they renew – Refund Could Be More**

Aetna Funding Advantage comes with a lot of extras too.

- **Reporting** - You get monthly reporting and access to claims data, so you know how the group is running throughout the year.
- **Surplus return** - The group has a chance to earn money back at the end of the year if they stay below expected claims cost. We return 50% of surplus.
- **Wellness** – We offer unique wellness offerings like our free fitness classes with Peerfit, and a free Employee Assistance Program.
- **\$0 Minute Clinic visits** – Members on copay plans can visit a Minute Clinic in CVS pharmacies at no cost. Members on HSA plans will need to meet deductible.
- **\$0 Teledoc visits**-for general visits, dermatology, and behavioral health on copay plans. On HSA plans, members will need to meet deductible.
- **\$0 Mental Health and Substance Abuse in-network outpatient visits** on copay plans. Members on HSA plans will need to meet deductible.
- **EAP**-is included at no cost for up to 3 consultations. The counseling sessions are available face to face or online with tele-video



FY 23-24 PROPOSED BUDGET DISCUSSION Assistant Town Manager/CFO Director Bo Weichel presented Council with a copy of the proposed budget and fee schedule. Mr. Weichel reminded Council this was a re-evaluation year, briefly reviewed revenue neutrality, and reviewed the variables included. Mr. Weichel reviewed the calculations and explained that the revenue-neutral tax rate is 0.4136 cents. Mr. Weichel said that with 0.4136 cents revenue neutral, the budget would propose a tax decrease of 3 cents, going down to 51.5 cents. Town Manager Seth Eckard identified that the \$400,000 in new revenue would go towards street repair and an increase for part-time pay for lifeguards and part-time firefighters, which was presented at the budget retreat. Mr. Weichel highlighted a few items in the proposed budget and fee schedule, which will be presented at the May 1, 2023, regular council meeting. Councilman Mears thanked the staff for all their hard work preparing the budget. Councilman Barus asked Mr. Weichel for clarification; we have two funds, a general fund, and a utility fund, that are separate. Mr. Weichel said that was correct; we have two separate budgets. Council members recapped the new revenue plan. Mr. Eckard shared that staff will look into replacing the aging waterlines of any streets that will be repaved. Mr. Eckard shared that the CIP may change slightly to accommodate that. Mr. Weichel explained that vibrating the waterlines, when repaving could cause a waterline break, which has happened in the past.

REVENUE NEUTRAL RATE (RNR)

- STATUTORILY CALCULATED
- VARIABLES:
 - PERSONAL PROPERTY ESTIMATION – ACTUAL DATA AVAILABLE AROUND LATE APRIL
 - TAX RELIEF
 - APPEALS

Property Values	449,252,757
Personal Property (estimation)	70,000,000
Total Assessed Value	519,252,757

Fiscal year		Assessed Valuation as of June 30	Annexation (Deannexation)		Total Adjusted for Annexation or Deannexation	Valuation Increase (Decrease)	Percentage change	
2023-24	Revaluation 1/1/2023	519,252,757	-	23-24	519,252,757			
				22-23	387,050,384			
2022-23		387,050,384	-	22-23	387,050,384	9,486,010	2.51%	
				21-22	377,564,374			
2021-22		377,564,374	-	21-22	377,564,374	2,469,600	0.66%	
				20-21	375,094,774			
2020-21		375,094,774	-	20-21	375,094,774	8,261,239	2.25%	
				19-20	366,833,535			
2019-20	Revaluation 1/1/2019	366,833,535					1.81%	Average growth % Doesn't include revaluation increase (decrease)
Last year prior to revaluation						Tax rate	Estimated tax levy	
2022-23		387,050,384				0.5450	2,109,425	
First year of revaluation						Tax rate to produce equivalent levy		
2023-24		519,252,757				0.4062	2,109,425	
Increase (decrease) tax rate for average growth rate						Revenue neutral tax rate, to be included in budget ordinance, adjusted for growth		
2023-24		519,252,757				0.4136	2,147,555	
						Increase (Decrease) in Tax Levy	38,130	
						Average Percentage Increase (Decrease)	1.81%	

ADJOURNMENT At 7:06 p.m., there being no further business to come before Council, Councilwoman Hildebran made a motion to adjourn, seconded by Councilman Barus. The vote was unanimous.

The next meeting is a regularly scheduled meeting on Monday, May 1, 2023, 6:00 p.m., Valdese Town Hall.

Town Clerk

Mayor

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