

June 29, 2017

The Gallipolis City Commission met in emergency session on Thursday, June 29, 2017, at 5:00 p.m. at the Gallipolis Municipal Building, 333 Third Avenue, having complied with Section 9 of the City Charter.

Commission President Tony Gallagher called the meeting to order. Mr. Wallis gave the invocation.

Upon roll call, the following members were present:

Albert "Tony" Gallagher, President
 Michael C. Fulks, Vice-President
 Roger P. Brandeberry, Member
 W. Matthew Johnson, Member
 Steven E. Wallis, Member

Others attending were:

M. Eugene Greene, City Manager
 Adam R. Salisbury, City Solicitor
 Annette M. Landers, Auditor/Clerk/Treasurer
 Dean Wright, Gallipolis Daily Tribune
 John Saunders, Saunders Insurance Agency
 Scott Saunders, Saunders Insurance Agency
 Ronnie Lynch Bradie Angell Marvin Ours
 Cody Caldwell

Privilege of Floor was granted to Mr. John Saunders and Mr. Scott Saunders, Saunders Insurance Agency, to discuss the City's health insurance. The City Solicitor began by announcing our compliance with Section 9 of the Charter and the Open Meetings Act. He asked to begin with some background information regarding the set-up of our current insurance, which he had diagrammed on the whiteboard prior to the meeting. He explained that the City joined a group of small employers back in 2015. The group is the Ohio Public Employers Consortium (OPEC), which is run by Ohio Insurance Services Agency (Mr. Frank Harmon). In turn, OPEC is part of a larger consortium known as the Jefferson Health Plan (JHP), which negotiates coverage for its members with insurance providers. The City gets its medical coverage through Medical Mutual of Ohio and drug coverage through CVS. By joining this group back in 2014, the City was able to save money on premiums.

Mr. John Saunders and Mr. Scott Saunders summarized the events of this week that have culminated in this emergency meeting. The OPEC Board of Directors met on Monday evening, June 26th and decided to break away from the Jefferson Health Plan, effective June 30th and begin coverage with another insurance provider, effective July 1st. Our first notice of this change was the arrival of a letter and new insurance cards for all of our covered employees. Since this came, Saunders Insurance Agency has been working to determine our options, contacting both OPEC and JHP.

Mr. Salisbury listed two options on the whiteboard, with input from the Saunders.

Option 1 – Stay w/ OPEC

1. Lapse in coverage
2. No (possible) breach of contract w/ OPEC
3. City/OPEC contract expires on 12/31/17
4. Promised renewal rate of 7% for 2018

Option 2 – Go w/ JHP

1. No lapse in coverage
2. Possible breach of contract w/ OPEC \$198K
3. JHP offers to finance our portion of OPEC deficit (\$155K) over time
4. Nominal (less than 7%) renewal rate for 2018

In discussion of these options, Commissioners' main concern focused on the impact to employees on run-out of claims, which seemed sure to cause major difficulties for those with recent claims not yet submitted by healthcare providers to Medical Mutual of Ohio. If we decide to stay with OPEC and follow them in their move from JHP, these claims would not be covered by OPEC's new insurance company and would be subject to possibly years of litigation with JHP. Although there was no way to gather information on what the dollar amount of that risk might be, it seemed likely to be quite large due to two health care claims that we know of from last week.

There was also discussion of just who breached their contract(s). It would seem that if we stay with OPEC, we as a group member of OPEC would be a party to breaching the group's contract with JHP. If we terminate our relationship with OPEC, they will likely argue that we breached our contract with them. However, we see their action as a prior breach of our contract with OPEC to provide us coverage with Medical Mutual and CVS as a member of the larger JHP group. In just looking at the numbers involved with the risks under each option, it would appear that the lowest dollar amount of risk lies with Option 2. All agreed that litigation could go on for years.

Mr. Brandeberry made a motion to go with Option 2, seconded by Mr. Johnson. Upon roll call on the motion, all votes were yes.

There being no further business to come before the City Commission, the meeting was adjourned.



Clerk, City Commission



President, City Commission