



NEWSLETTER

KENTUCKY PUBLIC HUMAN
RESOURCES ASSOCIATION

President, Terry Fornash

Spring 2008

President-elect, Debby Combs

The President's Letter

Dear KPHRA Members,

Attention HR professionals, Start
Your Engines!

It is time again to leave the big city conference schedule and see what another great Kentucky State Park has to offer. Our 2008 Fall Conference will be held at the beautiful General Butler State Park in Carrollton, KY from October 8th to the 10th. This conference promises to offer many informative and fun topics and, as usual, we will deal with the issues that consistently challenge our profession. The topics will range from "The latest KRS Legislative Updates" to Succession planning" to "Team building" and "Pre-ire assessments".

We believe you will find these topics and others, informative and beneficial, long after the conference has ended. As usual there will be numerous networking opportunities to share experiences and learn how our peers are dealing with the issues that make HR work dynamic and challenging.

Debby Combs has again come through with a fun schedule for our time together after the conference sessions. She has arranged an all access tour of the Kentucky Speedway with dinner catered by Outback Steakhouse. The Hospitality committee has reserved a beautiful cabin for games, networking, and fellowship. Reconnect with those members you may only see in person during our conferences and have fun at the cook out dinner and unwind around the camp fire.

I sincerely hope your schedules will afford you an opportunity to attend the 2008 Fall Conference in beautiful General Butler State Park. An exciting program has been planned and I look forward to seeing you there!!

Sincerely,

Terry Fornash



HEALTH INSURANCE

By LISA STAMM

As health insurance costs continue to inflate at a higher rate than most other consumer goods and services, the reason why this is the case continues to elude both employers and politicians alike. The driving forces behind this phenomena are likely numerous; however, one of the contributing factors is a fundamental lack of transparency that exists within the industry. While almost nothing about health insurance in this country is transparent, employers can take some steps toward establishing a clearer view.

The Games Carriers Play

Sadly, insurance companies rely on a lack of transparency when determining what to charge employers in premium. Small employers (50 and under) have virtually no access to their actual claims data. If you happen to be a larger employer, the fully insured carriers will provide some claims data, but the data is often presented in such a way that it is difficult to determine how much the carrier has profited and how justified their renewals actually are. The carriers use nebulous terms like "loss ratio" in order to justify renewals that may or may not be warranted.

Many larger employers (those with 80-100 employees or more) have been able to clear away some of the fog by partially self-funding their health plans, giving themselves access to all of their actual claims data and, as a result, greater control over their costs. In the last decade, the reinsurance market (where partially self-funded employers go to purchase insurance to protect themselves from catastrophic claims) has evolved to the point where being partially self-funded is a safe and viable option to the fully insured market.

KPHRA 2008 Fall Conference

Tuesday, October 7, 2008

4:00 p.m. – 6:00 p.m. Board Meeting – All welcome (at Cottage 535)
6:00 p.m. Hospitality Room (at Cottage 535)

Wednesday, October 8, 2008 (Benefit Focused, non-health)

8:30 a.m. – 9:00 a.m. Continental Breakfast
9:00 a.m. – 9:30 a.m. Welcome and Certification Updates
Terry Fornash
9:30 a.m. – 11:30 a.m. **Legal Update.....FMLA,HIPPA and more!**
David Peck, Taft, Stettinius & Hollister
10:00 a.m. – 10:15a.m. Break
11:30 a.m. – Noon **Pre-Hire Assessments and the Kentucky Employability Certificate**
Lisa Stethen, JCTC Adult Education Director
Noon – 1:00 p.m. Lunch
1:00 p.m. – 3:00 p.m. **Kentucky Retirement System – The New Legislative Updates**
Aimee Rives
2:00 p.m. – 2:15 p.m. Break
3:00 p.m. – 4:00 p.m. **6th Annual KPHRA Benefit Survey Results for 2008**
Mark Morgan, Morgan & Associates
4:00 p.m. Day 1 Wrap Up and Prize Drawing
Terry Fornash
4:30 p.m. – 5:00 p.m. **Wellness Walk in the Park – meet in the lobby of the lodge**
6:00 Join us at Cabin 535 for a grill out and sit by the camp fire in your new KPHRA Folding Chair!

Thursday, October 9, 2008 (Conference Center)

8:30 a.m. – 9:00 a.m. Continental Breakfast
9:00 a.m. – 9:30 a.m. Opening Remarks and Business Meeting
Terry Fornash
9:30 a.m. – 11:45 a.m. **Succession Planning**
Mindy Price, Direct Effect Solutions
11:45 a.m. – 1:00 p.m. Lunch
1:00 p.m. – 4:00 p.m. **Team Building**
Jerry Yingling, Employers Resources Asc.
Lisa Nack, Camp Joy
2:00-2:15 Break
5:30p.m.-9:00p.m. **Evening Banquet...Kentucky Speedway!**
Dinner catered by Outback Steakhouse. Awards will be distributed at the banquet. Enjoy a walking tour of the Speedway, and for those that dare...you will have a chance to ride around the track!
Directions: From General Butler State Park, go North on 71 and take Exit 57. Turn left off the exit. Turn left at Entrance 3. Stop at the Guard Gate, sign form, and proceed to the "Banquet Hall."

Friday, October 10, 2008

Breakfast on your own
9:00 a.m. – 11:00 a.m. **"How to be a Great Coach for Your Team"**
Nancy Riesz, Success Catalyst
10:00 a.m. – 10:15 a.m. Break
11:00 a.m. – 11:30 a.m. Closing Remarks, Door Prizes & Evals
Terry Fornash

Officers

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KPHRA 2008



Fall Conference

Tuesday, October 7- Friday, October 10
General Butler State Park, Carrollton, Ky

For reservations call: (502) 732-4384.

The room rate will be \$65.00 per night (plus taxes as applicable).
Cottages are also available \$160 for 2 bedrooms, \$175 for 3 bedrooms

The cut-off date for our room block is September 22, 2008.

Please mention Kentucky Public Human Resources Association when making reservations.

NAME _____

ADDRESS _____

CITY, STATE, ZIP _____

PHONE _____ FAX _____ EMAIL _____

EMPLOYER _____

POSITION/TITLE _____

Is this your first time at a KPHRA meeting? Circle Yes or No

Full Registration

\$200 before September 22, 2008; after September 22 2008, \$225 for members and \$250 for non-members. Includes all conference events, lunch Wednesday, Thursday and ticket to banquet on Thursday night.

Will attend Thursday night banquet? Yes _____ No _____

One Day Registration

\$100 members (\$115 non-members). Includes daytime events and lunch only for Wednesday or Thursday.

_____ One Day registration for Wednesday Or

_____ One Day Registration for Thursday Or

_____ One Day Registration for **Friday \$50**

Student Registration

_____ \$50; day program; lunches. Student I.D. required.

Make checks payable to "KPHRA" and mail with registration form to:
Janet Van Nevel, KPHRA Treasurer
c/o Kentucky Institute
113 McCreary Hall, 521 Lancaster Ave.
Eastern Kentucky University
Richmond, KY 40475-3102
joe.gershtenson@eku.edu

Individual items may not be deducted from the registration fee.

REFUND POLICY

Full refunds may be made until September 22, 2008.

After September 22, 2008 50% refunds may be made until September 29, 2008. After September 29, 2008, refunds can only be made for family medical emergencies with prepaid expenses deducted.

...HEALTH CARE

The Pharmacy Racket : One of the least transparent areas of the health insurance industry is that of pharmacy benefit management. Pharmacy benefit managers (PBMs) perform several tasks, but their primary function is to provide information to pharmacies regarding a patient's prescription drug coverage when the patient goes to the pharmacy to have a prescription filled. Another function they perform is that of paying the pharmacies whatever cost is not covered by the copay collected from the patient. Ideally, the PBM would then recoup from the plan the actual amount the PBM paid to the pharmacy plus a small administrative charge. Unfortunately, this is not what happens in most cases. Most PBMs charge the health plan something *more* than what the pharmacy charged them, and then they pocket the difference. This is known as "spread." In reality, most employers have no idea how much money they have paid their PBM. Fully transparent pharmacy programs are attainable, but most employers aren't aware that the problem exists, much less that they can do anything about it.

Broker Hijinks: Few employers know how much their brokers are being compensated. The problem is exacerbated in the case of government employers because governments do not have to file Form 5500 with the IRS, and so they do not automatically receive information each year from each vendor that discloses what the vendor has been paid. Compounding this problem is the fact that employers have almost no way of knowing what their brokers might have received in the form of overrides (rewards for placing a certain amount of business) from the fully insured carriers. In one well-publicized case in Ohio, a school system thought it had paid its broker \$35,000 when in fact the broker had been paid \$645,000 in overrides from United HealthCare.

Another problem inherent in broker compensation is that brokers are typically compensated on a commission basis and because those commissions are tied to premiums, brokers actually get a raise when their clients get a premium increase. Brokers who are compensated on a fixed fee (per employee per month basis) naturally have greater incentive to control costs for their clients.

Employers may feel like they have little control over their health insurance budgets, but if they could clear away at least some of the opacity within their health plans, they could gain a greater degree of control over what happens each year at renewal time.
