12-166

TO THE HONORABLE CHAIRPERSON AND MEMBERS OF THE GENESEE COUNTY BOARD OF COMMISSIONERS, GENESEE COUNTY, MICHIGAN

LADY AND GENTLEMEN:

BE IT RESOLVED, by this Board of Commissioners of Genesee County, Michigan, that the request by Corporation Counsel to approve Addendum #5 to the September 22, 2011, purchase and sale agreement for the real property located at 115 E. Pierson Road, Flint, Michigan is approved (a copy of the memorandum request dated April 25, 2012, and a copy of Addendum #5 being on file with the official records of the April 26, 2012, meeting of this Board), and that the Chairperson is authorized to execute the Addendum on behalf of Genesee County, Michigan, and the Chairperson, Assistant Corporation Counsel Andrew Thompson, and the Purchasing Director are each, independent of the others, authorized to execute any documents necessary to close on the sale of the property to the buyer in accordance with the purchase and sale agreement on behalf of Genesee County, Michigan.

BOARD OF COMMISSIONERS

B_____
ACT:ms
04-26-12B01 B01

GENESEE COUNTY CORPORATION COUNSEL

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FLINT, MICHIGAN 48502-1417
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WARD CHAPMAN
CORPORATION COUNSEL

ASSISTANT
CORPORATION COUNSEL
CELESTE D. BELL
ANDREW C. THOMPSON

MEMORANDUM

TO: Jamie W. Curtis, Chairperson
Genesee County Board of Commissioners

FROM: Andrew C. Thompson
Assistant Corporation Counsel

DATE: April 25, 2012

IN RE: Authorization to close on sale of McCree North property; Approval of Addendum #5 to Purchase Agreement

As you are aware, the County entered in to an agreement in 2011 with McGuirk Realty to market and sell the County-owned real property at 115 North Pierson Road in Flint, commonly known as "McCree North." Jim McGuirk of McGuirk Realty presented the County with a purchase agreement for the property in the amount of $125,000.00, which the County accepted on September 22, 2011.

Since that time, the contract has been amended several times, the most substantial of which permitted the County to demolish the building on the property prior to closing in order to mitigate the County's losses resulting from vandalism that occurred in late 2011, with the costs of demolition to be split between the County and the buyer.

At this time, the County and the buyer are prepared to close on the transaction. The attached Addendum #5 confirms that the parties agree to close on the transaction on April 30, 2012. A closing is scheduled for April 30, 2012, at Lighthouse Title in Grand Blanc.

ACTION REQUESTED: Approval of Addendum #5 to the September 22, 2011, purchase and sale agreement for the real property located at 115 E. Pierson Road, Flint, Michigan, and authorization for the Board Chairperson, Corporation Counsel, and the Purchasing Director to execute Addendum #5 and any other documents necessary to close on the sale of the property to the buyer on behalf of the County.

Addendum #5
to the Purchase Agreement dated 9/22/2011
by and between
County of Genesee, a municipal corporation, as Seller,
and Midwest Flint Pierson Properties, LLC, a Michigan limited liability company, as Purchaser,
for the property located at:
115 E. Pierson Rd., Flint, MI 48502

It is hereby further understood and agreed that the undersigned Purchaser and Seller agree to amend the Purchase Agreement described above as follows:

1. The closing date as stated in the Agreement will be extended until 5:00 p.m. April 30, 2012.

All other terms and conditions of the Purchase Agreement and amendments shall remain the same.

Witness: Purchaser:

_____ _____ Date: _____

Witness: Seller:

_____ _____ Date: _____

12-167

TO THE HONORABLE CHAIRPERSON AND MEMBERS OF THE GENESEE COUNTY BOARD OF COMMISSIONERS, GENESEE COUNTY, MICHIGAN

LADY AND GENTLEMEN:

BE IT RESOLVED, by this Board of Commissioners of Genesee County, Michigan, that the request by Human Resources for authorization to adjust the specific stop-loss deductible utilized in the contract between Genesee County and Blue Cross Blue Shield of Michigan from the current figure of $50,000.00 to $150,000.00 for the period commencing June 1, 2012, is approved (a copy of the supporting documentation and consultant recommendation shall be placed on file with the official records of the April 26, 2012, meeting of this Board), and that the Chairperson of this Board is authorized to execute a contract amendment, as necessary.

BOARD OF COMMISSIONERS

B_____
CDB:cdb
04-26-12B02 B02

Galajda, Anita

From: Schubert, Rita
Sent: Wednesday, April 25, 2012 6:28 AM
To: Galajda, Anita
Subject: FW: Genesee County Stop-Loss effective June 2012 - recommendation
Attachments: Genesee County Optional StopLoss_2012 Renewal.xls

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From: Smith, Matthew J. [mailto:Matthew.Smith@buckconsultants.com]
Sent: Tuesday, April 24, 2012 9:44 PM
To: Pikes, Donita; Schubert, Rita; Martini, George
Cc: John.Lapinski@buckconsultants.com; jonathan.clement@buckconsultants.com
Subject: Genesee County Stop-Loss effective June 2012 - recommendation

Donita,

I believe the deadline to respond to BCBSM on what specific stop-loss attachment point the County is electing effective June 1, 2012 is April 30th. BCBSM provided the attached stop-loss quotes at various specific deductible levels. Given the historic large claim distribution for the County and Buck modeling, we believe the BCBSM rates are appropriately priced at each deductible level quoted.

We utilized the County's actual large claimant distribution for the 12-month time periods of June2010-May2011 and April2011-March2012 to evaluate the various attachment points. For each time period, the $150,000 specific deductible was the most favorable option (the $45,000 attachment point was tied with the $150,000 for the time period of June 2010-May2011). The total cost of coverage was comparable at each deductible level with the lowest overall cost of coverage occurring at the $150,000 specific deductible level.

Aggregate stop loss was also quoted, with or without specific stop-loss attached. We do not recommend purchasing both specific and aggregate stop-loss so the combined option was not evaluated. Aggregate coverage alone was evaluated. Aggregate coverage provides the lowest fixed cost along with the largest risk. BCBSM quoted an aggregate attachment point that is 7% higher than Buck's June2012-May2013 PEPY claims projection. So the 120% risk corridor that BCBSM is proposing is actually 127% based on Buck's projections.

The risk reward profile of the aggregate coverage compared to the $150,000 specific deductible is a potential plan savings of approximately $500,000 for a potential plan increase of $3,000,000. This risk reward profile does not warrant the County considering aggregate only coverage at this time.

Historically, the County has maintained a low specific deductible level to help smooth out claims experience while cash reserves were accumulating. Now that we are in the third year of self-funding, the County should consider increasing its specific deductible to a level consistent with the risk profile of a group the County's size. Additionally, we are aware of the concern regarding the level of reserve funds currently being held in the County's medical plan account. This concern is that the reserves might be considered by some outsiders to be high, even potentially excessive, during a period where employee contributions are being measured and levied in accordance with Michigan's defined dollar limit cost mandate for public sector plan sponsors. This concern will be mitigated by an increase to the $150,000 specific attachment point as the County will be assuming more financial responsibility for claim fluctuations. Of course, this can also be accomplished with the "aggregate only"

approach, but we view the level of risk presented by this option as unnecessary and potentially untenable.

Buck recommends renewing the specific deductible stop-loss at the $150,000 level.

Matthew Smith
Director, Detroit Health and Productivity
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06/2[illegible]5/2013

Alternative Stop-Loss Coverage Levels

Medical cost inflation, advances, in technology and an aging population all contribute toward rising health care costs each year. Maintaining the same specific stop-loss level year after year actually translates into having more stop-loss protection. Selecting a higher level of specific stop-loss coverage will make premiums more affordable, and is an option that your group may want to consider at some point. The following stop-loss coverage is available for Medical benefits (Facility and Physician).

Genesee County

Medical

Annual Attachment Point			Monthly Cost Per Contract		
Specific	Aggregate Per Contract	Based on 1,280 Contracts	Specific	120% Aggregate	Total
$40,000	$8,585	$10,988,800	$158.37	$3.40	$161.77
$45,000	$8,740	$11,187,200	$145.29	$3.70	$148.99
$50,000	$8,900	$11,392,000	$134.18	$3.95	$138.13
$55,000	$8,980	$11,494,400	$124.66	$4.11	$128.77
$60,000	$9,062	$11,599,360	$116.09	$4.27	$120.36
$65,000	$9,146	$11,706,880	$107.83	$4.43	$112.26
$70,000	$9,231	$11,815,680	$100.58	$4.59	$105.17
$75,000	$9,317	$11,925,760	$94.07	$4.69	$98.76
$80,000	$9,371	$11,994,880	$88.20	$4.78	$92.98
$85,000	$9,426	$12,065,280	$82.91	$4.79	$87.70
$90,000	$9,481	$12,135,680	$78.18	$4.88	$83.06
$95,000	$9,573	$12,207,360	$73.88	$4.90	$78.78
$100,000	$9,593	$12,279,040	$70.03	$5.00	$75.03
$110,000	$9,651	$12,353,280	$63.26	$5.01	$68.27
$120,000	$9,708	$12,426,240	$57.54	$5.11	$62.65
$125,000	$9,738	$12,464,640	$54.97	$5.13	$60.10
$130,000	$9,767	$12,501,760	$52.54	$5.13	$57.67
$140,000	$9,826	$12,577,280	$48.17	$5.22	$53.39
$150,000	$9,886	$12,654,080	$44.36	$5.23	$49.59
AGG ONLY	$10,367	$13,269,760	N/A	$11.18	$11.18

buckconsultants A Xerox Company

Genesee County

Stop-Loss (SL) Attachment Point Analysis (June 1, 2012 effective date)

June 2010 - May 2011 Large Claimant Data							
		Current					
SL Attachment Point		$ 45,000	$ 75,000	$ 100,000	$ 125,000	$ 150,000	Aggregate Only
Claims Above Attachment Point	A	$1,602,129	$767,992	$394,132	$173,084	$55,286	$0
Total Contract Count	B	15,397					
SL Rate Quote	C	$145.29	$94.07	$70.03	$54.97	$44.36	$11.18
Total Annual Premium	D=B*C	$2,237,030	$1,448,396	$1,078,252	$846,373	$683,011	$172,138
Premium Savings (Fixed)	E	0	($788,634)	($1,158,778)	($1,390,657)	($1,554,019)	($2,064,892)
Claim Liability Increase (Variable)	F	0	$834,137	$1,207,997	$1,429,045	$1,546,843	$1,602,129
Total Cost of Coverage	G=D+F	$2,237,030	$2,282,533	$2,286,249	$2,275,418	$2,229,854	$1,774,267
$ Cost/(Savings) vs. Current	H	n/a	$45,502	$49,219	$38,388	($7,176)	($462,763)
% Cost/(Savings) vs. Current	I	n/a	2.0%	2.2%	1.7%	-0.3%	-20.7%

April 2011 - March 2012 Large Claimant Data							
		Current					
SL Attachment Point		$ 45,000	$ 75,000	$ 100,000	$ 125,000	$ 150,000	Aggregate Only
Claims Above Attachment Point	A	$1,427,809	$669,212	$388,229	$271,338	$203,028	$0
Total Contract Count	B	15,071					
SL Rate Quote	C	$145.29	$94.07	$70.03	$54.97	$44.36	$11.18
Total Annual Premium	D = B*C	$2,189,666	$1,417,729	$1,055,422	$828,453	$668,550	$168,494
Premium Savings (Fixed)	E	0	($771,937)	($1,134,243)	($1,361,213)	($1,521,116)	($2,021,172)
Claim Liability Increase (Variable)	F	0	$758,597	$1,039,581	$1,156,472	$1,224,782	$1,427,809
Total Cost of Coverage	G = D+F	$2,189,666	$2,176,326	$2,095,003	$1,984,925	$1,893,331	$1,596,303
$ Cost/(Savings) vs. Current	H	n/a	($13,340)	($94,663)	($204,741)	($296,334)	($593,363)
% Cost/(Savings) vs. Current	I	n/a	-0.6%	-4.3%	-9.4%	-13.5%	-27.1%

Aggregate Only Coverage		Aggregate Only
Aggregate Per Contract Rate Quote	A	$10,367
Assumed Monthly Contract Count	B	1,179
BCBSM Annual Attachment Point	C = A*B	**$12,222,693**
BCBSM Maximum Liability (120% of attachment point)	D = C*120%	**$14,667,232**
Buck Projected Claim Liability Per Contract	E	$9,616
Buck Annual Projected Claim Liability	F = E*B	**$11,337,358**
BCBSM Projected 20% Cooridor	G = D-C	$2,444,539
"20% Cooridor" Assuming Buck Projection	H = D-F	$3,329,873

Specific Stop-Loss Coverage: insurance that provides benefits for claims on an individual contract that exceed a stated amount in a given period

Aggregate Stop-Loss Coverage: insurance that provides benefits when a group's total claims during a specified period exceed a stated amount.

April 26, 2012