

2. Approval of Minutes

Mike Murphy, seconded by Sharon Keeler, moved to approve the February 27, 2012 meeting minutes as prepared. The motion carried as follows:

David Ash	-	Absent
J. Michael Hobert	-	Aye
Sharon Keeler	-	Aye
Michael Murphy	-	Aye
Charles "Chip" Schutte	-	Aye

David Ash joined the meeting at 12:08 pm.

3. Health Insurance: Dependent Eligibility Verification.

Two ways to go:

- a. *Hire an audit firm.* This would cost \$1,200 to \$2,000. Vendor would inform all holders of policies that include dependents of who and who is not eligible. They would require documentation for all dependents (tax returns, marriage licenses, birth certificates), would work to remove ineligible dependents, and would provide training of staff in verification for future hires.
- b. *Warn of Penalties.* Joint Administrative Services will provide all employees with dependent coverage a definition of eligible dependents, and inform them of the penalties for fraudulent claiming of dependents. The penalty: *An employee's failure to remove ineligible persons from his or her health benefits membership may result in the retraction of claims and removal from the Plan for up to three years according to the regulations governing The Local Choice Health Benefits Program. The employee may not be allowed to reduce health benefits membership except within 31 days of the dependent's loss of eligibility, during Open Enrollment, or with another consistent Qualifying Mid-Year Event.*

Tom Judge provided the following update:

- The cost estimate for external audit, based on Loudoun County's experience, would be between \$1,200 and \$2,000.
- Prince William, Fauquier, Loudoun all substantiated that an audit resulted in cost reduction and identification of potential fraud.
- Currently, there is no existing budget.
- Local Choice shared statewide experience indicating that such an audit causes those with eligible dependents a great deal of aggravation.
- Joint Administrative Services could:
 - Train staff on future enrollment.
 - Review and match with policies.

- Provide a clear definition of who is eligible and ineligible. Eligibility requirements changed due to insurance portability act.
- Work with employees to remove ineligible dependents.
- Warn employees of the penalties.

Highlights of the discussion include:

- Prepare a simple questionnaire for employees with dependent coverage at time of insurance renewal.
- Provide an explanation of qualifying events.
- Provide employees with dependent coverage an annual statement regarding dependent eligibility.
- Conduct an annual audit on a rotating basis.
- Notify employees that staff will be trained and annual random sample audits taken.
- Provide employees with rules and provide examples of problem areas.
- Include acknowledgement of receipt.

By consensus, the Joint Administrative Services Board agreed to provide employees covering dependents a letter with definitions, explanation and notice of random annual audit.

4. Health Insurance: Eligibility of Terminated Employees beyond COBRA.

It is recommended that Government and School personnel policies be modified to conform to the requirements of the Local Choice plan with respect to terminated employees. The newly revised language in the Local Choice policy is: *A retiring employee must meet the employer's criteria for retirement to be eligible for health benefits coverage through the employer "Retiree Group". In addition to meeting the Local Employer criteria, the retiree must be: at least 55 years of age, have at least five (5) years of service with the participating employer or at least 50 years of age and have at least ten (10) years of service with the participating employer.*

In addition, "Elected officials that make up the governing body of a Local Employer may be eligible as either a special class of full-time employee or as part-time employees. They may not, however, participate in the retiree classification.

Temporary employees, appointed board members or appointed commissions are not eligible for coverage under The Local Choice. "

Tom Judge briefly summarized the eligibility requirements noting that VRS had recently changed these requirements. He advised that only one person did not fit the revised definition that person being retired but not drawing from VRS. He recommended that School and County personnel policies be modified to reflect the new requirements for persons eligible for health insurance after retirement.

Dr. Murphy requested a more specific definition of a “retiree”. Tom Judge suggested adding “someone eligible to draw from VRS.”

David Ash reminded of the LEOS program for law enforcement.

Lora Walburn asked about updating the document to reference health insurance carriers’ policy.

Chairman Hobert asked Tom Judge to provide the VRS policy reference and to prepare the policy statements for the Schools and County.

By consensus, the drafted policy shall be reviewed by the Joint Administrative Services Board prior to review and approval by the respective boards.

Miscellaneous

Tom Judge distributed the following memorandum from Supervisor John Staelin.

To: Clarke County Joint Administrative Services Board

Copies: Tom Judge

From: John Staelin

Subject: ERP Systems

Date: March 25, 2012

I am writing to explain my position regarding JAS’s proposal to have the County purchase an ERP system. As you all know, I have voiced a variety of concerns in previous meetings about this issue. I felt it only fair that I summarize my views on paper.

My Concerns:

1. **We do not know what an ERP system would ultimately cost.** The estimates in The Governors Finance Officers Association Report ranged from \$400,000 to \$1,100,000 in “cash costs” plus \$125,000 to \$350,000 in “non-cash” costs. That is a huge range. I think it is important that the County get a better understanding of what the total cost is likely to be before it commits to implementing anything of this size.
2. **The payback is unclear.** The Governors Finance Officers Association Report said Clarke should experience productivity improvements from a reduction in non-productive time if an ERP system is implemented. However, the report also states that Clarke should not expect to see any staff savings (no reductions in positions). Further the report warned that unless staff is properly managed the predicted productivity savings will not be attained as employees tend to be slow to give up the systems they personally designed and use. Finally, the report

predicts that the County would likely have to add two to four employees in its IT department unless a “hosted” ERP system is selected. Tom Judges’ analysis predicts that the County may avoid hiring two people in the future if business activity increases. He may be right but we really should know more about what an ERP system could do for Clarke before we make any commitment.

3. **We do not know who the winners and losers will be in the ERP industry.** We will save a lot of money and hassles over time if we select a vendor that has lots of clients our size right here in Virginia. We will be able to share the cost of system updates as laws change and we will be able to adopt “best practices” from other jurisdictions of our size.
4. Related to all the above, **technology is changing rapidly.** Cloud computing is becoming much more popular. Handheld devices are being used in new ways. When we do go ahead with this, we need to make sure we adopt a flexible ERP system that will keep our options open as technology changes.
5. **Clarke is too small to be a leader in the ERP area.** We cannot afford to be on the bleeding edge of technology. We should be adopters of proven systems; systems used by more than a handful of counties/cities our size.

Having said the above I want to make it clear that I believe Clarke County will ultimately implement an ERP system and that JAS should continue to investigate this issue. Some possible next steps include:

1. Work with Treasurer’s Association, VACo, VML or similar organizations to find out which jurisdictions in Virginia have implemented an ERP system and document the vendors and uses they selected. This would allow us to see which vendors are gaining a critical mass with jurisdictions of our size.
2. Create a list of all the different IT systems used here in the County, documenting in an abbreviated form what each system does.
3. Create a list of activities that are not automated today but which ideally should be automated in an ERP system.

The lists created in numbers 2 and 3 above will be crucial in evaluating and selecting ERP providers. Ultimately we will need to compare the functionality of any proposed system to the processes we complete today. That is the only way you will be able to know which current systems can be replaced by any proposed ERP system and which will have to stay. Without such data it will be virtually impossible to compute an ROI.

4. Decide if you have any technological demands at this time (e.g. Cloud computing vs. local or hosted computing).
5. Once you have the data above you can ask the vendors who seem to have “critical mass” here in Virginia to come in and give you a presentation. In that meeting each vendor should be able to give you a ballpark description of the cost of implementation as long as you have all the information described above.

I am sure you can think of other important tasks that need to be accomplished but I hope this gives you food for thought.

Dr. Murphy stated that the School Board needs to review the technology.

Chairman Hobert asked that issues raised in Supervisor Staelin's memorandum be addressed at the next Joint Administrative Services Board meeting.

5. Next Meeting

The next regularly scheduled meeting is set for Monday, April 23, 2012 at noon in Meeting Room AB at the Berryville Clarke County Government Center.

6. Adjournment

At 1:10 pm, Chairman Hobert adjourned the meeting.

Minutes Recorded and Prepared by: Lora B. Walburn