

Board Of Water Works
SPECIAL CALLED MEETING MINUTES
November 9, 2022
Virtual

Board Members Present:

Dr. Sundeeep "Sunny" Dronawat, Chair
Mr. Paul Esselman, Vice Chair
Mr. Greg Dearing
Ms. Jennifer Fust-Rutherford
Dr. Sharon Kerrick
Mr. William E. Summers, IV

Not Present:

Mayor Greg Fischer

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Mr. Tim Kraus, Vice President, Engineering, Production Operations and Chief Engineer
Mr. Jeff Knott, Vice President, Information Technology
Ms. Lynn Pearson, Vice President Finance and Treasurer
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tigue, Vice President Compliance, General Counsel and Corporate Secretary
Mr. Mike Simon, Manger, Human Relations
Mr. Brian Sturgeon, Computer Network Administrator
Ms. Beverly Soice, Paralegal

Visitors:

Mr. Rob Gipperich, Aon

The meeting of the Board of Water Works (BOWW) was held on Wednesday, November 9, 2022 at the Louisville Water Company virtually via Microsoft Teams. Chair, Dr. Sunny Dronawat called the meeting to order at 1:04 p.m.

2023 Insurance Benefits

Spencer Bruce thanked everyone for their attendance at today's Special Called meeting. He reported that Terence Spence and our insurance broker Rob Gipperich with Aon have been working to find Louisville Water the best benefit rates possible and we are happy to be able to provide some good news to the Board.

Mr. Spence advised that after receiving our incumbent insurance provider's proposed 50% premium increase, in late September we went to market with a Request for Proposal (RFP) to Anthem, Humana, United Healthcare, Aetna and CIGNA. Aetna and CIGNA declined to provide a quote due to a lack of competitiveness.

Mr. Spence advised that in response to the RFP, Anthem reduced its proposed rate increase by one-half from their initial quote. He advised the Board that Anthem's justification for the significant premium increase of 50% was the development of a gene therapy drug that purportedly cures a chronic condition but has a hefty associated fee of approximately \$2.5 million. This drug was

recently approved for use in Europe and Anthem speculates it will be approved in the US at some point.

Humana's response to the RFP is a 10.95% premium increase over our current 2022 rate for two years. There will be no increase in 2024. Mr. Gipperich stated it is very unusual for an insurance provider to offer a two-year guarantee with no premium increase for the second year. This equates to approximately 5.5% per year; the national trend is 6.5%. Mr. Gipperich also added that Humana's proposal also includes its wellness program, Go365.

Mr. Gipperich stated that as part of the RFP process, we always compare the medical provider network and Rx formulary under our current insurance provider with the bidders' offerings. The results of the comparison were quite favorable with matches ranging between 94.7% to 98%.

Mr. Gipperich stated that the biggest disruptor for employees when switching from one insurance provide to another is dealing with the need to obtain a prior authorization for a medication. Mr. Gipperich has assisted in arranging a 90-day waiver to obtain a prior authorization for medications. Employees will have 90 days to obtain any needed prior authorization for medications they are already taking.

He also noted that some medications require step therapy. This is when an insurance provider requires that insureds try certain medications before progress to another medication. If an employee has already progressed through the step therapy process with our current insurance provider for a particular medication, Humana will honor that process and will not require that the employee basically start over. Step therapy will only be required for new prescriptions.

Mr. Gipperich provided a Medical and Rx Plan Summary for 2015 through 2023. The average annual rate increase for Louisville Water employees, including 2023, if the contract is awarded to Humana, is 4.8%. The market average annual rate increase, as tracked by Aon, is 6.45%.

Mr. Gipperich briefly reviewed the ancillary insurance coverages.

Delta Dental has requested a 3% increase over the current 2022 rates for the 2023 plan benefit year, and a zero increase for plan year 2024.

Accidental/Critical Care coverage is provided by Voya. The current contract runs through December 31, 2025, and the current rate is guaranteed through that date.

Life Insurance provided through Ochs/Securian/Minnesota Life is being offered under a three-year contract with an annual increase of approximately \$12,000 per year. The current rate expires December 31, 2022. Ochs/Securian/Minnesota Life is also requesting an increase for future Louisville Water retirees' annual premium rates of approximately \$34,000 per year under a three-year contract.

Short-term and Long-term Disability are provided through Madison National. The current rate guarantee expires on December 31, 2025.

Vision Care coverage is provided by Delta Vision. Delta Vision has agreed to extend the current rates through December 31, 2024.

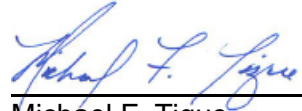
Contracts for all of the above ancillary insurance fall within the President's monetary authority.

Paul Esselman thanked Mr. Spence and Mr. Gipperich for their complete and thorough work.

Greg Dearing moved to approve a contract be awarded for employee insurance to Humana.
Seconded by Mr. Esselman.

There being no further business, the meeting adjourned at 12:35 p.m.

Respectfully submitted,



Michael F. Tighe
Vice President, General Counsel and
Corporate Secretary