METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY

ADMINISTRATIVE & PERSONNEL COMMITTEE AGENDA

Members: Dr. Ann Caine, Chair
Carolyn Cornelius
Shirley Pritchett
Marguerite Ross

Thursday, June 2, 2005 at 3:30 p.m.
Belle Isle Library
5501 N. Villa
Oklahoma City, OK 73112
Telephone: (405) 843-9601

NOTE: Comments from the general public will be limited to 15 minutes with time prorated among speakers. Preference will be given to residents of Oklahoma County. Persons signing up to address the committee must list their residential address and personally sign a speaker form.

I. Call to Order and Establishment of Quorum – Dr. Ann Caine, Chair

II. Annual Review of Human Resources – Salaries and Benefits
With Reports and Recommendations from Administration:
- Compensation & Benefit Plans

Cc: Metropolitan Library Commission
MLS Administrative Team
MLS Managers and Supervisors
President, MLS Staff Association

REPORT AND RECOMMENDATION FROM ADMINISTRATION

MLS SALARIES & BENEFITS FY 2005-06

RECOMMENDATIONS FROM ADMINISTRATION:

The Administration recommends the following:

Compensation:

a merit increase schedule of from 0% to 3%, effective July 1, 2005.

a market adjustment of 3% for all employees, effective with the beginning of the pay period in December 2005 that includes January 1, 2006.

Benefits:

acceptance of a 0 (zero) percent rate increase in the long term disability insurance on the renewal date of September 1, 2005;

acceptance of a premium decrease to $0.18/$1000 (with a two year rate guarantee) for life and accidental death and dismemberment (life and AD&D) insurance with Sun Life Assurance Company;

acceptance of a rate increase for the employee assistance program to $2.75 per employee per month;

amending the vision care plan to add a $5.00 co-payment for eye exams to achieve 0 (zero) percent rate increase with a two year rate guarantee;

acceptance of the rate increase of 0 (zero) % for the self funded medical/dental plan and approving the fund balance use variation. And accept amending the plan by: (1) eliminating the age limit on immunizations under the wellness benefit, (2) implementing prescription benefit design changes, (3) introducing the Caremark Specialty Pharmacy Service for selected biotechnical (specialty) drugs, (4) applying managed drug limitations to two drug classes, (5) initiating Caremark's CustomCare Retail program, which provides multi-faceted retrospective review;

acceptance of a $0.50 per month per participating employee increase in the administrative service fee of the third party administrator and a $0.50 per month per participating employee increase for access to an expanded preferred provider option (PPO) network coverage area with PPO Oklahoma/CCN.

authorize staff to further explore long term care insurance with a possible mid-year implementation on an employee-pay-all basis.

ADMINISTRATIVE & PERSONNEL COMMITTEE ACTION:

If in agreement with these recommendations, the Committee action would be to recommend that the Finance Committee incorporate the funds for the above recommendations into the FY 2005-06 budget. And recommend that the Commission accept the plan changes, in accordance with the funding level, by approving the FY 2005-06 Preliminary Budget.

METROPOLITAN LIBRARY SYSTEM
ANNUAL REVIEW OF HUMAN RESOURCES
SALARIES AND BENEFITS
May 2005

The Library System provides a salary and benefits package intended to attract and retain the excellent quality of employees that our customers have come to expect and deserve. The salaries are reviewed annually using information from salary surveys conducted by other libraries, information from the Oklahoma Employment Security Commission, and information gathered by MLS Human Resources Office staff. Benefits are also reviewed annually by the Human Resources Office staff and compared with benefits information received through national publications and from other libraries.

SALARIES

The library system, like so many public service organizations, is very labor intensive. It provides a service to the public, generally free of charge, and in order to provide the level of service that is expected by its customers, it requires a large staff which in turn results in high expenditures in the 100 accounts (salaries, wages and benefits) within the budget.

Each December, the library calculates the average salary and benefits' cost for full-time employees based on the salaries and benefits being received in that month.

Based on the December 2004 report, the average full-time employee made $35,796.80 annually which represents a 3.3 percent increase above December 2003. This average excludes the Executive Director and the Coordinator of the Friends (whose salaries are set by the Library Commission and the Friends' Board respectively). The 3.3 percent increase is for the average full-time employee's annual salary and may appear incorrect because of the market adjustment and merit increase programs. It is important to remember that the average salary is effected by such things as the resignation of an employee who has been with the system for a number of years being replaced by a new employee starting at the beginning of the pay range (at a lower salary) and newly authorized positions with a beginning salary below the average.

Through the classification plan all full-time positions (again excluding the Executive Director and the Coordinator of the Friends) are assigned to one of thirteen salary grades, each of which has a minimum salary and a maximum salary (the salary range). Assignment to the grade is by a point factoring analysis of each job (through the job description). Positions are reviewed and evaluated on specific factors. This evaluation system has eight factors which are:

- Knowledge Required by the Position
- Decision Making
- Complexity
- Scope and Effect
- Significance and Purpose of Contacts
- Physical Demands
- Work Environment
- Supervision Exercised

Point factor job evaluation ensures that each position is fairly valued on each factor in relationship to the value of every other position. The end result of job position evaluation is the development of a "job worth hierarchy" which reflects the contributions and importance of all evaluated positions. This job worth hierarchy is one measure which is used together with competitive market data to establish internally fair and externally equitable pay levels.

With the classification plan in place using this method, the internally fair portion of the overall compensation plan is established. The externally equitable portion is based on a comparison of closely similar positions in like organizations. For this, salaries are compared using the position of librarian. Twenty-one percent of the Library System's workforce holds the job title of Librarian. This percentage does not include positions such as Assistant Library Manager, Library Manager, Cataloger and Materials Selectors who are also professional librarians, but who have supervisor or specialty duties and different job titles. Librarians generally have similar qualifications and duties in libraries of comparable size to our system.

Shown below are comparisons for Oklahoma Department of Libraries (ODL), Tulsa City-County Library System (TCCL), Pioneer Multi-County Library System (PMC) and Metropolitan Library System (MLS) and reflects information gathered during the third week of May 2005.

LIBRARIAN	Salary Range	
Library	Minimum	Maximum
ODL (Lib. II)	26,564	44,273
TCCL	31,261	45.228
MLS	32,115	45,334
PMC	32,772	46,728

Because the minimum salary is the starting salary in the hiring process and, therefore, is the basis of the Library System's ability to attract new librarians, it is important to concentrate on that figure.

Since the Administrative & Personnel Committee meeting of May 5, 1994, the Library System has stated, as a goal, that it was desirable to be the leader in-state among the four major public library employers. For the last four years, this goal has not been met.

For librarian salaries within the state, the Oklahoma Employment Security Commission information which is based on 2002 salaries and includes all employers (regardless of size and both private and public), reveals the following:

LIBRARIAN	Median (Midpoint) Annual Wage
Statewide	$ 34,150
OKC Metro Statistical Area	$ 35,440
MLS (2002 rate)	$ 35,963

For librarian salary trends nationally, the library system has for many years used the annual salary survey conducted by Allen County Public Library (Fort Wayne, Indiana). Allen County has discontinued conducting their survey which was very time consuming and, therefore, increasingly expensive to compile. Based upon information from the Allen County surveys over the prior three years (2001, 2002, 2003), the Metropolitan Library System's minimum average salary was approximately 11.5% below the national average.

An item in a recent American Library Association Executive Director's report, citing 2004 salary survey information, indicates the mean (average) salary for beginning librarians increased 7.5% over the previous year to $38,918.

BENEFITS

The following chart indicates the direct cost benefits available to full-time employees and those available to part-time (less than full-time) employees.

Benefit	Full-time	Part-time	Library Pays	Employee Pays	
Social Security	x	x	6.2%	6.2%	of salary
Medicare	x	x	1.45%	1.45%	of salary
Retirement	x		varies by year	3%	of salary
Medical/Dental Ins	x				
Employee only			90%	10%	of premium
Dependents			70%	30%	of premium
Opt-outs			$55 contribution to Flex Plan		
Life and AD&D Ins	x		100%		of premium
Long-term Disability Ins	x		100%		of premium
Vision Ins	x		100%		of premium
Dependents	x			100%	of premium
Short-term Disability Ins	x			100%	of premium
Workers' Compensation Ins	x	x	100%		of premium
Unemployment	x	x	100%		of premium
Employee Assistance (EAP)	x	x	100%		of premium

The Library System's cost of benefits for the average employee in December 2004 was $17,028.19. This average again excludes the Executive Director and Coordinator of the Friends.

This average cost of benefits to the Library System is broken down as shown below.

Benefit	Annual Cost	Percentage of Total	Change from Prior Year
Social Security	$ 2,219.40	13.03%	-.30%
Medicare	519.05	03.04%	-.08%
Retirement	7,678.41	45.09%	+.68%
Med/Dent Ins & Opt-outs	5,579.16	32.86%	-.28%
Life and AD&D Ins	136.62	00.80%	-.02%
Long-term Disability Ins	343.65	02.01%	-.05%
Vision Ins	127.92	00.79%	
Dependents	-0-	-0-	
Short-term Disability Ins	-0-	-0-	
Workers' Compensation Ins	345.65	02.02%	+.05%
Unemployment Ins	32.22	00.18%	+.01%
Employee Assistance (EAP)	30.00	00.17%	-.02%
TOTAL	$ 17,028.19		

Social Security, Medicare, workers' compensation insurance and unemployment are governmentally mandated benefits. These four items represent $3116.32 of the total benefits cost or 18.3 percent.

TRENDS

According to information released in April 2005 by the Bureau of Labor Statistics (BLS), wages and salaries for state and local government workers rose 0.8 percent during the January through March 2005 quarter and 0.6 percent for the quarter ending in December 2004. In the private industry sector, wages and salaries rose 0.6 percent for the quarter ending March 2005 and 0.4 percent for the previous quarter. Annualized on the most recent quarter increase rate, the private sector is advancing at a rate of 2.4 percent while the state and local government sector is advancing at a rate of 2.3 percent.

From the same BLS information release, benefit costs for state and local government increased 1.5 percent in the quarter ending March 2005 following an increase of 1.3 percent for the prior quarter. In the private sector, benefit costs rose by 1.1 percent for the end of March 2005 quarter, up from 1.6 percent in the previous quarter. Annualized on the most recent quarter increase rate, benefit costs for state and local government is advancing at a rate of 6.6 percent while the private sector is advancing at a rate of 5.8 percent. By comparison, the annualized increase rate for MLS based on the quarter ending December 2004 was 5.6 percent. This rate of increase is below both the average for state and local government and the private industry sectors.

Results from a survey conducted by Mercer Human Resource Consulting in late 2004 forecast that salary increases in 2005 will average 3.5 percent. This reflects a reduction from 3.7 percent projected for 2005 in April 2004.

In January 2005, the U.S. Chamber of Commerce (using 2003 information, the most recent available to them) indicated that benefits costs an average of $18,358 per employee in 2003, compared to $18,000 in 2002. In 2003, direct cost benefits for MLS cost an average of $16,119, compared to $12,530 in 2002.

According to the 2004 MetLife Study of Employee Benefits Trends, the percentage of employers ranking health care costs as the most important issue to senior management jumped from 54 percent in 2003 to 87 percent in 2004.

Health care premiums rose by 11.2 percent in 2004, the fourth straight year of double digit increases, according to a report published by the Kaiser Family Foundation and the Health Research and Education Trust. For the fiscal year 2004-05, beginning July 1, 2004, the library system's health care cost rose 5.11 percent. This can be directly attributed to the success of the self-funded medical/dental plan.

The health care consulting firm of Hewitt Associates reports that U.S. employers will see premium increases approaching 14 percent in 2005.

According to a survey by Mellon Financial Corporation's Human Resources and Investor Solutions, health care increases for 2005 were expected to be 13.8 percent, while the anticipated cost increase for prescription drugs is 14.6 percent.

The Towers Perrin 2005 Health Care Cost Survey indicates that for health care plans with dental components are expected to rise 13 percent in 2005.

Aon Consulting has forecasted a 14.2 percent for health care plans using a Preferred Provider Option (PPO). (MLS has a PPO plan.)

The 2005 Segal Health Plan Cost Trend Survey indicates PPO medical plans with prescription drug benefits will increase an average of 13.1 percent.

A report issued by FamiliesUSA, a nonprofit organization for health care consumers, indicates that workers' health insurance premium costs leaped an average of 35.9% between 2000 and 2004, while average earnings by workers rose by 12.4% during that same time period.

The library system has experienced some, but not all of these same experiences. The rate of inflation for health care costs has out-paced salary increases. The library has experienced increases in the cost of providing health care, but not nearly at the same rate as the above findings and predictions. This is due to the library system's self-funded plan and the close monitoring of that plan by the benefits staff within the Human Resources office. Prescription drug increases, as indicated in the Mellon study, are our current source of greatest concern.

Prescription drugs represent 36 percent of all claim dollars paid under the library's self-funded medical/dental plan. Industry trends indicate that this should be closer to 24 percent of paid claims.

The Centers for Medicare and Medicaid Services (CMS) predicts that prescription drug expenditures in the U.S. will increase by an average of 12.5 percent per year for the next three years. Biotechnology company drugs for nearly 200 diseases are currently in development. Many of the new biotech drugs are likely to be considered "specialty drugs" because they will require special handling, dispensing or administration. The high cost of specialty drugs offers the potential for significant savings through effective management of dispensing, administration and billing.

SALARIES FOR FY 2005-06

Based on the survey data, the predicted trends and the library's financial situation, the administration has included in the estimate of needs (preliminary budget) for FY 2005-06 a market adjustment of 3 percent for all employees (full and part time) effective with the start of the December 2005 pay period that includes January 1, 2006, and a merit increase schedule ranging from 0 to 3 percent beginning July 1, 2005.

BENEFITS FOR FY 2004-05

Medical/Dental and Prescription Drug Plan

Stop Loss Coverage:

There were twelve carriers this year that provided quotes for the Library System's stop loss coverage. The average increase from the initial offers was 10.12 percent while current trend is closer to 14.2 percent.

Following is the criteria used in evaluating the proposed vendors:

1) Requested that carriers propose a 24/12 Contract Basis – three out of the twelve carriers quoted; incumbent carrier offered 48/12 contract.

2) Reviewed financial strength ratings of three carriers offering 24/12 contracts with five major rating services (e.g. A.M. Best, Standard & Poor's, Moody's Investors, Fitch Ratings and Weiss Rating, Inc.)
3) Requested Stop Loss claims processing experience from Third Party Administrator (e.g. ease of administration; timeliness of refunds; comprehensiveness of audit procedures, etc.).
4) Assessed overall cost competitiveness based on current Maximum Liability.

After evaluating the carriers and providing updated claims experience, four carriers were selected as potential vendors.

The incumbent carrier, Pacific Life, was purchased by PacifiCare Health Systems, Inc. on April 27, 2005. In applying the evaluation criteria and taking into account the inherent risks and uncertainties of Pacific Life's purchase, HCC Life Insurance Company provided the best offer. The administration recommends the proposal from HCC Life Insurance Company for a $45,000 Specific Stop Loss, 24/12 contract effective July 1, 2005 through June 30, 2006.

Plan Change:

One plan change is being proposed in the medical portion of the Library System's self-funded plans. The current schedule for immunizations, covered as part of the wellness (preventive care) benefit (limited to a $500 maximum benefit per calendar year), applies from birth through the age of six years. However, based on changes in the clinical requirements for immunizations, a benefit gap has developed for members over the age of six. Removing the age limit for immunizations as a part of the wellness benefit eliminates this gap.

Provider Network:

PPO Oklahoma (the preferred provider network for the medical portion of the plan) was acquired by First Health Group Corp. in 2003. As a result of the acquisition, PPO Oklahoma is being integrated with CCN Network, a wholly owned subsidiary of First Health. CCN is one of the nation's largest seamless PPO networks, offering access to 2.3 million people. The Library's members will now have unlimited and extended network access in all 50 states and the District of Columbia for travel and out-of-state care needs. Better access to health care services across the country yields better savings.

Prescription Drugs:

Currently, prescription drugs are the fastest growing component of the Employee Benefit Plan, averaging 36% of monthly paid claims. Following are the three main reasons identified as contributing factors to the rapid growth of this benefit:

- Inflation
- Utilization Changes Due To Aging Population (17.6 prescriptions per member per year (PMPY); prior year 16.9; industry standard 6.5 - 9 prescriptions PMPY)
- Drug Intensity (Plan amount paid per member per month increased 17.6% over prior year due to the availability of new, more expensive drug therapies)

The Administration proposes: implementing a new benefit design* (estimated savings - $24,000 or 6.7%), introducing Caremark Specialty Pharmacy Services for select biotechnical (specialty) drugs, applying managed drug limitations to two drug classes – Erectile Dysfunction and Sedative/Hypnotics (estimated annual savings - $2,000) and initiating

Caremark's CustomCare Retail program**, which provides multi-faceted retrospective review.

* Proposed Benefit Design:

- Mail Order (90 Day Supply)
  - Member Co-payments - $20 Generic / $40 Brand
- Retail (30 Day Supply & Specialty Pharmacy)
  - Member Pays - 25% coinsurance with a $100 maximum per prescription; minimum co-payments per prescription - $10 Generic / $20 Brand Name

** Program cost – additional $0.40 per claim with a guaranteed return on investment of 1:1 in year one and 2:1 in years two and three. (estimated saving of from 1 to 3 percent)

<u>Life and Accidental Death and Dismemberment Insurance (Life/AD&D)</u>

The Library System received two quotes for the employee group term Life and Accidental Death and Dismemberment Insurance. Sun Life Assurance Company's offer includes better benefits and additional programs not offered by the current carrier at a lower overall cost with a two year rate guarantee.

<u>Long Term Disability Insurance</u>

Currently, UnumProvident is the insurance carrier for the Library System's Long Term Disability program. The renewal date for the policy is September 1, 2005. The carrier has advised that there will be <u>no</u> rate increase for the forthcoming plan year.

<u>Vision Insurance</u>

The current vendor for vision insurance, Vision Service Plan (VSP), proposed three renewal options for the library with rates guaranteed for a two year period.

Due to increases in utilization and rising costs for services and materials, maintaining the current benefit structure would result in a 7% rate increase. An alternate benefit plan design proposed represented a 2.3% rate increase overall. However, the plan design changes recommended were not proportionate with the Library's current plan.

To implement a minor change in the co-payment for an examination (increasing from a $0 co-payment per exam to a $5.00 co-payment per exam), would result in no rate increase for the Library or Plan members over the next two year period (July 1, 2005 through June 30, 2007).

<u>Employee Assistance Program (EAP)</u>

The Library System has sponsored an Employee Assistance Program (EAP) through A Chance To Change Foundation at a cost of $2.50 per employee per month (PEPM) since July 2002. The total annual cost to the Library System is approximately $12,060 (based on 402 lives reported in May 2005). The vendor is proposing an increase of 10% PEPM, or a cost of $2.75 PEPM, with no change in the current services being provided to Library employees and their families.

Workers' Compensation

The Library System's current workers' compensation carrier is CompSource Oklahoma and the policy period runs from October 1, 2004 through September 30, 2005. The current experience modification factor (EMOD) is 1.26, down from 1.31 one year ago.

Long Term Care Insurance

Over the past year, staff has investigated long term care insurance receiving quotes from three carriers (Physicians Mutual, AFLAC, UNUM) and have evaluated the three. Based on financial ratings, product design, and scope of coverage, staff feels that Physicians Mutual provides the best program; however, no final recommendation or decision on carrier has been made. Implementation of long term care coverage would be on an employee-pay-all basis with no funding requirement by the Library System. After further review, staff seeks the authority to implement this coverage on a voluntary basis sometime during the fiscal year.

RECOMMENDATIONS:

The Administration requests that the Administrative and Personnel Committee recommend to the Finance Committee for inclusion in the FY 2005-06 Budget the following:

1. A merit increase schedule of from 0 to 3 percent effective July 1, 2005 (no change from FY 2004-05).
2. A market adjustment of 3 percent for all employees effective with the beginning of the pay period in December 2005 that includes January 1. 2006.
3. A 0 (zero) percent rate increase in the long term disability insurance upon the renewal date of September 1, 2005.
4. Acceptance of the offer from Sun Life Assurance Company for a Life/AD&D coverage at $0.18 per $1000 with a two year rate guarantee.
5. A 10 percent rate increase, from $2.50 to $2.75 per month per employee, for the Employee Assistance Program (EAP).
6. Implementation of a change in the vision plan providing for the co-payment for an examination of $5.00 resulting in a 0 (zero) percent rate increase and a two year rate guarantee.
7. Acceptance of the stop loss coverage for the medical/dental plan through HCC Life Insurance Company for a $45,000 specific stop loss, 24/12 contract effective July 1, 2005 through June 30, 2006.
8. Acceptance of a $0.50 per month per participating employee administrative service fee increase from the current third party claims administrator for the medical/dental plan.
9. Acceptance of a $0.50 per month per participating employee expanded PPO network fee through PPO Oklahoma.
10. The modifications/changes in the medical/dental plan, including the prescription drug benefits, as outlined previously in this report.
11. The following medical/dental premium costs reflecting a 0 (zero) percent increase to the employee and the library system; but include a variation in the fund balance formula (see Attachment A). (No change in the cost sharing formula of 10/90 for employees and 30/70 for dependents.)
12. Staff be authorized to further explore long term care insurance with a possible mid-year implementation on an employee-pay-all basis.

Library's Share of Monthly Premiums

(approximately 90% of single coverage & 70% of additional cost for dependents)

	FY 05-06
Single Coverage	$428.37
Additional Cost for Dependents	276.70
Total Cost for Both	$705.07

Employee's Share of Monthly Premiums

(approximately 10% of single coverage & 30% of additional cost for dependents)

	FY 05-06
Single Coverage	$ 47.60
Additional Cost for Dependents	118.60
Total Cost for Both	$166.20

Total Monthly Premiums

	FY 05-06
Single Coverage	$475.97
Additional Cost for Dependents	395.30
Total Cost for Both	$871.27

THE FY05-06 MEDICAL/DENTAL FUNDING ACCOUNT VARIATION

The cost of operating the self-funded plan (projected claims expenses, stop-loss re-insurance, PCS, PPO network access fee, third party administrator fee, etc,) increased by 2.13 percent. When the fund balance formula is applied, there is a very slight premium decrease. It would save a single coverage employee $1.40 per month and a family coverage (employee plus dependents) employee $6.98 per month ($1.40 and $5.58).

This is because the plan had a really good year in FY03-04 adding a high balance of the amount funded for anticipated claims to the fund balance at the end of June 2004. The amount available in the fund balance on June 30, 2005, for FY04-05, may not be as much as it was the prior year. We will not know until after June 30, 2005.

If for fiscal year 2006-07 there is a significant increase in the cost to operate the plan (if it were to hit the industry trend which is predicted to be between 11 and 14 percent this year) and if the June 30, 2005 balance is lower than the prior year, the premiums would have to go up by the 2.13 percent from FY05-06 and the increase for FY06-7 (perhaps 14 percent) resulting in a very high one year increase in premiums to both the library system and the employees.

To avoid this, the premium rate for FY05-06 could be left the same as in FY04-05. In other words, there would be no decrease and no increase.

This would vary from the adopted formula by 3 percent (from 30 to 33 percent) and would have to be acknowledged by the A&P and Finance Committees and the Commission as a part of the budget approval process. A "no change in premium" variation would mean that instead of using the full amount in accordance with formula, approximately $196,620.96 of the fund balance would used.

FORMULA

As Is			Variation
Current year (CY) begin. premium level	1,577,898	Same	1,577,898
30% of CY begin. premium level	473,369	33%	521,832
Add $100,000 for cash flow	100,000		100,000
% of CY plus cash flow reserve	573,369		621,832
fund balance 06/30/04	818,453		818,453
less reserve	573,369		621,832
amount available for "buy down"	245,083		196,621

DEFINITION OF THE MEDICAL FUNDING ACCOUNT

(taken from the Commission minutes of June 20, 2002)

Purpose of Fund

The Metropolitan Library System entered into being self-funded July 1, 1995. Our intent was to build up an amount of money that would buffer us for certain purposes. The following is to clarify the purposes for which this money could be used.

Now that we have these years of experience behind us, it is proposed that the medical funding account be maintained at:

1. a dollar amount equal to 30% of the current year's beginning total premium level, plus,
2. a $100,000 amount for cash flow, and
3. any time at the end of the prior year that this is over this amount, the excess would be used to buy down the cost of insurance for the next fiscal year for both the library and the employees.

The purpose of this fund is for paying for claims as they come into the third party administrator on a daily basis from the medical/dental providers and for reducing the amount of premiums in a year when the library ahs experienced unusually large claims which may or may not have reached the stop loss level. In a year in which there have been a great many claims or unusually large claims, the premiums for the next year will be very high and this can be used to offset this expense for the library and employees. The premiums never seem to go back down, but if the next year is good any rate increases will be built upon the top of the bad year rates.