



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Dale Bagley, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Mike Navarre, Mayor *MN*

DATE: December 23, 2014

SUBJECT: Ordinance 2014-19-39, An Ordinance Appropriating \$200,000 to Fund Consultants and Research Efforts to Identify Ways to Provide the Most Affordable Health Care for Kenai Peninsula Borough Employees and Residents

In ordinance 2011-19-65 the assembly appropriated \$200,000 to hire consultants to help the borough determine courses of action to curtail health care costs and protect borough interests in its hospitals. That appropriation lapsed at the end of FY2014 as the administration decided the assembly should be asked to reauthorize this appropriation before any funds are spent.

Health care costs are continuing to increase and are recognized as a major problem at both the national and local levels of government. The borough's health care consultant estimates that in FY2016 the Kenai Peninsula Borough will spend \$24,384 per covered employee and the school district will spend \$22,316 per covered employee for health care. As an employer and as the owner of two hospitals, the borough may be in a position to help identify ways to reduce health care costs of borough and school district employees using economies of scale or other means of coordinating common costs between the hospitals in the borough. These reductions in cost may also directly benefit borough residents.

I intend to form a working group to review these issues and develop recommendations for the assembly. As this industry is complex and ever-changing, I believe that professional expertise will be required to help the working group reach reasonable proposals. I request that the assembly appropriate \$200,000 to be used to hire consultants as well as for other expenses that are necessary for the work group to accomplish its tasks. Your favorable consideration is appreciated.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>100.00000.00000.27910</u>
Amount	<u>\$200,000</u>
By:	<u><i>OP</i></u> Date: <u>12/23/14</u>