APPROVED

Regular Meeting Minutes
January 19, 2016 @ 9:00 am
City Hall 2nd Floor Conference Room

Rusty Whisenhunt called the meeting to order at 9:00 am.

I. Roll Call

Members Present: Rusty Whisenhunt, John Schwenk, Albert Ozuna, Bryan Kizarr, James Churchwell, (@ 9:03am) Richard Rogalski, Bob Bigham, Alex Hadley

Members Absent: Luann Yarberry (Higginbotham), Bruce Kizarr

Others Present: Krystal Urbanski (Accountant), Tiffani Burk (HR Generalist), Chris Engelman (BCBS), April Bortmess (BCBS), Chase Massie (HR Director), Kelley Harmon (NFP), Stacey Scott (NFP), Brady Ayala (NFP), Courteney Cacho (City Manager's Receptionist)

II. Minutes 11/17/15

Motion to approve minutes by Hadley with second by Churchwell Ayes: Ozuna, Kizarr, Schwenk, Churchwell, Hadley, Bigham Nays: None **Motion carried**

Minutes 12/15/15

Whisenhunt said on page (7) seven under Comments and Discussions, Morgan's Appeal, he talked to Massie not Morgan.

Motion to approve minutes after modification by Churchwell with second by Ozuna Ayes: Ozuna, Kizarr, Schwenk, Churchwell, Hadley, Bigham Nays: None **Motion carried**

III. Review Reports

Krystal Urbanski went over the financial information and included the following information for the Health Committee members:

Supplemental Bank Reconciliation	
Bank balance as of 12/31/15	$340,143.42
Transactions to date:	$349,895.83
Cleared Checks	$327,973.04
Outstanding Claims	$1,171,353.04
Deposit(s) in Transit 12/31/15	$176.00
Adjusted Balance as of 1/18/16	$(809,110.83)*

*This balance does not reflect the actual amount of available funds in this account. It is only informational in nature and only for the use of the health committee. This is a compilation of all known outstanding debts and revenues for this account to date.

Whisenhunt asked Burk if she emailed everyone on the Committee a full report.

Burk answered yes, yesterday.

Whisenhunt said in the report, it has the actual expenses and income by month for the past year. It's broken down by month and it's deteriorating over bills unpaid in the outstanding claims. This also shows the actual income and claims for the month. What it's showing on the year-to-date, income verses expenses, that we are running about ($400,000) four hundred thousand dollars short for the past (12) twelve months.

Rogalski asked if it was ($400,000) four hundred thousand dollars total.

Whisenhunt answered some months are more or some are less but it consistently runs in the neighborhood of ($422,000) four hundred twenty-two thousand dollars that started in July to current. We have less income than we have expenses. Looking at the projections on the income verses expenses, over a year we are about (10%) ten percent under.

Burk said she did printout what we were a year ago, January (14th) fourteen and (15th) fifteen if Whisenhunt would like to compare those.

Whisenhunt said January of last year we had a few dollars left over but looking at the full month expenses, we were running about ($700,000) seven hundred thousand dollars short on (12) twelve month income verses expenses. One of the reasons for the (800,000) eight hundred thousand, we haven't had a (2nd) second pay period, so we don't have it in transit until this Friday. Once that goes through it will put it right back at (500,000) five hundred thousand in the deficit.

IV. Wellness Committee

Massie said the Wellness Committee will be meeting next week and we'll start our game plan on what we are going to do for this Spring. One of the things going on is our next blood drive, which will be February (25th) twenty-fifth on a Thursday at the City Hall from 11-4pm. One of the things that we did last time, which really helped and we'll continue to do, is have appointment times. The employee can actually set up an appointment to prevent them from having to sit down and wait an hour or so. Last time we maxed these out a few months ago, we do (4) four of these a year and this will be the (1st) first one for (2016) twenty sixteen. We'll just alternate with it being held here at the City Hall and the next one at Public Works, rotate between the (2) two. Hopefully everyone is using their trackers and getting on the leader board. One of the things the Wellness Committee will talk about next week is what the next challenge involving the tracker will be. We still have some prizes, tickets and gift cards to give away. We will be making some announcements shortly.

V. Old Business

A) Review Cost Saving Measures (Premium Increase) & Make Recommendation

Whisenhunt said we are really looking at financials and any recommendations we are going to make. He did visit with the City Manager who is expecting the Committee to come forward with a recommendation. Our numbers are at a point where we should be making a recommendation of another (10%) ten percent increase in premiums. He advised the EAC Committee at their last meeting that the possibility existed, unless we saw some significant amount of financial changes, this Committee may be making that recommendation. At (500,000) five hundred thousand, if you count this weeks paychecks in transit, we'll be sitting there for months.

Whisenhunt answered it was one of the things we were to get some information on today.

Massie asked Bortmess if she had the results yet.

Bortmess answered the new data hasn't been loaded, so it's going to be a few months because they are consistently receiving claim information and some of them are on lock. There wasn't any addition information on that.

Massie said as soon as we get it we will have it ready for the Committee.

Rogalski asked the (10%) ten percent increase in premiums, how much is it going to be raised per year.

Burk answered she has the old and new amounts with the (10%) ten percent.

Massie said for employee only it's ($112) one hundred twelve dollars a year.

Rogalski asked how much does it generate.

Whisenhunt answered with the new pay plan it generates between (8) eight and ($900,000) nine hundred thousand dollars a year.

Rogalski asked is that the set premium increase.

Whisenhunt answered yes.

Schwenk asked a year.

Whisenhunt answered yes. It was (500,000) five hundred thousand through the City, with the new pay plan about (580,000) five hundred eighty thousand with the employees contribution. It's between (8) eight and ($900,000) nine hundred thousand dollars a year. Right now we are looking at a deficit of running somewhere in the neighborhood of ($700,000) seven hundred thousand dollars projected over (4) four years. That would still take some time to recover from that ($500,000) five hundred thousand dollar deficit. On the handout, for an employee it is ($4.33) four dollars and thirty-three cents per pay period; employee with children is ($17.60) seventeen dollars and sixty cents; employee/spouse is ($18.07) eighteen dollars and seven cents; and employee/family is ($18.74) eighteen dollars and seventy-four cents per pay period.

Rogalski asked if dental was going up (10%) ten percent also.

Burk answered we didn't the last time but these are the numbers if we did.

Whisenhunt said on the employees, dental is included in their premiums and it actually did go up on the employee itself last time.

Burk said it's all coming out of the same funds.

Rogalski asked do we have any employees who pay dental for dependants or did we separate that.

Massie answered we would raise it (10%) ten percent and it would be for approximately (4) four or (5) five months. July (1st) first we would separate, get a new raise and everyone is going to pay their own portion.

Schwenk said we need to actively address the issue with the City about how the plans in others cities compared to ours. It's a big wakeup call. He seriously doubts that Norman is raising their family deductible a (3rd) third or even (1/2) half.

Massie said the City has a new insurance broker which is NFP. We have some representatives here, Brady Ayala, Kelley Harmon, and Stacey Scott.

Scott said she thinks that the benchmark is something that could be very helpful. We work with universities around the state, some larger than the City of Lawton and some smaller. One of our next items is to help gather that information and looking at it; not only premiums but plan designs and hopefully we could provide some history of what other cities had to do over the course of (5) five years.

Ayala said he is with NFP Corporate Services of Oklahoma. First off, he would like to say how much they are excited to work with the City of Lawton. He thinks it's a huge opportunity; they are based in Oklahoma City and deal with a lot of municipalities. We work for you at the end of the day we are here for each and every one of you. As we get more information from other municipalities, we have some items we need to address on the frontend. We've been speaking with Massie and the team about the financials that the Committee keeps talking about. At this point, we've talked about some different ideas but we haven't gotten the opportunity to see where we are going to find these dollars or be able to help. Our long term goal is not only to make the City's plan sovereign and bring it back to some positive numbers but also get it into position where it's going to thrive throughout the coming years. Our goal is not to continue to raise the City's rates, deductibles, or co-pays; those are the easy things to obviously try to bring that cost down. Our goal is really to dig into the numbers and one of the big things that we do is live in the numbers. He had been speaking with Engelman on how we can look at the numbers; find out where you are spending those dollars and how we can hopefully increase benefits. Make those benefits better at the same time be able to save a few dollars. Not only will we be looking at the local and state level, we will also be looking at things nationally. We are a huge part of a national organization which gives us access nationally to see what the markets are doing. As we move forward through this, our goal is to partner with the City. Not only do we work with you, we want to partner with you. You are the voice of the employees and the citizens of the City of Lawton. We want to get as much information as to what other cities are doing, so any questions the City may have feel free to ask him. He's always available and will be working closely with Massie and the rest of the HR team. He wants the City to try to figure out what's not only going to work for the City and budget but also all the City employees. We want to find out how we can increase benefits because we do it a lot every year. That's how we earn business and at the end of the day we keep business because we do what we say we're able to do. The City will see him a lot hopefully as well as Harmon, account executive, who will be very instrumental in the City's groups and Scott, vice president of agency services, who manages the big team behind the house. The City will meet some more representatives as time goes on.

Ayala said speaking at City Council, one of the things we guarantee is basically the quick version within (2) two years of the City's plan and keep it there for (6) six months. We are tasked with finding solutions and working together on a game plan. We would basically come up with a (5) five year strategy to where it dramatically impacts it in the first year and a half and keeping it there. If we aren't able to do that then we'll be at financial risk.

Massie said we are really excited. NFP brings a lot of knowledge and experience coming into the situation that the City is currently in. They bring Wellness things that we would be able to implement and eventually tied into our health plan. They just brought in new ideas to this Committee that he had not heard of and things that we could look at down the road as well.

Ayala said we have actuaries who work for us. We have a huge team of very detail oriented members. We'll start putting some things together so the Committee can look at some different recommendations and how it will affect the City of Lawton. Let him know if there is a city that does something that the Committee would be interested in trying.

Schwenk said he has a spreadsheet he could forward to Ayala. Right now our deductible for a family is (1500) fifteen hundred and Norman's deductible for a family is (300) three hundred. Their city pays more for the premiums and their employees pay less. He'll email it to Ayala.

Ayala said every municipality is different because of different revenues coming in and every plan is dramatically different. It's real easy to get caught up in some of the hype. There maybe some things they've done that are in the details of the plan which have allowed some of those things. Obviously the deductibles, coinsurance, and the premiums are the hot topics that everybody likes to talk about. It's easier to keep both of those numbers low if you are able to do some of the other things behind the scenes that impact a very small amount of people. Our goal is to impact no one. Ayala asked if there was anything the Committee would like for him to look into, offhand.

Whisenhunt said currently the Committee has already made recommendations on the deductibles, specialist co-pay, and the emergency room co-pay. It would be nice for NFP to provide the Committee information relative to the recommendations already made and (4) four Tier Prescription Generic Plus. It's suppose to go into effect July (1st) first and there will be some changes that we'll look at the amount we are in the hole right now. Looking at the medical projective cost, we are dropping (58,000) fifty-eight thousand on an average per month in income verses expenses. Whisenhunt asked do we want to give (58,000) fifty-eight thousand another month to allow NFP to get the information provided.

Massie answered absolutely.

Whisenhunt asked is the (10%) ten percent increase appropriate. Maybe it is or maybe it's not. Right now according to the contracts in place with police and fire, that's how it's addressed when we do our (10%) ten percent increase when we reach these points.

Kizarr said for fire to finish out this year they can't push it this year; it has to come from the City. They put a clause in there that fire couldn't force the City to raise them.

Whisenhunt said the realization is there will have to be some rate increases. He doesn't think it's possible to get there without some rate increases but it might not have to be as much based upon some of the information NFP will be able to help the Committee with.

Ayala said he wouldn't recommend doing any plan design changes in the middle of the year. We look at what the impact would be in July (1) one and there are going to be some very aggressive changes with some positive impacts. He thinks come July the City will be in a better position. We haven't quite dug into a lot of the large claims but where the dollars are being spent. They are being spent fairly appropriately as far as what facilities and things like that. We will look a lot more into those contracts. Obviously everything we would be talking about wouldn't make an impact yet because some things are already set for July. There is only so much that we would recommend to make changes on. Ayala asked on the (10%) ten percent increase, is the City contributing any more dollars.

Massie answered yes.

Whisenhunt said the City shows up as (10%) ten percent also. It's coming from both sides.

Rogalski asked the increase that we voted on, will it affect fire and police.

Kizarr answered it would. Right now, according to fire's contract, they wouldn't be able to stop it but next year, fire will be able to. Before the contract, they pushed the City because of their contract language.

Churchwell said police says if it falls below a certain amount, then it'll go up (10%) ten percent.

Kizarr said we are actually at a point with that (800) eight hundred, fire could push it with that number.

Whisenhunt said we'll just table that issue until next month, looking for some addition information to be able to make some better educated recommendations.

Rogalski said he would like to have the amount generated per month.

Whisenhunt said one of the other discussions brought up was the retirees not showing their increases.

Burk said it just increased in July, (10%) ten percent.

Whisenhunt said so did everyone else.

Burk said that would be something the Committee would vote on.

Massie said what we had talked about on there was going on a (5) five year plan. The plan was initiated it was really a (7%) seven percent increase. So we factored in all of these (10%) ten percent increases that we have done. The decision was made we would keep them running (12%) twelve percent each year until year (5) five. Then we would raise it, whatever that percentage is, to get them whole. Right now it's about (11%) eleven percent at year (5) five to get them whole.

Burk said and then they would have to go up to (20%) twenty percent or something that year.

Massie said yes but we will continue to raise them every July. Then year (5) five we will raise them whatever the required percentage to get them whole.

Churchwell asked it'll stay at (12%) twelve percent until the last year and then go up (20) twenty or (30%) thirty percent.

Massie answered their rate is (12%) twelve percent every year.

Burk said or the Committee votes to add another year to it or something.

Massie said and they may, since the Committee implemented that plan almost (3) three years ago we've had (20%) twenty percent increases. They are still just (11%) eleven percent for year (5) five. If we see that it's getting out of control then it'll be (25) twenty five or (30%) thirty percent, we'll do something different in year (4) four.

Churchwell asked can the Committee explore if an employee makes the cut off date, retire a certain date, and pays what they are suppose to pay.

Massie answered Legal was not in favor of that. They felt it would be a form of discrimination if the City is charging a certain retiree certain fee and then others who retire a different fee.

Whisenhunt said we'll keep under old business for Review Cost Savings and Premium Increases. Look for information through NFP and hopefully BlueCross.

VI. New Business

A) Compounding for 4 Tier Prescription on Generic Plus

Massie said we had talked at the last meeting about excluding compounds in conjunction with the new (4) four Tier Generic Plus Plan. The Committee asked for some numbers to make a better decision and we pulled them from (2015) twenty fifteen. They were actually lower than (2014) twenty fourteen which were the numbers we were looking at previously. In (2015) twenty fifteen, (33) thirty-three members had compound prescriptions at some point; (7) seven at fire; (7) seven at police; (4) four who are pre- (65) sixty-five retirees and (15) fifteen general employees. Over all, the plan cost was around ($5000) five thousand dollars which is relatively a small number. Remembering the concern is the recommendation to make a change now while there is little impact to very few members as well as cost. This is something that trend has shown pharmacies have figured out ways to get around it. We also discussed with all of these compounds there are alternatives that the members can get. In the event that there isn't, they do have the appeal process which can come to this Committee.

Whisenhunt said and it could be addressed by exception if there is actually no alternative by this Committee under appeal. Whisenhunt asked if part of the information that Massie is putting together related to the (4) four Tier compounding.

Massie answered we've got a lot of that information we need from NFP.

Kizarr said at our meeting, fire is for protecting the plan. They don't want any pharmacy or anybody messing with the plan but there's got to be another alternative than just doing away with it. Kizarr asked could there be a pay schedule we could put on the members to keep the pharmacy from hacking the prices.

Ayala said he looked at a little bit of it as far as what the utilization looks like on compounding. Compounding medications are a huge topic nationally right now. Typically in your prescription plans with the carriers who have negotiated rates with their (PBM) Pharmacy Benefit Managers and these compounding drug companies, they charge exuberance amounts of money. One thing groups have tried not to do away with it completely but to limit the amount that they will cover. The problem is these compounding pharmacists are realizing a way to get it through entering different amounts. Another way, the pharmacy will take (2) two prescriptions and tell the customer to just mix them together. Any recommendation that we make there's always some type of alternative and if there's not then the Committee will address it. Compound medication has been around for a while and there are more people who are doing it. He's for all things that help people feel and live better but there are a lot of medications who have negotiated rates at a lower cost. Unfortunately the problem is the physicians who recommend these compounds know nothing about a member's plan and the cost. Some pharmacies will tell a member not to worry about their co-pay that they'll cover it. They could bill the plan where there's no coinsurance, or bill it in a way where there are higher co-pays and coinsurance.

Kizarr said that's not happening with the City's plan with these numbers.

Bortmess said that's what we talked about last time, it hasn't happened yet.

Kizarr said there's surely some other alternative other than just doing away with it.

Bortmess said there's no regulation on what the pharmacies are charging.

Kizarr asked if BlueCross BlueShield can see when a pharmacist does that.

Bortmess answered they can see it but the pharmacist can do it because it's not FDA regulated.

Kizarr asked why BlueCross BlueShield can't black ball that pharmacy to say that we are no longer paying you as a pharmacy.

Ayala answered he thinks that would cause more issues with an employee's membership. That would affect a lot more people.

Massie said now we are telling our people where they can and cannot get their medications.

Ayala said the only way right now, we are talking about our plan, would be to limit what the insurance would cover. A very valid thing we talked to the team about is our groups getting education. He thinks educating members by giving them some examples at open enrollment and what the difference is between a generic and a brand name drug. The cost of drugs in America is increasing dramatically and healthcare is increasing as a whole. It is awesome that we have new medications to cure some diseases now but unfortunately they cost a substantial amount of money. BlueCross has historically been on the member rights and they want to make sure that their members get the best benefits. We want to make way to make some of these drastic changes but even they have had to make some drastic changes. So much so, they now have some preferred pharmacies where if you don't go to those you'll have to pay a much higher rate. They are denying a substantial amount of drugs. These are things that other insurances have been doing but BlueCross just started it in January (1) one. Again, they are just saying no to it because there is another alternative. They've also moved to mandatory generics which means if there is a generic available you are required to take the generic but if they don't, you are going to pay the co-pay plus the difference between the (2) two drugs.

Bortmess said that's on fully insured

Kizarr asked is that an option you can do on a compound.

Ayala answered yes, we could dramatically increase the co-pay with any compound. There's not going to be a generic.

Kizarr asked if Ayala did say that you can find an alternative that you can take.

Ayala answered yes because the difference is mixing (2) two drugs together to make a compound but we can explore that.
Bortmess said one thing that we are doing, as of January (1st) first, is if it comes across non-FDA approved we are denying it. The member would have to go back to their doctor and get a FDA approved medication.

Kizarr asked if they already do that.

Bortmess answered with the compounds, as how they were sending them through, they were actually coming through with ingredients that weren't FDA approved. On the prescription side, we just get one name but with a compound it could have (10) ten ingredients in it. So we have to eliminate each one of those. The pharmacies have figured out how to create a way to send it through to the point where we've had to lock it down even more as of January(1) one if they weren't FDA approved. The problem is that pharmacies keep getting creative. The only way to control it at this point is by exclude them altogether.

Whisenhunt said looking at ($5000) five thousand dollars that's ($150) one hundred fifty dollars for each on an average and that's for (2015) twenty fifteen which is a year. One thing talked about on those prescriptions, we can set a maximum for a year and they'll have a limit. There's one option, this is the amount per year and that should keep the pharmacist from doing that once they hit that yearly max. Change some of the wording if there's no alternate. They can appeal it with the Committee with exception is another option also. Let's move this to old business and table it until next month to allow some comparison with some other plans.

Kizarr said he would like to recommend some kind of plan that lets the person know what's happening to them. If the co-pay could be adjusted to what the pharmacist is doing to them; where the member can see it which would educate anybody.

Whisenhunt said when you're looking at ($5000) five thousand dollars for the year that's not what puts us ($500,000) five hundred thousand dollars in the hole. Pharmacies have found a way to make money and that the City cannot afford it in the long run.

Ayala said he likes having small things that help educate and not necessarily deny entrance but barriers that will avoid the approvals. Those are really hard decisions and are really hard to tell someone 'no' to but every time you do that it is also out of your stop loss contract. There are also some other ideas that the City could do that we'll come up with.

B) Morgan's Appeal

Burk asked if they knew whether or not Morgan was coming.

Kizarr asked if he was supposed to come. He texted Kizarr and asked him what this was. Kizarr asked if his child insured.

Whisenhunt said we need to move into executive session to have any kind of discussion on it at all.

Motion to close for executive session by Churchwell with second by Ozuna Ayes: Ozuna, Kizarr, Schwenk, Churchwell, Hadley, Bigham, Rogalski Nays: None **Motion carried**

Motion to open from executive session by Kizarr with second by Churchwell Ayes: Ozuna, Kizarr, Schwenk, Churchwell, Hadley, Bigham, Rogalski Nays: None **Motion carried**

Motion to deny Morgan's Appeal by Schwenk with second by Bigham Ayes: Schwenk, Churchwell, Hadley, Bigham, Rogalski Nays: Ozuna, Kizarr **Motion carried**

Whisenhunt asked Kizarr to please have Morgan call NFP to see if they can assist him.

Kizarr answered yes.

VII. Comments/Discussion

* Whisenhunt said our next regularly scheduled meeting will be February 16, 2016 at 9:00 am. Next month's agenda need to add election of chairman and vice chairman.

* Massie said at the next City Council Meeting, January (26^{th}) twenty-sixth; we are going to go forward with the agenda item to implement the Retirement Incentive Program. This is a one time incentive, what this would do is anyone who chooses to retire by June (30^{th}) thirtieth the City would pay (1) one year of health insurance for that employee in fire, police and general. They would need to notify HR by April (1^{st}) first and would have a retirement effective date on June (30^{th}) thirtieth. We've talked to a lot of employees who are on the fence about retiring. Looking at our population, we do have a number of employees who are eligible for retirement. The City wants to give our employees every opportunity if they are ready to retire to retire. This is voluntary, not mandatory by any means but at the same time we look at this as a potential cost savings. We do have some employees who are stepped out and the only thing that's holding back from retiring is the health insurance.

Schwenk asked if health insurance was for the employee and their family.

Massie answered no, the City would only pay for the employee's portion and they would be responsible for their family's cost. If they have terminal leave, we will allow them to take it and then we will implement the (1) one year health insurance. There's also the option if they don't want the health insurance but rather the money, the City will do that as well.

Ozuna said normally if you retire before (30) thirty the employee gets penalized.

Massie said this is for early retirement or regular retirement.

Ozuna asked will they get penalized.

Massie answered the retirement rules would stay the same.

Whisenhunt said the (5%) five percent per year penalty on early retirement for less than (30) thirty and less than (62) sixty-two.

Schwenk asked if this was expected to get passed.

Massie answered yes, from his stand point, he doesn't see why it wouldn't because it's optional. We are not saying that the employee has to do this, it's a (1) one time optional incentive.

Whisenhunt said the benefit would only help the employee if they are less than (65) sixty-five because at (65) sixty-five there's no payment.

Massie said we would pay that premium too.

Whisenhunt asked even if they would be moving to Plan (65) sixty-five.

Massie answered we would be paying that premium as well.

Burk said it would be beneficial for those City employees to retire because they are no longer covered on Plan (65) sixty-five. Now that they aren't covered under our plan, we would pay that premium but aren't going to get those claims.

Massie said as soon as that gets passed on Tuesday, we would probably have communication early February about it. The employee would have to notify HR by April (1st) first.

VIII. Adjournment

Rusty Whisenhunt announced the adjournment at 10:35 am.
Motion by Ozuna with second by Churchwell to adjourn Ayes: All Nays: None **Motion carried**