Health Plan Review Committee

{DRAFT}

Regular Meeting Minutes
April 17, 2018 @ 10 AM
2nd Floor Conference Room

Rusty Whisenhunt called the meeting to order at 10:13 AM.

I. Roll Call

Members Present: Rusty Whisenhunt, Bruce Kizarr, Richard Rogalski, Albert Ozuna, Bob Bigham, Britt Hubbard

Others Present: Warren Wick (HR Director), Jona O'Hagan (NFP), Malloy Whitman (Benefits Coordinator), Brady Ayala (NFP)

Members Absent: John Schwenk, James Churchwell, Alex Hadley

II. Review Financial Reports

Bank Balance as of March 31, 2018	$1,492,650.96
Outstanding Deposits	$423,650.77
Cleared Checks as of 4/16/18	$74,837.01
Outstanding Claims (Self funded)	$1,404,469.73 (Feb & Mar)
Outstanding Claims (Pass through)	$0
Deposit(s) in transit	$0
Adjusted Balance as of	$436,994.99

Kristin Huntley highlighted the Annual Bank Reconciliation:

Total Receipts for March 2018	$396,363.71
Total Disbursements	$1,155,376.53

Disbursements were largely the Liazon transfers that were done. On the 3rd page, Kristin Huntley broke out prescription costs and the BlueCross BlueShield administrative fees and corrected the billing adjustment as well. Rusty Whisenhunt asked if these numbers have all the Liazon numbers up to date. Huntley says yes. Warren Wick asked about the bottom administrative fee. Whisenhunt and Huntley relay that those are a onetime charge for Liazon.

<u>Motion to approve financial report. 1st motion by Richard Rigolski, with 2nd by Albert Ozuna Ayes: Whisenhunt, Kizarr, Rogalski, Ozuna, Bigham, Hubbard Nays: None Abstain: None Motion carried.</u>

III. Minutes (March 29, 2018)

This was a 2nd special meeting. Bruce Kizarr asked if any action was taken. Whisenhunt relayed that the committee had recommended Healthcare Highways. Mallory Whitman apologized that she did not specifically pull out the vote for this in those minutes and would add that. Whisenhunt also highlights that the committee recommended a 5% reduction to premiums and an additional Wellness benefit that includes a $100 incentive. Also, a recommendation that the City cover a 1x annual salary on the life insurance was made. Whisenhunt covers the Wellness incentive which would cover the employee and spouse. If they do their physical and they have a conversation with a care coordinator, the City would give them $100. The life insurance benefit would only be an additional $38,000 that the City would pay for and which would not affect the Health Fund.

Brady Ayala looks at the most recent contract from Healthcare Highways (HCH) and relays that they just received the final contract this morning. However, it still has some mistakes that need to be fixed. One large thing that HCH is looking at is an outstanding pharmacy issues that the City has. However, once they saw the outstanding claims data, HCH wanted to laser it out. Ayala suggested that we do not take on that risk so we need to build that into plan. To do this, the stop loss increased to take over some of the dollars and then confirmed over negotiation with Comanche County Memorial Hospital, their pharmacy will help to lower the overall cost of pharmacy to that member directly. They can then get their prescriptions directly from CCMH which will lower that overall cost to the plan. We are now locked in with no lasers. The stop loss did increase but since we are able to utilize the CCMH special pricing, the overall cost stayed the same.

Ayala says the stop loss has been locked in at $79.45. Whisenhunt asks if that still provides us with an 11% reduction. The risk was built in which raised the overall stop loss. We will be $120,000 for this plan member and if we don't do this, our exposure is $300,000. Wick doesn't know if we should be this detailed when we get to Council. Ayala agrees and thinks we should simply acknowledge there will be no new lasers. Whisenhunt asks if we want to stay with the 5% reduction in rates or look at the 10% reduction in rates. The 10% rate would help the employees and the City would be helped as well. The 10% would be about $870,000 in City and employee premiums. Kizarr asked if it would be 10% on just health. Whisenhunt says yes, it would give more money to the employees and to the City. Kizarr says his worry is that if we lower it now but then raise it the next year that will create an issue. Whisenhunt points that it would be 1 year though that all employees get the benefit from their health plan.

Wick estimates that if we have no problems next year and we have this reduction, we would be at $1.4 million in the health fund. Wick thinks we have enough padding that it will cover a catastrophic claim. Stop loss will help this. But we will most likely get 1 or 2 claims that are fairly high. Ayala wants us to be conservative because if we hit a catastrophic year under 5%, we will still have money in the bank. It puts us in a position so we don't have necessarily to raise rates the following year. If we do the 10%, and we run as expected, yes, we still manage to get over 1 million in reserves. If we have a catastrophic year though, we are negative $500,000. Where would we get that money?

Wick highlights that where the City is at now, a 10% decrease would allow for employee gain and City gain. This could allow for step increases and jobs down the road. Wick suggests 7.5%.

Ayala shows that if we run as expected, with the new numbers presented total, and a 10% fudge factor, if we run 110%, the City would be in a good position. Over 110% of expected, we start to eat the reserves. Kizarr asked about the Wellness initiative cost, which would be $85,000 cost. This does not cover the risk of finding someone who gets a physical and soon ups their own medical costs. Kizarr knows we are shooting for preventative but we will have a cost of preventative due to people finding out what is going on with their health and being put on medicines that could up pharmacy costs or overall health costs.

Ayala highlights if we run 110%, all things being equal, we eat about $200,000 of reserve. However, if we run lower, we will be filling the reserve. We are currently around 80%. Ayala says that if we look at reducing premiums by 10%, the Health Committee team and NFP need to make sure we are driving people to low cost providers and care coordination. We need to make sure we are doing this on the front end by engaging people with those benefits to drive success. Jona O'Hagan says we are trying to stop the catastrophic events which will hit us the hardest. Ayala also highlights one other piece of the run out plans. BlueCross will pay the run out claims. They will charge us 3 months of admin work to do it. It costs about $90,000. It will be for 12 months of work but only asking for 3 months of payment.

Next budget year, employees could be facing an increase. Whisenhunt says we need to look at longer range projections to see this though. Rogalski asks if we wanted revenue to get to 8, would we go to 8%, would that help to keep us from reserves? Whisenhunt says that is correct, if we went to 8%, we would not be in the reserves. Rogalski says he wants to see as much come out of this possible as he understands the City's predicament and the employees' predicament. Rogalski thinks he would be more comfortable with 8%. Whisenhunt concurs as does Ayala. Kizarr asks if we have the premium costs. Ayala shares what we have currently with 5% and 10%. The total yearly cost to the employees at the 5% and 10% would be different than the committee has seen previously. Currently on the 5000 deductible plan, they pay $57.47. If reduced by 5%, it would be relatively $54.60. At 10% it would be $51.72. O'Hagan says the plans are also guessing where people will fall in the new fiscal year as we are going from 5 plans to 3 plans.

The 1000 deductible plan goes from $113.42 to $107.75 under 5%. Under the 10%, it goes to $102.08. These are the employee only rates. For full family under 5%, under 1000 deductible plan, it would go from $491 to $466. We currently anticipate 216 people to go to this plan. Under 10% from $491, it would go to $441. If we went 8%, it would be a smaller difference but would overall lessen the risk for the City. The City saves $300,000 under the 5% and under the 10% the City would save $600,000. The City is going to go to $38,000 life insurance cost as well. Rogalski asks what about the $100 incentive with Wellness? He feels that this would save us in the long run. Kizarr just highlights the cost that may come because we didn't figure in if someone goes to their physical and finds out something is wrong and is put on prescriptions etc.

Ayala thinks the savings will outweigh in the long run. O'Hagan points out that one catastrophic claim will pay for all of what will be spend. With Comanche County Memorial, we can drive everyone on the prescription side through Comanche County so we would save 25% across the board. Much like we will be doing with copays and deductibles etc. Kizarr asks if this rate deduction is only the health insurance. Whisenhunt relays it is only the health insurance.

Motion to make recommendation to City Manager to go with Healthcare Highways and to do 1x annual salary life insurance policy and $100 Wellness incentive with the difference that we recommend a reduction of 8% in premiums. This will include employees as well as pre-65 retirees. 1st motion by Richard Rogalski with 2nd by Albert Ozuna Ayes: Whisenhunt, Rogalski, Ozuna, Bigham, Hubbard Nays: Kizarr Abstain: none Motion carried.

IV. Wellness Committee

Next Wellness event coming up is the May blood drive. It is the 2nd Friday in May (May 11th, 2018). It will be at the Public Works Yard and OBI will bring their blood mobile. Right now there is a Financial Wellness hosted by the Library. It takes place every week at City Hall from 12:00 PM to 1:00 PM. If interested in attending, you can email Mallory Whitman. Right now Whitman and NFP are working on some education opportunities depending on if Council passes Healthcare Highways.

V. Comments/Communication

The next Health Plan Review Committee meeting is May 15, 2018. Whisenhunt also asks when pre-enrollment is scheduled. There is no set timeline yet but HR has a strategy meeting following this to get dates in place. Tentatively the start date is May 14th. Whisenhunt also asks if Liazon will be able to meet window of time schedule if Council approves HCH. O'Hagan says that they are anticipating this will happen so that we are not in a crunch in the end so they have begun this process so we can be ready. We have not yet rescheduled with Daryll Nobis who wanted to see the committee. Whitman has given him the next few dates of the committee but she will check in with him.

Hubbard also relays that he spoke with Comanche County and told Mr. Smith the City was looking at Healthcare Highways. Mr. Smith said that CCMH could help with our Wellness initiatives. The City just needs to contact him directly.

VI. Adjournment