approved

Regular Meeting
Health Plan/Cafeteria Plan Review Committee
May 20, 2014, 9:00 a.m.
New City Hall Conference Room

Kizarr called the meeting to order at 9:00 am.

I. Roll Call

Members Present: Bruce Kizarr, Cindy Porter, Bob Bigham, James Churchwell, Richard Rogalski, Albert Ozuna, Rusty Whisenhunt
Members Absent: John Schwenk, Doug Stamper, Justin Dipprey
Others Present: Krystal Urbanski (Accountant), Tanya Riley (HR Generalist), Chris Engelman & April Bortmess (BCBS), Sherry Anderson (Acting HR Director), Luann Yarberry (Higginbotham), David Snider (retiree alternate)

II. Minutes

Motion by Porter with second by Churchwell to approve minutes of Feb 18 and Mar 13.
Ayes: all Nays: none Motion approved

III. Review Reports

Urbanski went over the financial information and included the following information for the health committee members:

Supplemental Bank Reconciliation

Bank balance at 3-30-14	$	437,466.16
Transactions to date:	$	295,744.59
Cleared Checks	$	19,315.25
Outstanding Claims	$	704,961.59
Deposit in Transit	$	239,141.03
Adjusted Balance at 5-16-2014	$	248,074.94 *

*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.

Kizarr said if you look at last meeting's minutes you will see that the health fund balance was below $200,000. Kizarr hasn't heard anything from the city on the 2% increase.

IV. Old Business

A. Executive Session – Employee appeal (approving additional 6 months treatment)

Motion by Porter with second by Churchwell to go into executive session
Ayes: all nays: none Motion approved

Motion by Whisenhunt with second by Porter to come out of executive session
Ayes: all Nays: none Motion approved

Motion by Whisenhunt with second by Porter to extend the exception as previously approved for the 12 month period of July 1, 2014 to June 30, 2015.
Ayes: all Nays: none Motion approved

B. Premium increase

Kizarr said he hasn't heard anything from the city. Anderson stated she sent Jim Russell an email and he originally said it would be put in the budget and with all the budget problems everytime Anderson asked for an update about it she was told they were waiting on a preliminary budget to be put out which has yet to be done. Kizarr asked why the committee doesn't do our own budget for the plan and send it to the City. It seems like we should be sending them a health fund budget so they know what needs to be done; right now it seems like they forget about this issue. Kizarr said now with Health care reform the copays come off of your out of pocket expenses so as of July 1 our out of pocket expense amount has dropped $500 - $750 and for every $20 copay. We could raise our out of pocket expense for members and they wouldn't see any change in the plan. This will be a cost to the plan with this change. Engelman said that this reform change makes the city's plan a richer plan. Kizarr said that until the city manager's office wants to meet and talk about this issue, there's not much more we can do. Kizarr said this issue will stay on old business for the next meeting.

C. Retiree 65+ and supplemental insurance

Yarberry stated that there was no quorum last month to make any recommendation on this issue. A 12% rate increase was discussed for the next 5 years; this was a general recommendation that the committee threw out at the last meeting. Yarberry said that Anderson said she would talk to Jim Russell and see if he had any specific dollar amounts. The original intent was that retirees would pay 100% of the insurance cost and currently retirees are paying less than they should. Rather than a full increase, the committee decided to do a step increase. Anderson said Russell was in favor of doing it in in increments and the committee just needed to come up with an exact amount. Whisenhunt asked where the discussion went regarding moving 65+ off the plan. Anderson said originally the committee had wanted that to happen July 1 but time ran out so now the discussion for that change is looking at moving forward with that in January. Yarberry said she had several retirees after the November meeting that switched on their own to a supplement plan and went off the group plan. Those retirees found that there were significant savings. Kizarr asked that if we did the step increase in the rate, how many years would it take for retirees to catch up to the amount they should be paying. Yarberry answered 5. Kizarr asked where the shortfall is coming from. Anderson said the shortfall is on the retiree side because the city is not putting any money in towards the retiree premium. Anderson reminded the committee that it states in the health plan document that retirees are to pay the full premium price for insurance. Bigham said this creates an inequity between retirees over and under 65. Over 65 go on medicare and they are taking less out of the plan than those that are under age 65. Porter said that those over 65 are penalizing everyone on the plan because the plan is paying the claims that come in for those over 65. Bigham said he agrees with the statement regarding those on the plan under 65 but those over 65, the plan is paying less because they are on medicare. Yarberry said then a recommendation needs to be made to move those over 65 onto a supplement. Bigham said those that choose to not go on the supplement shouldn't be penalized because they're taking less out of the plan because they're on medicare; those under 65 have all their claims paid by the plan. Snider said it's tough to group all retirees together. Kizarr informed Snider that the plan now allows a spouse under 65 to stay on the plan if the retiree over 65 chooses to go off the plan. Anderson said HR is waiting on a recommendation from the committee regarding moving 65+ onto a supplement and off the plan. This would like to be done on January 1. Anderson said more meetings about this would take place in the fall. Deductions will still be taken out of retiree checks and the city will then in turn take the money and pay for a supplement for the entire group. This rate is based on the entire over 65 population for the supplement. Any city premium increases would not affect those over 65 on the supplement because the supplement is through BCBS, not the city. Whisenhunt said those under 65 is where the 12% will come into play. Those over 65 that go on the supplement will have a premium based upon how much the supplement and prescription card costs; that's what your payment to the city, out of your retirement, would be. Those under 65 would not be eligible for the supplement so they are underpaying by about 60% compared to how much it should be costing them and this is the part that needs to be raised over a period of time. It’s two discussions that can overlap. Kizarr said that all retirees over 65 need to go on the supplement in order to get the best price for the supplement. The last meeting this was discussed at it determined that all over 65 would go on the supplement; there would be no choice. Yarberry said right now the retiree pays $259.07 for the city health insurance. A medicare supplement and prescription drug card (which eliminates the deductible and coinsurance) the supplement premium is $233.10. Bigham asked about dental and retirees can keep dental only through the city. A retiree should be paying $420.29 under the city’s plan. A 12% premium increase would equate to $31.08.

Motion by Whisenhunt that we forward to the city manager that the retirees are underpaying for premiums and that the retiree premium be raised over a 5 year plan by 12% per year (above any other annual increases to the premiums) to match what the plan document says.

Bigham asked if Whisenhunt would amend the motion to only include those under 65 until we decide what we are going to do on the supplement. Whisenhunt said the premium increase has to be all or none. Whisenhunt said once they move to the supplement their premium will go down. Kizarr asked if there is a second to either the original motion or to the amended statement by Bigham. Porter stated that she would second Whisenhunt’s original motion. Bigham’s amendment fails due to lack of second.

Motion by Whisenhunt with second by Porter to forward to the city manager’s office that retirees are underpaying for insurance and that their rate be increased over a 5 year period at a rate of 12% per year in addition to any other rate increases.
Ayes: Churchwell, Ozuna, Whisenhunt, Porter Nays: Bigham Motion approved

Kizarr stated in regards to the supplement that the price is based on the number of retirees over 65 currently on the plan. Yarberry said that if they are over 65, this supplement plan is what will be offered to you. Anderson said this would be a recommendation that we offer the supplement to those over 65.

Motion by Whisenhunt with second by Porter that we recommend to the city manager that we offer to medicare recipients (age 65+) the supplement Part F plan and a prescription drug card as a group plan in lieu of membership in the City of Lawton group health plan effective Jan 1, 2015; spouses under age 65 can remain on the City of Lawton plan at the single rate.
Ayes: all Nays: none Motion approved.

V. New Business

A. Incorporating wellness sub-committee into the health committee

Kizarr said the wellness committee was broken off of the health committee a year or so ago and due to lack of interest the wellness sub-committee could be moved back under the health committee. Riley stated the thought would be that the wellness agenda would be at the beginning of the health meetings so that when the wellness discussion is over, those not on the health committee would be free to leave so that the health committee business could be discussed. Porter said it would be similar to the council meetings when other committees are discussed up front. Kizarr said he has no problem with this.

VI. Comments/Communication

A. Next regularly scheduled meeting will be held July 15, 2014 at 9am.

VII. Adjournment

Motion by Davis with second by Bigham to adjourn at approximately 10:21 am.
Ayes: all Nays: none Motion approved.