Draft

Regular Meeting
Health Plan/Cafeteria Plan Review Committee
May 21, 2013, 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 Ehlers, Traci Hushbeck, Bob Bigham, Justin Dipprey, Albert Ozuna, Rusty Whisenhunt, Alberto Talavera
Members Absent: Scott Kisner, Doug Stamper
Others Present: Sherry Anderson (Acting HR Director), Glynn Preast (Fiscal Tech), Tanya Riley (HR Generalist), Chris Engleman (BCBS)

II. Minutes

Motion by Ehlers with a second by Hushbeck to approve the April 16, 2013 minutes.
Ayes: all Nayes: none Motion carried.

III. Review Reports

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

Supplemental Bank Reconciliation

Bank balance at 4-30-2013	$	918,252.21
Transactions to date:	$	299,591.94
Cleared Checks	$	-
Outstanding Claims	$	699,196.52
Deposit in Transit	$	245,409.16
Adjusted Balance at 5/20/2013	$	764,056.79 *

*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.

IV. Old Business

A. Flu Vaccines – Kizarr stated this is now covered through our insurance (example, Walgreens). Engleman confirmed that Walgreens, CVS, etc… that will now give flu shots and bill through BCBS. Kizarr stated that this can be removed from future agendas.

V. New Business

A. Evaluate Flex 125 (café plan); listen to presentations

-American Fidelity (Bob Fleet): American Fidelity (AF) specializes in municipalities and school districts. We do not outsource café plan administration; we handle that in-house. AF has an office in Lawton and it will be made available to City of Lawton employees. IRS requires that a written updated plan document and election forms be on site which are provided by AF. These are provided at no cost/fee to City of Lawton; we also partner and charge no fee to Oklahoma Municipal League. AF administers the café plan to Lawton Public Schools. AF offers an optional debit card (no fee; keep all receipts), claims are processed daily. AF does have a form for OTC products but it is a fill-in-the-blank form. Debit cards are good for 3 years; can have multiple cards. Even when you use a debit card, some verification is required (e.o.b., receipt). Claim forms can be mailed, faxed, emailed, sent via app for phone. Dependent care (daycare) works different. A claim form must be submitted for each time a person wants to get reimbursed; even if a person pays the same amount for daycare every week/month a claim form still needs to be submitted each time. All reimbursements can be done as a paper check or direct deposit. With flex 125 plans there is a risk involved to the employer; any dollars left or taken out prematurely. AF reconciles plan accounts at the end of the plan year. If there are dollars left in the plan, the money goes back to the city. AF has a website. Participants are not notified via email when a direct deposit will occur or if a paper check is in the mail to them. If substantiation is needed, a letter is sent to employee with a copy sent to HR. AF is getting ready to start emailing those notices. After 3 notices, flex debit cards are cut off until substantiation is received. Hushbeck asked that if there are no fees involved, then how do they make money? Fleet responded that by the policies they offer (cancer/accident/etc) they make the money.

-Higginbotham (Pam Hamlin): Higginbotham (Higg) has administered our plan for almost 2 years. There have been issues with debit cards and substantiations but this happens with all plans; not just City of Lawton. Moving to another flex plan provider would create the same issues if not more. Higg follows the IRS guidelines. The only things that need substantiation on is dental claims and major medical claims. If Higg ever knows of any issues that anyone has experienced they have worked to get them resolved (Riley spoke to this and confirmed that if there have ever been issues with the plan and Higg, to her knowledge they have always been resolved). Debit cards are good for 3 years. Lawton has approved a 90 day grace period that Higg adheres to. Higg has a new app for phones that allows employees to submit claims automatically (must have to already have log in access to the myrsc website). Higg has 9 people in the flex dept (4 customer service/billing employees); phone calls are returned within 24 hours; toll free fax/phone; email. Higg also pays the provider if someone doesn't have a debit card. Higg just did a major mail out letting participants know about the website. If Higg is selected to continue the plan they will mail out a Q&A let participants know general info about the card, plan and website. Higg just rolled out an online FSA store that allows you to buy your over the counter items with your debit card. Currently the City is paying $3 per month per participant for admin fees and $1 per month for those using the card (Higg makes no money on this). Higg is willing to drop the $3 charge to $2. Higg values the city's business. Just so the committee is aware: if the city decides to switch plan providers there will be lots of confusion come the new plan year regarding prior plan year claims being sent to the wrong flex plan provider, cards will be cut off effective June 15 in order to get all swipe claims processed as quickly. Higg has taken on other clients who have switched from a provider that charged no fees and bottom line, you get what you pay for. These types of companies do need to sell their ancillary products in order to offer flex plan administration for free. If the city is wanting to switch solely on the basis of wanting the plan administered for free, Hamlin's suggestion is to wait another year and plan for this switch much sooner than the timeline currently faced. Riley asked about how an employee is notified that a claim was processed and money is being sent: Hamlin stated Higg sends an email. For dependent care, if the provider payment amount is the same, one claim form is submitted to Higg rather than a form every time. How are employees notified that substantiation is needed? If you have a card, the system notifies the employee; if you don't have the card Higg tries to make phone calls or emails which is quicker than attempting to mail something. Notifications go out to employees at their home addresses informing them of any unclaimed money left in their account.

Riley stated that a concern I have is that AF will now have access to employee addresses that sign up for the flex plan and I would not want an employee to receive solicited information regarding the policies they offer. HR would not know what AF would be sending out to employees; would they get only flex plan info or would they get other info they didn't want/need. Riley stated she is also concerned the transition. Riley reminded the committee that open enrollment begins this Friday and currently she doesn't know who will be administering the plan. This would be able to go before council until June 11 (after open enrollment has ended). Lots of communication and confusion would be happening trying to get employees to understand that claims incurred prior to July 1 go to Higg and claims after July 1 go to AF. Riley stated that if the committee wants to switch providers, I would feel better switching a eyar from now. This would give HR and the plan providers we would work with to be able to better communicate with employees. Whisenhunt stated that Hamlin has always responded to his emails/questions/concerns in a timely manner; he says other staff does not but always copies Hamlin onto the correspondence. Riley reminded the committee that AF said they only send letters out to employees as a way of correspondence with a copy of the letter going to HR. Riley stated that HR doesn't need a copy of a letter and letters take time to be sent as well as assuming that employees will read the letters. Anderson stated that she received a phone call at work regarding a claim she had faxed less than one hour ago. Whisenhunt stated that he likes the fact that Higg notifies you when your card is swiped or a direct deposit will occur via email. Whisenhunt asked about the cost to the City. Riley said the average monthly bill from AF is approximately $700. Dipprey stated that it seems that we are looking at this too late in the year. Kizarr stated that AF sells insurance and they will steer employees towards policies that they may not need or want.

Motion by Dipprey with a second by Hushbeck to have Higginbotham administer the Flex 125 plan with charges of $1 for employees who have a debit card and a $1 charge taken off of the city's fee with no grace extension.

Ayes: Hushbeck, Bigham, Dipprey, Ozuna, Whisenhunt, Ehlers Nayes: Talavera Motion carried.

VI. Comments/Communication

A. Next regularly scheduled meeting will be held July 16, 2013

VI. Adjournment

Motion by Dipprey with second by Hushbeck to adjourn at 10:35 am.

Ayes: all Nayes: none Motion approved.