Draft

Regular Meeting
Minutes
Health Plan/Cafeteria Plan Review Committee
June 16, 2015 9:00 a.m.
City Hall 2nd Floor Conference Room

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

I. Roll Call
Members Present: Rusty Whisenhunt, Bruce Kizarr, Bob Bigham, Richard Rogalski, Albert Ozuna, James Churchwell, Britt Hubbard

Members Absent: John Schwenk, Justin Dipprey,

Others Present: Krystal Urbanski (Accountant), Tiffani Burk (HR Generalist), Chase Massie (HR Director), Chris Engelman (BCBS)

II. Minutes
Motion by Rogalski with second by Ozuna to approve minutes of April 21, 2015.
Ayes: Kizarr, Churchwell, Bigham, Rogalski, Ozuna Nays: None
Motion approved

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 5-31-15	$	629,720.63
Transactions to date:	$	326,756.55
Cleared Checks	$	725,263.34
Outstanding Claims	$	620,650.40
Deposit(s) in Transit	$	257,428.56
Adjusted Balance as of 6-15-15	$	(132,008.00) *

*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.

Rusty Whisenhunt requests that the financial report be sent to the committee every month whether we have a meeting or not.

Krystal said this balance does not include June payments for the Plan 65 retirees. We are now going to start paying the invoices after we collect the premiums instead of paying in advance.

Motion by Kizarr with a second by Churchwell to go out of order to New Business. Ayes: Kizarr, Churchwell, Rogalski, Ozuna, Bigham
Nays: None Motion approved

IV. New Business

A. Review fund balance and take appropriate action- Tiffani Burk handed out 3 different informational sheets with insurance premium amounts. Richard Rogalski asked what the projected income from this premium increase is. Chase Massie said on the City's part, it is about 45,000 per month, about $500,000 per year. Not sure what the employees part is. Rusty said it is in the neighborhood of about 15,000 per month. Chase said it is not a fix, it is a band-aid. Rusty said the 10% should get it there. Chase said he will be surprised if we get the balance over 200,000 in the next year. Rusty thinks it won't be a quick fix but he thinks it will get there. But it all depends on claims. Rusty said we were hit with several things all at one time. The retiree Plan 65, the reinsurance fee and we hit the end of the plan year. And we had to make the mandated changes due to Affordable Care Act. He said we definitely have to do something. He thinks that the only thing that will get serious money into the plan is premium increase. He said raising deductibles doesn't get us there.

Rusty said when we raised the retirees 12%, that was to get them to be paying the full insurance amount. Any additional premium increase was supposed to be on top of that and that was not done last year and was not done again this year. Chase said we decided not to do that because we had just raised them 12% and it would have been a 22% increase to a population of many that have a fixed income. We will continue the 12% for the rest of the 5 year plan and we will either make up the additional in that 5th year or add an additional year. Rusty said it may take a year 6 and a year 7. Chase said we will go back and look at that over the next year and instead of it being a 12% maybe it goes to a 14 or 15% each year. Rusty said that will need to come before the committee.

Bruce Kizarr asked how many retirees do we have that are on the plan under the age of 65. Tiffani said she just sent the notice for the increase to approximately 110 retirees. Then we have 75 on the over 65 Supplement plan. Chris Engelman said we have about 865 current employees on the plan not including dependents. Tiffani said we have around 1900 employees and dependents. Rusty said the Fire department has signed a MOU for the 10% premium increase. He said his recommendation is to adopt the 10% increase but he can't make the motion. They discussed whether these increases should be permanent or temporary. Rusty said the one in October was temporary and this one would be temporary also. Rusty asked what the

Fire contract says about how much it needs to be for 3 months before the 10% increase could be dropped. Bruce said 400,000. Bruce said the City's proposal in negotiations is to make the October increase permanent and make this new 10% temporary. Rusty said that is not what the committee recommended. Bruce said that the first 10% is contractually bound until July and then after July it is a brand new contract and it is whatever they agree to. It could easily be permanent. Richard said the likelihood of that first 10% going off is very slim because the balance kept going down after we implemented it, which means we need it forever. Bruce said this committee has always been reactive instead of proactive. We need a 5 year plan. It will help in preparing the budget. Chase said there are several things that HR is going to be doing over the next few months. We are going to get a breakdown of other cities comparable to us. What their benefits and premiums look like. OKC employees pay approximately $77.00 bi-weekly and they have 6,000 employees. We have less than 1,000 employees and we pay less than they do and have better benefits. That is the problem; we have a plan that is not sustainable. He said he believes that neither one of these 10% are going to come off. Even with both of these we are not going to get to 900,000. Rusty said that is the problem, Higginbotham is telling us that we would. Chase said once we get that comparison, we will bring that to the committee and show it. One thing that we need to do is educate our employees that our plan is good, we enjoy it but it is too good to be true. Then we need to come up with ideas to fix the problem. He believes that out of pocket maximum and deductibles do make a huge impact on the plan. If we were to up our out of pocket max to $5,000 and our deductible to 750 or 1000, it would be about a 100,000 in cost savings to the health fund. Chase said this committee needs to look at what is best for the employees but also what is best for the plan. The job is to find the best benefits at the lowest cost that is sustainable. Chris said one thing to look at, is the premiums affect everyone but the benefits affect the ones that utilize it. Rusty said we would like to get an analysis back with raising deductibles and max out of pockets and even raising the co-pays. What would the savings be to the fund?

Rusty said one thing is that it needs to be consistent across employee groups. Currently the general employees deductible and out of pocket maximum are higher than Police and Fire. The premiums are the same. Chase said we are talking about making the changes for FY 2015-2016. We should start now.

<u>Motion by Rogalski with a second by Ozuna to recommend to the City Manager to temporarily increase the premium by 10% effective 6/26/15 and also make the October 10% increase permanent</u>.

Ayes: Rogalski, Ozuna, Bigham Nays: Churchwell

Abstain: Kizarr Motion approved

B. Premium increase- Discussed during the above new business

C. Retiree premium increase-Discussed during the above new business

D. Health insurance waiver- This is something that Chase is looking into. He said it is probably a little farther off that he hoped it would be. One thing that they did at Cameron as a cost savings initiative was that they gave employees that could get other health insurance through other areas. Whether that was Tri-care through the military, tribal, spouse coverage. We gave them the option every year and if they could prove coverage then we gave them a small stipend every pay period. That is something that he is looking into. It turns out it was an $180,000.00 savings a year for Cameron. The employees enjoyed it because it was almost like getting a raise. The employer benefits from it also. They are getting employees off of the health plan and also the employer doesn't have to pay that portion also. He just wanted the committee to know that he is looking into it.

E. Status of renewal with BCBS-Chris said the renewal has pretty much been accepted. He has submitted the paperwork to get the 7/1/15 benefits set up. The claims for July is probably going to be a little lower that usual due to the lateness of the renewal being submitted. So any claims incurred prior to 7/1/15, there will not be any issues with. They will be paid as usual. Claims incurred after 7/1/15, might be pending for a while. Maybe a few weeks or so. He doesn't think it will be long enough that providers would be threatening to turn people over to collections. But the July claims might be a little lower. So when you see the amounts in July, don't get excited because they will be low. The only benefit changes are the out of pocket for prescriptions and the colonoscopy being paid at 100% and the removal of the exclusions of the ED drugs. But they will still require a prior-authorization.

V. Wellness Committee

A. Update-Rusty said the May 1st blood drive was not successful. We only obtained 9 units of blood. The 5 fitness facilities that had committed to be there, none of them came. BCBS, Higginbotham and Deer Oaks were there. The employees did not support the blood drive very well.

We are also in the 3rd month of the spring fitness challenge. Basically it is getting involved in some kind of fitness activity and providing documentation. There are around 20 people that have communicated their activities so far.

They are still working on the I-Fit Trackers with the company and Legal. We are hoping to get that handled soon.

We are also working on a Health Fair for October. Chase got BCBS to give some money to the Wellness Committee Fund to help with that.

The next blood drive is scheduled for November 17th at Public Works yard. They are bringing the blood mobile. The screening area is going to be in sewer rehab office area but the actual blood draw is going to be in the mobile unit.

We have been having good participation from the Wellness Committee. We have had around 8 members attend the meetings.

VI. Old Business

None

VII. Comments/Communication

A. Next regularly scheduled meeting will be held August 18, 2015 at 9:00 am.

B. Rusty asked about going back to every month meetings. Richard said until we get the information from Higginbotham then he is not sure what there is to act on. Rusty asked Chase when he thought we would have all information together about the deduction increases and co pay increases. Chase said he has most of that together to provide different options. He said he could have it all together by next month. Rusty said he would want Higginbotham to be there at the next meeting. Rusty asked if we need to have the meeting in July or wait until August. Chase said August would be fine. Bruce said he thinks if we are going to be proactive then we need to meet more often. Rusty suggests that the next meeting be in August and then go to every month after that. They would like to work on a long term sustainable plan.

C. Bruce said he would like to mention that Sherry Anderson is retiring. The retirement party is scheduled for Friday, June 19th from 10:00 to 12:00 in the Banquet Hall.

VIII. Adjournment

<u>Motion by Ozuna with a second by Whisenhunt to adjourn the meeting at 10:11 am</u>. Ayes: All Nays: None