APPROVED

Regular Meeting Minutes
September 15, 2015 @ 9:00 am
City Hall 2nd Floor Conference Room

Rusty Whisenhunt called the meeting to order at 9:02 am.

I. Roll Call

Members Present: Rusty Whisenhunt, James Churchwell, Richard Rogalski, Albert Ozuna, Bruce Kizarr

Members Absent: Justin Dipprey, Bob Bigham, John Schwenk

Others Present: Krystal Urbanski (Accountant), Tiffani Burk (HR Generalist), Chris Engelman (BCBS), April Bortmess (BCBS), Chase Massie (HR Director), Luann Yarberry (Higginbotham), Courteney Cacho (City Manager's Receptionist),

II. Minutes

Whisenhunt said 4 pages from the back in the center where it's talking about the out of pocket; it's got $32.50 that's $3250, $97.50 is $9750, and $63.50 is $6350.

Motion by Kizarr with second by Ozuna to approve minutes with modifications to August 11, 2015. Ayes: Churchwell, Rogalski, Ozuna, Kizarr 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 8/31/15	$529,106.01
Transactions to date:	$353,662.02
Cleared Checks	$46,311.04
Outstanding Claims	$1,381,895.43
Deposit(s) in Transit 7/31/15	$327,739.36
Adjusted Balance as of 9/14/15	$(545,438.44)*

*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 if the entire end of year claims been processed now. Engelman asked if it's the ones that were on hold. Whisenhunt answered yes. Engelman answered as of July, yes. Whisenhunt asked if the outstanding includes the end of year. Engelman answered correct; there could be still an individual claim that hasn't come in yet. Burk asked have they all been paid. Urbanski answered it includes the last bill we got he said they should be included in our last bill and that's on the outstanding claims. Whisenhunt asked if we are processing the new claims, what the date that they started was. Engelman answered 7/1; he asked Whisenhunt the actual day that we started. Whisenhunt answered yes. Engelman answered the dental and prescription claims were always being processed thru July, the medical claims he thinks August 12th. Whisenhunt said so the 2nd week, he started seeing the OBs about that time and he asked Engelman if it's caught up and those that have caught up are in that number. Engelman answered yes, vast majority of any of those claims that were being held were within a day or 2 once we released the assistance so the benefits were totally put into production, 12th by 15th ; there could be a few claims that needed some kind of medical review that didn't get past through at the same time. Engelman said the vast majority of the claims just shoot through the system. Kizarr asked how come the claims since July have basically doubled; is there an explanation as to why July, August, and September claims have doubled. Urbanski asked Kizarr, you mean in the outstanding claims column. Kizarr answered yes. Urbanski answered as far as the last bill we just received was for August from Blue Cross, it was eight hundred and something thousand; obviously there's another check that hasn't cleared in there that we paid, so there's more than one amount in that to get us up to the 1.381. Urbanski said she'd have to look on her computer but there's probably a check that we have that has not cleared

out; it looks like it's the one from last month, $544,000. Kizarr asked but the last 3 months we've had doubled the checks instead of just single checks. Urbanski answered as far as the bill from BlueCross, this last one was $816,000, the month before that was $544,000 which he told us that one would be less, before that it was $875,000 and before that it was $599,000. Massie said for Engelman correct him if he's wrong, he thinks these last 3 months have been larger just because of the end of year claims. Kizarr said just looking at the outstanding balance claims all year, the last 3 months they've doubled; he's just looking at the outstanding claims for the year. Urbanski said it's probably because it hasn't cleared yet and we can't send it out until the money's in the bank; once she does the report for the next month and that check hasn't cleared our system she'll have to leave it in that outstanding claims column until it officially clears; so you're seeing 2 months.

Kizarr asked so we are carrying money over from month to month. Urbanski answered because it hasn't officially cleared our bank yet, that is why it's still in there, once it clears the bank we'll move it up to the other column and once it hits the statement then we'll take it off completely. Kizarr said then if you do that you'll have to look at the cleared checks; compared to the rest of the year in July we just had a little bitty check come through and the last 2 we had little checks so that outstanding claims is going to stay big. Urbanski said it's because we mail them out so late and they haven't cleared yet. Rogalski asked if our adjusted balance is negative the last 4, 5 months how come our beginning balance is always positive, should we go negative at some point. Urbanski answered we won't know if the check is not in the bank. Rogalski asked really the bank balance at $529,000, you're sitting on the payment of $529,000. Whisenhunt answered she's waiting until she has enough money to actually cut a check. Rogalski asked you're sitting on that extra payment that's why you have the big giant positive balance. Urbanski answered right, we just pull that number off the bank statement but if the money's not in the bank then we just actually wait until we can pull that money out of there. Whisenhunt said we should start seeing some recovery in that number, since we're starting to work in the new deductible year and we have the additional contributions; it will be expected next month. Whisenhunt said he doesn't expect a lot of turn around but some. Massie said hopefully the claims get closer to that $500,000 oppose to $800,000 next month; we get it back to where September was.

IV. Wellness Committee

Massie said as far as the Wellness Committee we should see the marketing materials for the Health & Wellness Fair coming up hopefully early next week; again October 22nd 9-4pm in the Banquet Room is where the Wellness Fair is. Massie said we almost got everybody confirmed that will be attending; Platt College did have to bail out on us, they are going through accreditation right now so they didn't have the man power, the time to devote to bring people. Massie said we did get the chiropractor confirmed so kind of a win loss there; we are working on another massage therapist to try to have them attend; other than that the raffles, we should have some really good raffles. Massie said we're going to have a bike, $50 gift cards, 50 wireless scales that sync with the trackers that we got and talking to them they agreed to send those to us as raffles as well; he thinks we talked about lunch last time, he felt bad so after talking to Arvest instead of hotdogs and hamburgers we're going to do Subway hopefully that's a little bit healthier. Massie said we'll have flu shots everything is still scheduled; you should start to see the marketing materials, we will come out first with the Health & Wellness Fair next week follow probably pretty closely by the end of the week or early the next week with the biometric screening signups. Massie said so lots of stuff coming out soon. Engelman asked where it was going to be held. Massie answered in the Banquet Room downstairs. Rusty said Burk has on her tracker and he has one himself from the Wellness Committee it's not as accurate as he hoped it would be; follower on step calendar is much more accurate; if you're running it's pretty accurate. Whisenhunt said walking, if you take it to the belt, it gets a lot closer; but if you're not running or swinging your arms doesn't count you as well. Whisenhunt said the sleep mode of it is pretty interesting. Burk said she was doing that first and then she was like what does it matter, I don't feel like I got a lot of sleep and it says she got 7 hours. Engelman asked it Burk had hers on. Burk answered yes. Whisenhunt said syncing with the phone it gives you some historical data and gives charting and calorie burn based on your activity and hopefully with the scales it'll be able to sync with that and be able to track that. Massie said yes and we will do some challenges around them when we launch them all out to everybody and if nothing else regardless of how accurate it is if it just gets it in your mind.

V. Old Business

None

VI. New Business

A) REVIEW & MAKE RECOMMENDATION ON RETIREES FUTURE CONTRIBUTION TO THE HEALTHCARE YEAR 3 TO YEAR 5 TO OBTAIN FULL FUNDING

Whisenhunt said this July would fund year 3 of that. Burk passed out an information sheet. Whisenhunt said we had some concern that 12% went into effect 2 times and raised, it really didn't capture the increase that we were looking for. Burk said she just added 12% each year the very first column what we started the 5 Year Plan and then the third column July 1, 2015 is what we are on now; we don't have to add 12% on the family the retiree plus dependents the last 2 years because a current employee family is $1085.65. Burk said she just tried to get the numbers, the percent right so we could go ahead and continue. Whisenhunt said unless we have some addition premiums. Burk

said of course. Whisenhunt said so it's really not as bad as we were thinking; it was going to be to them to adjust it to the correct amount; that last year would have to go up on the retirees only 12.27 instead of 12. Burk said and then if we raise our premiums up of course then we would just add to that one. Rogalski asked if right now the retirees are at the 324. Burk answered yes, the 324. Yarberry said they are supposed to be the $461.44. Burk said right. Massie said Burk and he had talked about this, we were fine with how it is; we believe that we will still be able to get there in the 5 years even if there are premium increases in the next year or 2 that 5th year is not going to be an unreasonable increase. Massie said they're expecting 12% of it ends up being 14 or 15; we would be committed to making sure that they are there within the 5 years. Rogalski asked do we need to make sure that the premium increase gets factored in under the retiree plan as well is that what Massie is saying. Massie answered he thinks we would have that discussion if we do premium increases; do we want to go right then and raise them or do we want to just tack it on to year 5; he thinks once those happen or if they happen then absolutely we'd discuss what is the best option or do we split it out over the next 2 years. Whisenhunt said it's basically as we look at a long out in the future, the 5 Year, 10 Year Plan new recommendations if we are looking at a systematic increase every year 2-3% and make that recommendation and then that should be added in as a yearly increase. Massie said if we don't do anything next year but then the next year it is 5% or 8% or whatever it is then yes we are close enough to the end of that window to staff it in. Massie said you'll see dental will be caught up for the retirees this coming fiscal year so it's not a 5 year plan, it'll just be raised up to match. Whisenhunt asked on the dental retirees are they currently paying $2266 and family $6968, to get up to equal the $3812. Burk answered it's more than 20%. Rogalski asked when Massie are going to increase the dental. Massie answered we'll increase the dental July 1, 2016.

B) REVIEW PLAN 65 COSTS AGAINST PROJECTED SAVINGS TO PLAN & TAKE APPROPRIATE ACTION

Whisenhunt asked if we were able to acquire any numbers as far as the Plan 65. Massie answered we don't. Burk said she didn't have any. Whisenhunt said there was projected $3000 in savings and we are really not seeing that yet and it's been in place; of course it took about 3 months, so we should have about 6 months worth of numbers on Plan 65 to be able to compare; we would need those numbers to see if it's producing what we had projected and hoped that it produced. Whisenhunt asked have there been any issues on the retiree Plan 65 because he hasn't heard anything from anybody. Burk answered that she still has the one before their birthday about 2 or 3 months before they turn 65, she's had the last 2 or 3 cancel, so they haven't taken it; no complaints just that they shopped around and found something cheaper.

C) FOLLOW UP ON 5-10 YEAR PLAN & RECOMMENDATION

Whisenhunt said that this item was on the agenda just to start thinking about developing a 5-10 year plan to prevent these 10% jumps and we attempted to, 2 or 3 years ago a systematic; so much increase per year just to prevent what's happened to the balance. Whisenhunt said that got pushed along with management and he thinks we need to go back and try to get a cost set in there that is a yearly increase that way it's not a 10% hit on an employee it's a 2 or 3% increase per year. Whisenhunt said stepping up and staying ahead of it, ahead of the curve; it's a smaller number each employee can tolerate a little better and it's a smaller number that the City can tolerate a little better. Rogalski asked do we have any kind of a graph of our past costs we can project our cost in the future and also our incomes; right now our income since we are changing things a lot we don't really know what it really is at this point. Whisenhunt answered we've made quite a few changes and those are still shaking out; so it's really those projections from the past and the cost with Affordable Healthcare it's really hard to look at a historical because there are so many changes being made that it's really hard to tie those together. Whisenhunt said as insurance as a whole he thinks BlueCross and Higginbotham could help us with how those projections; medical costs go up per year not even looking at our plan but looking at medical costs overall can help guide us on what those numbers are. Richard asked when did they go up, the trend on medical costs. Engelman answered right now prescriptions are up 7%, 7 ½. Rogalski asked per year. Engelman agreed. Whisenhunt said he thinks Engelman had factored in the Affordable Healthcare; those were some serious increases there; prior to that we were seeing 3 or 4 % and we were actually doing much better in our actual claims cost than the insurance industry, we got behind the curve on it and it's what happened, it's not what we wanted but it's what happened. Rogalski said he would want in a couple more months to see what trend we are on now; are we covering our costs; are we well covering our costs; are we still falling behind; would be a really good recommendation; if we think about just throwing in an annual recommendation.

Whisenhunt said he thinks that's where we need to get to and we attempted that 3 or 4 years ago; it's been being pushed in the committee for quite sometime as an annual increase just to stay up and tight budgets the City didn't have the money to do their part so they didn't want to proceed on with the recommendation. Bortmess asked what the recommendation in the past was. Kizarr answered 3%. Whisenhunt said 3% per year and reevaluate it over a 3 year period and reevaluate every year to adjust that; if we would have done that we would have had a 12% increase but we would have gotten it started before we started plummeting. Whisenhunt said but the account would not have tanked we would have been ahead of it. Rogalski said right here the City Manager wants to start a budget discussion fairly soon and it's probably like our next meeting or so; if we're going to make a recommendation different for next year we pretty much will have to spit it out within the next month or 2. Whisenhunt said later on we are going to be looking at benefits and addressing some issues related to those; it maybe a combination, it may just be doing one this year and one starting the 2nd part because we already had a 10% increase basically right at the end of fiscal year, June/July time period. Whisenhunt said at some point and time that may end up being permanent. Churchwell asked was it 20%. Whisenhunt answered it was 10% in the previous year and that was last October and

then in June/July there was another 10%; recommendation went up for that one last October from the committee. Churchwell asked last time did the City give us $500,000 for the plan, isn't that the way it works. Massie said yes, they went up 10% the City's piece of that was $500,000. Churchwell asked so we are going to see a 10% for a while. Whisenhunt answered until that number gets back up to the contract numbers, he would say we would see that 10% for at least another year and a half or so if it starts recovering. Whisenhunt said we haven't seen any recovery yet so. Massie said he doesn't think the 10% would be coming off. Churchwell said it's going to even out before it's over. Kizarr said we have had three 10% increases before and none of them ever come off. Whisenhunt said there was one that came off; we basically went a year without it. Whisenhunt said the real issue is if you don't raise it so much every year you're going to after 7% cost right there, every year and a half you're going to have to raise it to 10%.

Churchwell asked if any of our problems was when we went to the Plan 65 when we were still accruing. Whisenhunt answered part of it this year if you were still paying bills on our insurance up to probably the end of April, staggering bills; January, February and April and we weren't getting premiums, those premiums were going towards Plan 65 so those were a double hit. Whisenhunt said you were still paying the bills for December back so that right there are too further down if we still kept getting the premium it would have to off set all of that. Churchwell asked so we were still paying claims for people that weren't paying the premiums. Whisenhunt answered yes, that occurred up through probably March a few stragglers in April, so you really have 3 months without any premiums coming in and you were still paying the bills. Engelman said the changes to the retirees were not just to generate savings for the City, 50% of it was also to give the retirees some stability and their premiums going forward; as we were looking at these twelve plus whatever the plan cost increases, those retiree plans were running like no increases for several years, are very tiny increases so over the next 5 years where the people are going to see a 60% increase to the rates it's a stay out of Lawton plan on those supplement plans; we are going to see a very very small gradual increase. Whisenhunt said the second year the Plan 65 was less expensive; first year it cost a few dollars more and then the 2nd year the Plan 65 was cheaper for the retiree and continued to be cheaper up to getting it fully funded. Whisenhunt said actually they have better benefits and on medical they had no out of pocket and prescription coverage maxed what our prescription coverage was; they had no medical out of pocket any longer. Engelman said the concern was to get that liability off the City but not throw the retirees to the wolves; it was a really good benefit for them there and gave them some stability for those who wanted to stay on there. Whisenhunt said as far as the recommendation we are going to have to get some more information together and if we could get some historical trends with medical costs; factoring in the Affordable Healthcare projections; and where you would expect it to go or where you think we need to look at and addressing over time.

D) APPROVE 2016 MEETING DATES

Motion by Kizarr with second by Ozuna to approve the dates for 2016. Ayes: Churchwell, Rogalski, Ozuna, Kizarr Nays: None Motion approved

E) REVIEW & MAKE RECOMMENDATION ON HEALTH INSURANCE SURCHARGE FOR SMOKERS

Whisenhunt said since we're moving more seriously into the Wellness and the activity; looking at most plans today they are addressing in their plan a surcharge for tobacco users and encourage them to have at least some participation in the Wellness milestones. Whisenhunt said the 2 companies he was with had a 10% surcharge towards tobacco users on their plan; it's done through an affidavit, for tobacco users, if it said you were a tobacco user you paid a surcharge on your premium and if you were not you'd attest in that affidavit that you were not a tobacco user; basically it was a document of employment. Whisenhunt said it could be something you could determine at a later date, if you say you're not a smoker then you're not a smoker unless something proved differently but if it resulted in something different that you're using tobacco it would result in disciplinary action because it's falsifying a document. Yarberry said actually now on the tobacco use the form, there's actually 3 categories; there is a tobacco user and you do not intend on completing a Tobacco Sensation Program which is the most expensive, the 2nd, which says I am a tobacco user and I intend on completing a Tobacco Sensation Program and the 3rd on is I am a nontobacco user. Yarberry said under the Tobacco Use it does list all of the cigarettes and things like that and the Tobacco Sensation Program is basically a booklet that you can complete; at the back of that there's an attestation form that basically says that I have completed the program. Yarberry said once they do the attestation form they will be given the nontobacco rates; so you do not have to be a nontobacco. Rogalski asked if the form is saying basically if the program is not successful then I am no longer a tobacco user, right. Yarberry answered it says basically that I completed the program. Kizarr asked so you can still use tobacco as long as you go through all of the stuff and fill out the form can still do tobacco and still get the rate. Yarberry answered that is correct, you look at the nontobacco rate if you are still a tobacco user if you complete the Tobacco Sensation Program. Kizarr asked and the program is just a booklet that you fill out.

Massie asked and you do that on your own. Yarberry answered you do it on your own and there's a back page to that, basically it's turned into you guys and then at that particular point and time they are given the nontobacco rate. Whisenhunt said with the company that he was with, for that year they had to sign that affidavit every year. Yarberry said there is an affidavit that you do sign again; there are 3 boxes on this affidavit and declare which one you want. Whisenhunt said that right there would get you by that first year, it would qualify you

for that reduced rate one time; the next year that option will not be available. Yarberry said that was not correct, the way that the law is written is the attestation form, if it's completed every year, you are given the nontobacco. Whisenhunt asked the Affordable Healthcare law is written that way. Yarberry answered it was correct and it's not really the Affordable Healthcare law, when they past the tobacco and the nontobacco that's what they said you'd have to do. Massie asked do we have to do the booklet or can it be a class they attend. Yarberry answered he can actually work with Katy, she has different methods; she says 99% do the booklet because it's a piece of paper or document, but he can work with Katy. Massie said he thinks it's probably the most cost efficient for the City but it's also the easiest for the employee to just sign the back page and turn it in. Burk said probably the least effect; is filling out a booklet really going to get them to quit, no. Yarberry said but you do have to give them an alternative. Kizarr said when they started talking about that he knew that there would never be a law that says that you can't do something that's not even illegal. Massie asked Bortmess would BlueCross BlueShield. Bortmess answered we have a Tobacco Sensation Program but what can we provide if someone were to complete our program, what can we provide to show that there was a completion; we can show that they enrolled but what can we provide the City of Lawton. Massie asked if that one was online. Bortmess answered they could either do it online or they can do it through a coach. Massie said at least through that one if they do it online they got to click through the screens which would take some time to do it. Bortmess asked she just need to know what it is they can receive after the completion of that. Massie answered a certificate maybe at the end. Bortmess said yes that's where she was getting at and she asked Engelman if he knew if there was a certificate. Engelman answered yes it's suppose to be a thing that you print out. Massie said he would be more in favor with that because at least you got to go online; anything that they would have to click through and say "Yeah, I did it", at least it takes sometime oppose to a book to where "Let me flip to the back and turn it in".

Rogalski said he liked having a little class where they are monitored by a coach, where somebody can actually tell them about stuff like an Annual Scared Straight; kind of like this is what it's doing to you just so you know and then they sign it and then move on. Bortmess said there are some employers that do that but then you have to have someone trained like within your staff that would be willing to lead that class, she thinks the state has a program like a Free & Clear program and they would provide a curriculum. Whisenhunt said VAP could provide that service. Bortmess said she would talk with Katy and she'll find out what our program kind of has. Rogalski said he thinks that program, if the law allows it, he thinks it's a good idea to do, it's the best we can do and could possibly save us some health funds in the long run. Whisenhunt said it's one of those things, it keeps the issue in front of the employee, it keeps the wellness and health in front of them, keeps them thinking about it and hopefully at some point and time it will catch hold of some people. Yarberry said what a lot of clients do is they have a 4 troop tier; they have a tier that says, now this is Premiums, that a Premium with Wellness Nontobacco so those are the people who pay the least amount of premium; the next one is Without Wellness Nontobacco; then it's With Wellness Tobacco; ands the most expensive is Without Wellness Tobacco. Burk asked are we talking employee only and this doesn't affect the rates and as far as spouse and children and family. Yarberry answered it can. Kizarr asked you have 4 tiers and then 4 tiers. Yarberry answered that's correct but wellness can be very simple; you can do it just where you show you've participated in the Catapult; you bring something in that says that you had your annual physical, your annual Wellness exam. Yarberry said what Higginbotham does is we have Catapult come in; if we're not there the day that we did Catapult this year so when I go to get my Wellness exam I'll bring something in that shows that I had my Wellness exam so I'll get my Wellness discount. Yarberry said we have some clients who take it to a very high level and you not only have to do that but you'd have to participate in 3 of the Wellness challenges; so they'll have Wellness challenges throughout the year. Yarberry asked Bortmess if BlueCross BlueShield has one where you have to participate in the challenges. Bortmess answered yes, where we have certain hours of like BlueCorp type things and our biometric screening.

Yarberry said again the 1st year we always tell people to do baby steps maybe your Wellness incentive is just strictly time to get you in to get your Wellness exam. Yarberry said and then the next year the next thing you do is maybe add a challenge in there and a lot of these challenges are on the honor system; did you go to the gym once a week; did you participate in Wellness once a week, those types of things. Yarberry said it's just to get people thinking about the Wellness because the healthier you are in theory the less your claims are; again that was one of our recommendations to go this 4 tier, the tobacco and the Wellness. Whisenhunt said his previous employer had a smoking surcharge and then Wellness, if you participated in your biometric screening you got $100; if you followed up with your life coach and 3 visits with them they paid you $125. Kizarr said he likes all these ideas but let's stop calling it a smoking surcharge and start calling it a nonsmoker discount. Whisenhunt said really it's not because the premium would be for the nonsmoker; would be what it is now. Yarberry said it's an incentive. Kizarr said the premiums are going to be this and if you're a nonsmoker you're going to get a discount and we're going to start charging all smokers. Yarberry said you pick a rate like $300 you get $25 off for being a nonsmoker, you get another $25 off to participate. Massie said his previous employer you did a health assessment and it was done online; you didn't get a discount on your premium you got a credit to your deductible, so if the deductible is $1000 you did the health assessment and it was $250 credit towards your deductible and so it went to $750. Whisenhunt said so there are numerous different ways to fit this together and it's something we need to start talking about and start working on and try to grow the concept. Kizarr asked if we could get the forms for smoking. Bortmess answered sure. Kizarr said the smokers are going to have a fit over this and it's kind of those deals where the numbers of nonsmokers verses the smokers are a lot more. Rogalski said he thinks it's important that they realize that there is that middle ground thing and all they have to do is go through that whatever it is that we decide and they get the exact same rate; we're not forcing anybody to stop smoking we are simply forcing them to give a little bit of information about what it is. Rogalski said you'd have to be crazy not to do the class and pay the money. Bortmess said Rogalski would be surprised; it depends on how much the penalty is if; it's not very much

like $10 or something like that they may same "Hey, it's not worth it so let me go ahead and just pay it". Yarberry said you can do up to 50% for tobacco users. Whisenhunt said for the company he worked for theirs was 10% which was substantial. Bortmess asked if the City of Lawton have right now smoke-free campuses and trucks. Rogalski answered all City property is smoke-free. Burk said but we don't actually have to have a policy, we do not have a personnel policy.

Rogalski said it was at City Council. Kizarr said it's an ordinance. Burk said it's a City ordinance but it's not a City of Lawton Employee Policy and that to her needs to go along with this. Massie said right now it's not enforced. Burk said and there's no discipline. Whisenhunt said it was because he, personally, has discipline people who were caught smoking in City vehicles and it is enforced because there is a council policy that says that there's no smoking or tobacco use in any City vehicle or on any City property. Rogalski said Whisenhunt was right, that is ordinance. Kizarr said there's a policy that says you have to follow all ordinances. Burk said it's not defined what that discipline is. Bortmess said that was the only reason why she asked because she's had groups try to put some thing together like this into place and then they may have stopped smoking in company vehicles things like that so it's kind of a mixed message there but she guess if we have an ordinance and employees understand that there will be disciplinary actions and what those would be. Kizarr said this goes a further step, you're saying they can't do it at home if you do this. Bortmess agreed. Whisenhunt said the real issue is tobacco use, having been a smoker 25 years ago, it does affect your health; our insurance and all the City employees is paying the cost related to that. Rogalski said he thinks that if we do both tobacco and the Wellness we're actually being a little fairer because we are saying there are lots of things you can do that are bad for your health. Kizarr said it's just like saying why don't we get on diabetes or over weight. Burk said alcohol.

F) REVIEW COST SAVINGS MEASURES (Co-pays, Max. out of pocket, deductibles, tiers on prescription coverage, & dental plan) & MAKE RECOMMENDATION

Whisenhunt asked did we get any numbers together; without those costs there's really not a lot to look at in the individually different areas; it is a little bit different than what we saw last month. Whisenhunt said there are 2 sheets on showing the 4 tier prescription, the other showing some modifications in 3 areas. Massie said this is the proposal that was given to Fire and plan is to get Fire, Police and General all on the same page as far as health insurance; this is looking at not making any further plan changes this year and these would go into effect July 1, 2016. Massie said there are some differences here; Out of Network as far as General there are no changes, this is the exact same thing that General currently has except for the emergency room visit which will go from $100 to $150; for General it would bring Fire and Police up to these. Massie said the In Network is still an 80 20 Plan; the individual deductible will go up to $1000 and the family would go up to $3000. Massie said it's trying to take some baby steps here; these are not as near in line as national averages but it's trying to take that initial step; then after we get these going, then he completely agrees with what Whisenhunt and Kizarr; then it's time to start looking at what's our 3 year plan, 5 year plan or 10 year plan. Massie said how we make small incremental changes; the out of pocket max, the individual would be $4000; on the medical, the family would be $8000. Massie said another difference; we would have a separate out of pocket max for medical and then prescription; so we have a maxed number that those can combine to; for individuals they cannot exceed $6750, he believes, and this would get into $6000 not even meeting that max; for the family it cannot exceed $13, 700 so this would have it at $12,000. Massie said right now the proposal would be to keep the physician visits, regular doctor's visits at $20 co pay; the reason for not increasing it is to try to incentivize our employees to go to your regular doctor. Massie said right now we have many employees that say "Hey, I'm sick I need a doctor's note even though I don't feel real well, let me go to the emergency room or let me go to the Urgent Care Clinic" instead of going and making an appointment with their regular physician. Massie said so hopefully by leaving that at $20; it's very difficult to find employers that have it that low; but hopefully that will incentivize people to go to your regular doctor.

Massie said Urgent Care and Specialists will be $40, so those would come up from the current $20 and that's still not in line with national averages it's below national averages; it's trying to take that step in the right direction. Massie said right now we are on a 3 tier plan not very common at all; it is the exception it's the old way of doing things; this brings it to a 4 tier plan which is much more standard in the industry today; there are even some 5 tier plans that are starting to get out there. Massie said at this point we're just trying to get in line with what everyone else is doing; the Generic Plus and maybe Engelman can touch on it a little better than he can, he really likes the idea; correct him if he's wrong when he says 0-10 there if you do the $4 generic prescriptions from Wal-Mart, the smaller cost prescriptions there we could waive those and those will become free, it would be $0. Massie said and then if it's higher than that, then it would just be the $10; so we have a lot of employees who takes average of those $4 prescriptions and he gets that it's only $4 but still if that's an every day prescription or that's an every month prescription it starts to add up; then all of the sudden it becomes a big benefit for our employees because now you're getting it for free. Massie said the 2nd tier would be brand name; all we did there was go up $5. Whisenhunt asked if generic wasn't available, is that really what that is. Massie answered yes; we've gone up from $20 to $25; non-preferred we've gone up from $30 to $35 so no major changes there. Whisenhunt asked if non-preferred is where they are using a brand name but a generic is available. Bortmess answered no; the non-preferred is where that's not on the preferred list and so there's a preferred brand name that they could take that would be equivalent and less expense. Kizarr asked if it's not on the preferred list. Yarberry answered if it's not on the non preferred name list, the preferred brand and then the non-preferred brand. Rogalski asked so the brand name is just anything that's a

brand name rather than a generic. Massie answered yes, just like when you go to Country Mart, you have Best Choice. Kizarr asked so we're not going to have the tier where no generic exists. Bortmess answered you'd still have generics.

Whisenhunt asked if a brand name or generic exist where that would fall. Bortmess answered if there's a generic available then you'll have to elect the generic over the brand. Massie said this is not like that idea; this just gives the employee the option. Kizarr said there was a penalty to do that. Massie said and that's something we can definitely talk about. Bortmess said the whole marketing is changing so much from the pharmacy side now, that sometimes the generic ends up being more expense; it's not what it use to be where generics were the least expensive; so a lot of our groups are getting away from that because sometimes because the brand has got competition so now their cost has come down some. Bortmess said and so it might be that the brand, maybe the same amount as the generic or even a little bit less, the cost savings is not there like it use to be on the generic. Kizarr asked how the employee was going to know that there's another prescription out there that's going to be cheaper on that non-preferred tier. Massie answered ask your doctor. Yarberry said when they get to the pharmacy they always have the option of saying "Is there one that is less expensive" and then the pharmacy calls the doctor back saying "This patient has requested a different prescription". Whisenhunt said so they'll need to be some education. Engelman said you could always call the number on the back of your ID card for the prescription and say "Hey I got to go and get a prescription for this, is there a cheaper option". Engelman said most of the time when he goes in, the pharmacist will ask you "Do you want to have a generic on this". Massie said we are working right now on building a Wellness series, one of those classes; he's going to talk to Engelman and Bortmess after the meeting; Burk and he sat through the director of pharmacy and she kind of talked about the cost and stuff; we would like to have her come down and do a seminar for our employees over things like this and hoping to educate on how you find these things out; so we'll go that this year. Massie said that years Specialty would be new; again right now specialty drugs now are the expensive drug; that is what is driving everything up as far as prescriptions go. Massie said so this is actually creating that tier so that it doesn't fall into that non-preferred and charging those employees that are using those specialty drugs. Rogalski asked if it has to be on a list also. Bortmess answered yes, for specialty drugs, they'll have to go to a specialty pharmacy, it's not typical where you can just walk in a Walgreens and pick up a specialty.

Massie said most of it is mail ordered. Bortmess agreed, most of it is mail ordered or it goes to our prime specialty or it's handled in a certain way. Kizarr said they are not going to have that on the shelf. Bortmess said yes, so most of the time the doctor's will have it in conversation with the patient about what it's going to mean, how is it going to be, is it going to be rejected. Rogalski said it will always be higher. Massie said a lot of these specialty drugs have a co pay assistance plan that comes with them as well, that helps some of that cost. Rogalski asked about the deductibles in the In Network and Out of Network, are those 2 separate numbers, like if he did some In Network and paid my deductible, which is 1000, then went to an Out of Network place, does he go 1500 more; does he start over at 0; does he have to do 2500. Massie answered no, he thinks it would just be the 1500 more. Yarberry said you have 2 buckets of money. Engelman said he'd have to look and see how he's covered this because some plans we have where your Out of Network fees, your In Network deductible and vice versa and some of them just have Out of Network fees In Network would be the out; which is the common. Whisenhunt said one of the items we'll need is the costing on this before we really make any recommendation; also it's much easier to pay $30 for a doctor's visit than having to pay that $500 deductible for an employee out of their pocket with the restrictions. Whisenhunt said we do want to see those costing differences on the deductibles, the 750, the 1200, the $2830 office visit. Massie said it would be costing each individual. Bortmess asked what the savings look like or if the deductibles stayed; some of this is $50 verses $1000. Whisenhunt answered we are currently $500 if we went to $750 what's the costing savings for that and $1000, what's the savings to the plan and then the same thing on offices visits going from a $20 to a $30. Whisenhunt said that deductible doesn't give us any money and that $10 additional if it really benefits the plan and that's a lot easier for the employee to take, makes since to go that way. Massie asked we may be able to just ask you all this, from your experience is there going to be more savings in your deductible or in your co pay. Yarberry answered deductible. Massie said the question is would it be better to take the deductibles to $750 and not $1000 and raise the physician co pay to $30 instead of $20. Whisenhunt said if the difference was between $750 and $1000, if that only pays us and saves the plan $400, $500 a year, that's not much money and the amount of impact on the employee is substantial.

Whisenhunt said that is how we need to evaluate, what definition is it going to give the plan, what impact is it going to hit the individual employee with, if it gives us a real good savings that can be tolerated by the employee. Whisenhunt said but if it's something that doesn't give us a lot of benefit; for the benefit that doesn't pay us much in the plan; for the impact that it's going to have on the employee who is something this committee needs to convey. Rogalski asked how many employees pay their full deductible each year. Kizarr said us raising the deductible is not a true savings. Whisenhunt said it was a $500 for 1000 employees. Kizarr said they tried to do that to us before; they said that it was saving us money which wasn't true, it didn't pay the plan anything. Engelman said like the office co pay, you have to look at the amount of co pays in that time period to. Kizarr said on the deductible now they do. Whisenhunt said yes, now they do; we used to have a tier for specialist co pay; at one time it was, he believes, $20 or $30 for a specialist; we had a tiered co pay. Whisenhunt said $20 is something that an employee can handle, that $500 deductible is something that get's a little tough when the employee takes home $700 every 2 weeks. Whisenhunt said if we get a lot more benefits to the plan, over all, if we can raise $10, $15, even if you had to go every other week to the doctor, they could handle $10 additional every other week verses that $500 right up front. Whisenhunt said all of the providers especially the one's here in town are demanding their deductible up front now especially Comanche County; they are insisting

that you paying that deductible up front; so $1000 can get tough. Whisenhunt said $500 is bad enough, $1000 means that they don't get the treatment and means that it could develop into something more severe. Whisenhunt said so that's why we feel that we need to see those costings. Rogalski said in that same argument, after $5 per paycheck increase premiums might be more palatable. Whisenhunt said premiums might actually be the place that you get your money. Burk said because it affects everyone. Kizarr said he understands what is being said; if there's an employee that's not putting their deductible money into a cafeteria plan, there's the mistake; if we raise deductibles, if you're not putting the max in there, you should at least be putting your deductible amount into the cafeteria plan every month and then now you're paying it every week. Whisenhunt said if you're going from a $500 to $1000, they put their $500 for the individuals as husband and wife; that's $1000 put into the cafeteria plan. Whisenhunt said our cafeteria plan is now maxed at twenty-five fifty something; it use to be you could put $5000 in there so if you've got a family you're going to $3000; you can't put in all of your deductible in. Burk said some people don't know that they will be making that deductible; their perfectly fine and they don't plan on a surgery; they don't give into the cafeteria plan; if you know you're going to have surgery those people do.

Burk said something like all of a sudden; they'd have to have their appendix removed or something that wasn't planned. Kizarr said if an employee puts in $1000 in the cafeteria plan, you can get it out; you can fill out that paperwork and get all of your aspirins and all of your other stuff that you get every day anyway; there's no excuse of being afraid of losing that money just need to do the homework to figure out how to do it. Engelman said you don't have to put the whole amount in just something that eases the blow. Kizarr said we had the 2 different deals, just a small change didn't make that much of a difference, we're talking $164,000, he thinks the number was of savings, that's not that much. Massie said you are going to have much savings in your deductibles. Whisenhunt said this one had the office visit change; it changed to a $30 office visit. Massie said right but this one is just 750, so going to 20 and then going to 1000 this savings comes up. Whisenhunt said those are the numbers that we really want to see, it's nice to see them individually that way we can see the big bang where the buck is. Bortmess said she would truly recommend, if you're going to do no other plan design changes, looking at the pharmacy side because that is where your costs are going to start sky rocketing; with all of the stuff that's starting to hit the market; this new cholesterol drug has come out and people are going to start looking at it thinking that this is the greatest newest thing because of all of the commercials out there on it, it's a very expensive prescription. Bortmess said to help manage your costs definitely look at your prescriptions because that is where you're going to see the largest increase. Kizarr asked could we get a cost of what the implementation of this would be or do you all have that. Bortmess answered she thinks they provided that, she'll double check. Massie said he believes that we changed it a little bit after we got it. Kizarr asked the individual even though they may have, on this one sheet, $1000 here but once you reach your $1000 you're still going to have to pay your insurance until you hit $2000, is that correct, or is that 2 separate numbers. Massie answered 2 separate numbers; so if you meet your medical and then you go to your doctor for a medical, you've met your out of pocket max; but you haven't gotten any RX drugs you could have still not met your RX; they don't combine. Whisenhunt asked to approve healthcare the prescription. Massie answered didn't have to separate.

Kizarr said before you could meet your whole out of pocket on your prescription. Bortmess said she would recommend keeping the out of pockets combined from medical and pharmacy. Massie asked so we can do that. Bortmess answered yes, you can do that; because, here's the problem, someone could hit this $2000 really quickly and then their specialty is going to get paid at 100%; whereas if you have it combined with the medical; as long as you stay underneath that max that $6800, you could either meet it on the medical side or the pharmacy side; so we could price it both ways. Massie said he didn't realize you could keep them, thought you had to separate them. Bortmess said no you can keep them combined; if we are working with a preferred vendor with or without prime then that's not a problem. Kizarr said that was his question, could somebody hit this, get that number first and then cost the plan more money. Massie asked he would agree with that then; so you would take these and add them here. Bortmess answered yes. Whisenhunt said those are maxed out of pockets which, if it's going to take affect, you've got something serious. Massie said it would be 6 and 12 all together. Kizarr said that's a huge jump. Kizarr asked do you have to have a max out of pocket on prescription or do you have to have it on everything. Bortmess answered yes, you'd have to have them. Bortmess asked so before you were looking at doing the co pays, increasing the co pays, but now we're not looking into closing the co pays. Massie answered just on the physician, urgent care, specialist would come up. Whisenhunt said he wasn't sure if the committee has bought into that yet. Massie said this is from HR's stand point; this was a proposal that went to fire; this is where the City and HR are at, not the Health Committee. Bortmess said the reason why she was asking questions was when she goes to the underwriter, she wants to make sure she takes her all of the different options we want to look at, to have her give us some savings plan so she wouldn't be going back and forth. Whisenhunt said he expected to raise the deductible some and raise the office visits some to help the plan; $150 on emergency room is really a big item and then the urgent care and specialist, we are really getting back to where we were a few years ago on that. Kizarr asked could Bortmess find out how many people we had hit the out of pocket max last year; to raise out of pocket expense, if you didn't have that many people hit it then that's no savings to the plan. Bortmess said it would still protect the plan.

Kizarr said he also needs to know to try to help sell it, if you never hit it, it doesn't cost you nothing; it's a benefit loss but it didn't cost you nothing; you're losing benefits that didn't actually cost you anything. Whisenhunt said we are pretty much in agreement as far as prescriptions, combining the deductibles, looking at the costing on the deductible and the office visit; we would like to know what the costing is on the urgent care specialist, he thinks that's one we are really moving back to what we had before but it's nice to know what

those numbers are. Bortmess asked do you want to know the cost savings for that, for raising that deductible. Whisenhunt answered yes; the other is the dental. Massie said separating dental, he thinks that we talked about that at the last committee meeting; basically dental would become an optional benefit just like the vision is; we would be fully insured on dental so it would also be off of the health plan, it will not hit the health fund. Massie said the other proposal that went to fire would be taking the dependent contribution from the City down to 40%. Whisenhunt asked on dental or medical. Massie answered on medical. Whisenhunt asked the employee is seeing a premium increase, is what you're saying. Massie answered not all employees, five hundred and something employees would not; the ones with dependents would see the increase. Kizarr asked does Massie have the numbers of employee-spouse because this option doesn't save the plan; it lowers the liability to the City; or if Massie knew the total savings to the City. Whisenhunt said it saves the City money just doesn't save the plan. Massie answered 470 are employee only; 86 are employee-spouse; 53 are employee-child; 259 are employee-family. Rogalski asked what would be the 40%, would it be all of the dependents. Massie answered it would be employee-spouse, employee-child, employee-family. Whisenhunt asked what the dollar amount is. Massie answered the savings; $292,000. Kizarr asked if it was the City savings. Massie answered the City savings. Rogalski said it was also the amount transferred to the employee. Kizarr said 2749 for employee-spouse that's per pay period, employee-child is 5650, and employee-family is 2484. Whisenhunt asked throughout the year with step increases, a step increase would not offset that for general employees. Kizarr answered it would.

Whisenhunt said it's even; that was basically if you got a step increase. Massie said he's got some emails out right now to other cities to find out what the contribute to dependent care so hopefully by the next meeting he'll have that information; he thinks it will surprise some people; the City of Lawton contributes more than most. Massie said most employers, at this point, wouldn't contribute anything to dependent care; they don't contribute anything to dependent care just because it's gotten so expensive; what we have at the City of Lawton are a lot of employees that their spouse could get insurance from their own employer but because it's so cheap to do it through Lawton. Whisenhunt said the one thing that's been missed is like someone's spouse has become eligible for Medicare and they're still an active employee, they are required to take Medicare both A,B,C, D now and it should be the same available insurance through their employer; they should be required to do that instead of using our insurance. Yarberry said you can do a spousal surcharge or you can drop special spousal coverage. Bortmess said many of her groups have done the spousal surcharge where they'll have to sign off on something. Rogalski asked have we seen the dental benefits compared between what we offer now. Bortmess answered even if they moved into the fully insured they can still have the same plan design; you could still make the plan design the same, now the premiums are going to look a lot different with it being on a fully insured basis than it is currently. Whisenhunt said its $248,000, if all of the dental moves to the employee and then this 40% to the employee; you're talking a substantial hit to the employee. Bortmess asked Burk on the dental, didn't we talk about last time doing a high and a low plan; where the employees were going to be given a choice on the dental, if they wanted ortho included and then one not having it. Kizarr answered we didn't talk about it in the meeting; the only thing that they talked about in the meeting was what the estimate was going to cost the employee, $36 a month more. Whisenhunt said then you add in the ones on this one right here; you're getting over a hundred and something dollars a month increase to the employee. Kizarr said these 2 proposals save the City a half a million dollars. Whisenhunt said it doesn't do anything for the plan. Kizarr said our dental insurance is not that good, he thinks we could get a better dental insurance if it went self insured. Rogalski said he's afraid that you'll have employees opt out of the dental insurance and will not be taking their kids to the dentist, that it will create major problem.

Burk said the employees that are just employee only probably won't; they only have it because it is free to them; they probably won't opt to get it if it's fully insured. Bortmess said and with it moving fully insured with depending on how many are going to participate in it is going to depend upon your premiums as well; so if we have a major decrease in it. Kizarr said when they first proposed this 50% instead of 40%, he told them it's going to cost the plan; they said "Oh no, the employee would pick that up"; so that means the employee picks up the 292,000 that they're fixing to save; the employee's going to pick it up. Whisenhunt said and then the dental, which is $5000, the employee's picking up. Kizarr said dental is kind of a wash one way or another because it's savings to the plan but it's going to cost them what they estimated at 36; but premium increases, this is smart for the City to try to do this, but it's lowering their liability and raising the liability on the employee; when the 10% increase comes, you're paying that instead of the City. Kizarr said when we're talking about the premiums, what the premiums going to be if we do the 40% deal; that ain't an accurate number, the premiums will go up to make up for that extra 10%; so the premiums will go up; you can't say it's because of the 10%, it's how it's tiered.

VII. Comments/Communication

***** Next regularly scheduled meeting will be held October 20, 2015 at 9:00 am.

VIII. Adjournment

Rusty Whisenhunt announced the adjournment at 10:38 am.