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Regular Meeting
Health Plan/Cafeteria Plan Review Committee
October 15, 2013, 9:00 a.m.
New City Hall Conference Room

Kizarr called the meeting to order at 9:12 am.

I. Roll Call
Members Present: Bruce Kizarr, Justin Dipprey, Traci Hushbeck, Albert Ozuna, Bob Bigham
Members Absent: Scott Kisner, Alberto Talavera, Cindy Ehlers, Rusty Whisenhunt, Doug Stamper
Others Present: Glynn Preast (Fiscal Tech), Tanya Riley (HR Generalist), Dena Stone (BCBS), Sherry Anderson (Acting HR Director), Luann Yarberry (Higginbotham)

II. Minutes – none to approve

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 9-30-2013	$	405,023.31
Transactions to date:	$	239,835.53
Cleared Checks	$	-
Outstanding Claims	$	423,311.37
Deposit in Transit	$	54,166.45
Adjusted Balance at 10/9/2013	$	275,713.92 *

*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. Employee appeal to committee – Riley stated that she emailed the employee and left a voice mail reminding the employee that in order to rule on his appeal that he would need to provide the letter to the committee that would state by his doctor, that there was no other physician in the area that could treat his condition. Riley has not received anything from the employee. Kizarr stated that it is now in the employee's hands and we can drop this item off of the agenda unless the employee makes contact with the committee regarding this appeal.

V. New Business
A. Additional information regarding possible plan changes/ideas presented by Higginbotham & Associates (partnered with BCBS)
Refer to handouts:
The second row from the bottom is the calculation percentage if you had all employees on the same plan. The last row is the calculation percentage if you took your over 65 retirees onto a separate plan. This would also keep the police/fire plan in place as is. All the change values are separate from each option. If you chose to do several options, you could not simply add up the change values for each.

- Option 1: Stone stated this product is called Blue Options that we had discussed from the last meeting. This change would occur behind the scenes. You will see that there has been a change on the change value percentage. When the underwriter did the calculations the first time, they were in the process of updating their systems and she cautioned Stone that the values could

change. You will see that the change value now is 3.91%. Keep in mind these calculations are very conservative. This amount is only changing the networks/no plan changes. The only change members will see is they will receive a new insurance card.

- Option 2 is with the BlueOptions network. This option increases the deductible to $750/$2250.
- Option 3 is increasing the deductible to $1000/$3000.
- Option 4 is to have no family limit on the deductible; $500 deductible per person. Stone stated she doesn't see this in other plans; some plans may go to a five tier (charge more premium for more dependents added).
- Option 5 is to increase the out of pocket maximum to the limit allowed by the Affordable Care Act. Stone stated a lot of plans are moving to this because Affordable Care Act is now requiring you to include copays, deductibles and coinsurances in the out of pocket maximum. Other plans are choosing to add their deductible amount to the out of pocket maximum amount.
- Option 6 is a $750 deductible plus the out of pocket maximum change.
- Option 7 is the $1000 deductible plus the out of pocket maximum change. This has the most significant change to the savings but to the plan as well.
- Option 8 is about a Health Savings Account (dual option along side your current plan). This was quoted two ways: with the Blue Choice network vs with the Blue Options network. Keep in mind that there won't be high enrollment in this plan. Yarberry reminded the committee that an HSA requires you to pay for everything up front until you meet your deductible. Then the plan starts to kick in. Stone stressed education when introducing this plan before, during and after open enrollment meetings. Kizarr says this would hurt the plan because the healthy people would move to this plan and they wouldn't be helping the plan out. Yarberry said a group that she helps with has an HSA whose unhealthy people like it because they may have a high dollar prescription cost every month and they meet the $3000 deductible very quickly and then after that, the plan pays the majority of the costs.

Kizarr confirmed with the committee that the first Option (no brainer option/adding the BlueOptions network) is going into effect. Stone stated that the committee/HR would need to tell BCBS that you want to. Kizarr said he met with the City Manager and as far as Kizarr was concerned he thought it was already going in that direction. Kizarr said we would do this instead of raising premiums 10%. Anderson confirmed that instead of raising premiums we were going to do the first option. Anderson said that this information/discussion had been filtered down to HR yet. Kizarr didn't think they (City manager's office) quite understood that the 10% is a have to, not a choice. Kizarr said he told them he was willing to back off of the 10% if they are willing to do the first option. They told Kizarr that this was a no brainer and that we were doing it. Anderson questioned Kizarr when he was wanting this to be implemented and he stated immediately. Stone said that this couldn't happen immediately. Kizarr didn't want to wait until July 1. Stone said she would submit a request to get approval to make this change off of the anniversary date. Usually she hears back within a week or so; if approved they will inform her of a timeline. This would generate new id cards so the committee would want to communicate this to employees. Stone cautioned that right now, it is an extremely busy time at BCBS because the majority of their groups have renewal dates of Jan 1 and there are a lot of changes that come with that timeframe regarding Affordable Care Act. This time of year, it takes 3 to 4 times as long to process changes like this. Stone feels that this couldn't be done before Feb 1st. Kizarr said he was told the City couldn't afford the 10% premium increase. Stone stated that she talked with Jim Russell by phone after last month's meeting about this option and one thing they had discussed was Russell was concerned that there possibly be some backlash from some providers because today they are being paid at a higher rate and when this change is implemented the providers will start getting paid the lower rate. Stone said in her opinion, the city shouldn't have to subsidize the providers and the providers have already signed up to be a part of that network. Anderson asked if providers would have an option to drop out. Stone said when their contracts renew they could always drop out. If they are on the list now, they have to accept it until their contract with BCBS comes up. Bigham asked if the committee was recommending that we do this option; city manager have final approval? Riley stated it would just be HR being informed that the committee wanted to do this and

letting BCBS know. Kizarr said this change would have to be negotiated with Police. Kizarr said this was why he wanted the police reps here at the meeting so that they would understand that this is a no brainer option. Kizarr said that if BCBS doesn't proceed with this change then the premiums go up 10%.
The question was raised if this has to go before council. Anderson said there is controversy to the answer to that question; a clear cut answer as far as what goes to council cannot be determined. In Anderson's opinion, this is not a benefit change; we have found agenda items that were benefit changes that did go before council. This is simply broadening the network.

Stone said the next page in the packet is where the member pays the difference penalty on prescriptions. Savings would be minimal and it wouldn't warrant making this change. The following page is referring to mandatory mail order. The savings is very very little. The reason for this is there isn't really a better discount through mail order.

Stone said the second tab is the committee had asked for a breakdown of retirees/dependents over/under age 65. The bulk of it is coming from retirees under 65. The city has more retirees that are under age 65 but what is interesting is the pharmacy costs.

Yarberry spoke about retirees on the plan. Yarberry says the city can offer retirees a better plan option for those age 65 and over. Those under 65 will stay on the exact same plan they are on now. Those over 65 can be moved to a supplement plan with a prescription card. On Nov 6th, Yarberry will be here giving a medicare 101 presentation to retirees. People stay on this plan for fear of the unknown. Part A is hospitalization (no cost), B is everything outside the hospital (cost). A medicare supplement offered by any company has to be the same across the board. Plan F is the most popular; Cadillac plan; pays for parts a and b deductibles, every out of pocket expense that medicare doesn't pay. A retiree over 65 on the group plan now goes into the hospital, medicare pays for everything except $1184 and they still have to meet the city's $500 deductible. If this same retiree was not on the city plan and was on the group supplement plan, that retiree would not have to pay anything. For anything outside the hospital, part B's deductible of $147 is taken care of by the Plan F supplement. The cost for a retiree over age 65 on the group supplement plan is $131.10 per person, per month. The cost for the prescription drug card is $101.80. Total is $232.90. This is a nobrainer. Kizarr said this has come up a long time ago where they had some firemen who wanted to do this but their spouses were a lot younger so they all had to stay on simply because the wife wasn't old enough. Yarberry said this was discussed with Anderson and Riley and in this case, the spouse would pay the retiree rate. The city would still collect the premiums from the pension checks but any claims incurred would not hit the city's plan because they are on a separate group supplement check.

VI. Comments/Communication

A. Next regularly scheduled meeting will be held November 19, 2013

Kizarr stated that he wants the committee to come up with a 5 year plan that addresses the health fund balance and amounts of premiums. Kizarr said he wanted this by Jan 1. He was told by city manager and asst city manager that the city would be able to increase the premium by 10%; couldn't afford it. Kizarr mentioned forming a subcommittee to look at long term solutions. Dipprey stated he didn't feel that a subcommittee is needed; rather we just need to keep this discussion going at the monthly meetings. Yarberry asked what plans the committee would like to see because Higginbotham can help the committee with a 5 year plan. Kizarr said he would like to look at Option 1, get all employees on the same plan, work on the retiree plan, look at wellness/tobacco premium increases as far as getting the health fund reserves up. Yarberry said Higginbotham will take Option 1 as the goal for Year 1 and will work on putting together something for the next 4 years.

VII. Adjournment

Motion by Dipprey with second by Bigham to adjourn at 11:20 am.

Ayes: all Nayes: none Motion approved.