APPROVED

Regular Meeting Minutes
November 17, 2015 @ 9:00 am
City Hall 2nd Floor Conference Room

Rusty Whisenhunt called the meeting to order at 9:03 am.

I. Roll Call

Members Present: Rusty Whisenhunt, John Schwenk, Albert Ozuna, Bruce Kizarr, Alex Hadley

Members Absent: James Churchwell, Richard Rogalski, Bob Bigham, Luann Yarberry (Higginbotham),

Others Present: Krystal Urbanski (Accountant), Tiffani Burk (HR Generalist), Chris Engelman (BCBS), April Bortmess (BCBS), Kerri Cook (BCBS), Chase Massie (HR Director), Judy Franco (GIS), Courteney Cacho (City Manager's Receptionist)

II. Minutes

Motion by Kizarr with second by Ozuna to approve minutes for October 20, 2015. Ayes: Ozuna, Kizarr, A. Hadley Nays: None Abstain: Schwenk 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 10/31/15	$550,924.20
Transactions to date:	$374,969.89
Cleared Checks	$841,358.39
Outstanding Claims	$756,491.25
Deposit(s) in Transit 10/31/15	$282,265.38
Adjusted Balance as of 11/16/15	$(598,290.95)*

*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 about the transactions to date, is there a $70,000 reduction. Urbanski answered pulling it from the bank statement, we had 4 separate deposits; one was from payroll, $263,000; had another $28,000 deposit from retiree payroll end of October; and we had a couple of small deposits, all 4 make up that balance. Whisenhunt said we were pretty consistent in the 350, 370s in normal transactions and this one had dropped. Urbanski said payroll for October is going to be smaller, as far as the check that went into the Health fund, we do not take out dental that 3rd payroll in October, so that amount will make it smaller. Whisenhunt asked if that was due to the number of vacancies. Massie answered he's sure it's part of it. Whisenhunt said if it's the retirees, he understands that we are losing some of those, but that's still not a lot of money. Massie said we are down but this would explain a lot of our new hires who aren't on our health plan because they are in their 30 days, there isn't any contribution going yet. Whisenhunt said he looked at both the financial and the claims for the 12 month period, November 2014 – October 2015, that's ten million dollars. Whisenhunt said we are only taking in six million to seven million dollars in premiums a year; the only way to fix our plan is to increase premiums. Whisenhunt said looking at the claims; it appears that we have substantially increased in claims starting July 2015; medical costs have gone up but majority of it is due to Affordable Healthcare. Massie said we did have some high claims this month, one directly relates to terminal leave; one of the employees who had a $75,000 claim is on terminal leave; had we not been caring terminal leave they would have been on the Post 65 plan so it would have never hit our plan. Massie said he talked to the City Manager and the Assistant City Managers yesterday and the consensus in that meeting is that they would like to go one more month before doing anything as far as premiums; the reason being if you look at last years in November we were 1.3 million in claims; this year we are at 1.4 but there was a drastic dive about 500,000 in December last year. Massie said the hope is that we see that drastic dive again this year; he can't explain why November is so high in claims. Kizarr said it's doubled in

2014 and 2015. Whisenhunt said even looking back at 2014; there were a couple of months that were above a million and we've had 4 this year on 1.3 million, those are real costs. Schwenk asked about the 1.4 in claims, is that what the provider has billed or is it after adjustments. Engleman answered after adjustments as paid claims. Engleman asked what the date span was. Whisenhunt answered from November 2014 to October 2015 which adds up to 10.9 million dollars in claims. Whisenhunt said Rogalski provided a flow chart looking at our claims from 2013 and on; we're dropping in the hole; we need to increase to 10.6 annually to maintain looking at the chart and cost. Whisenhunt said it's running the averages over that 3 year period; we are talking almost 11% increase per year to just sustain. Kizarr asked if the reinsurance was paid in November of last year. Urbanski answered in December; this year was 85,000. Kizarr asked what the premiums are. Whisenhunt answered the premiums run about six to six in a half million a year. Whisenhunt said four months of million dollars in claims is what killed us. Engleman said with very little increase in premiums. Whisenhunt said we are seeing from a positive number to a $600,000 negative. Whisenhunt asked what the City Manager's thoughts are. Massie answered it's obviously a concern; they are wanting to see one more month before we do any kind of increase; they are looking at 2014-2015 and seeing the decrease in claims from 1.3 to 500,000. Massie said if it doesn't continue then we are going to have to do something. Whisenhunt said even if we get one month back, it's a longer range trend. Schwenk asked what the threshold for stop loss to kick in. Engelman answered 185. Whisenhunt said last renewal it went up a little bit. Engelman said 175 per individual for 12 months, 7-1 thru 6-30, went up but not much.

Motion by Ozuna with second by Kizarr to approve the Financial Report. Ayes: Ozuna, Kizarr, A. Hadley, Schwenk Nays: None Motion approved

IV. Wellness Committee

Whisenhunt said the Health fair was a great success. Massie said there were over 350 people. Whisenhunt said it was well received. Massie said there were about 135-140 flu shots administered. Whisenhunt asked if we were paying them out right without billing the insurance. Massie answered they were told differently from Wal-Mart the morning of. Whisenhunt said they never asked for any insurance information. Massie said we provided the insurance information; we had 15-20 without insurance and they were a write off; it didn't affect the health fund. Massie said he is looking for next year to have Chief Burk, Williams and the fire department coming out to the Wellness fair to administer flu shots; we would purchase the medicine and syringes so that would be a cost savings. Massie said overall the Wellness fair was a huge success; then we had the capital screenings the following week with 157 participants. Cook asked what the goal was. Massie answered the max was 60 a day so 180; had to have a minimum of 120; we maxed out on Tuesday and almost on Wednesday; had one hour open on the last day. Massie said he's heard great thinks; he hadn't heard anything negative about it. Massie said there are some things that Higginbotham suggested that would help. Whisenhunt said they got him through the screening rather quickly. Massie said it took 14 minutes to get all this information. Whisenhunt said one recommendation was to check the blood pressure before they start poking fingers. Massie said he liked the ladies at the end because they gave you pamphlets on what you could do to help. Massie said we had somebody out from Comanche County Memorial Hospital last week who did a 45 minute seminar with different techniques and recipes on healthy eating over the holidays. Massie said last thing on the Wellness, 11x17 foam board posters that we will put up by the elevators within the next week to 2 weeks encouraging people to take the stairs. Burk said we still have 100 trackers, not everyone picked up theirs. Bortmess asked do you have a waiting list. Burk answered yes, almost all of them have picked them up; we had 400 donated; 355 people signed up originally; so we knew we had 45 extra. Burk said 58 people signed up at the Wellness Fair; after the original due date we gave them a week after the Health Fair to pick up theirs and then after that we started calling people who signed up.

V. Old Business

None

VI. New Business

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

Whisenhunt said projecting out on funding verses costs; this spreadsheet is from July 2013 which shows the cost on the trend, matching cost to funding. Whisenhunt said the trend needs to get sharper; since Affordable Healthcare came into play that maybe light on the numbers. Whisenhunt said it's looking to bringing that bank balance to $900,000 and the spreadsheet shows what it would take to reach that which is an every year increase. Whisenhunt said just looking at last year, we are running substantially low. Schwenk asked how long we have been self insured. Massie answered forever. Whisenhunt said they've been self insured since the 70s. Schwenk asked have we asked BlueCross BlueShield for numbers for fully verses self. Whisenhunt answered yes we did and it's about double what you're paying now. Massie said it was like 2 ½ million than what it is now. Whisenhunt said we are trying to meet cost. Burk said we just now paid September's claims; we haven't paid October and November. Engelman asked how far does the projection show. Whisenhunt answered by the time the bills get to BlueCross, by the time BlueCross bills the City, and by the time the City pays it's about a 60 day lag; which has been consistent. Whisenhunt said he would be surprised if the City doesn't have to do something before the year is over. Schwenk asked about the chart showing the bank balance since last November 2014 at 1.4 million, are we expecting that later on this month. Whisenhunt answered he don't expect it to do that; looking at the bank balance the last day of November last year, it was

$872,000. Engelman asked if it was the adjusted balance. Massie answered adjusted balance is $145,000. Whisenhunt said we are seeing substantial cost increases; premium amounts coming in reduced because the duration of vacancies. Kizarr said there's no doubt that an increase in premiums raise our bank balance faster but we've got to adjust our plan; the recommendation was only for $164,000; the liability to us if you raise the out of pockets decreases. Kizarr said we talked about our reinsurance going up a little bit last year; if we have to go out to bid with these numbers it's going to go up even more; fire department agreed to accept all of those changes and those changes will go into effect next year. Whisenhunt asked did they agree to the $1000 deductible. Kizarr answered yes. Whisenhunt said based on the percentage going from $500 to $1000 deductible provides about $60,000 using that 0.9%. Massie said he thinks Kizarr is right; it can't be just premiums or just the plan, it's got to be both; it's also trying to do it in a way the employees can swallow. Massie said fire and police are in agreement with it and the goal is to get all three groups on the same plan; and this does that. Massie said the trends are not in our favor with everything going up; at some point we are going to have to set a percentage increase per year. Massie said hopefully in doing some of these increases it doesn't have to be 10%, it could be smaller. Whisenhunt said we need the 10%; $160,000 is basically 1 ½ % difference. Kizarr said to get that kind of money there would have to be huge drastic cuts to the plan. Whisenhunt said we'd have to go to the 50% coverage instead of the 80/20 to get that kind of money through the plan and that would devastate the employees. Bortmess said she thinks it's a start in the right direction; you haven't made any plan design changes in a long time; so you are going to have to start somewhere. Kizarr said employees have no idea how their insurance works; they just go and pay the bills. Whisenhunt said if you think about it he doesn't see how anybody can afford to go Out of Network. Kizarr said a lot of people don't know and don't check. Bortmess said with your plan you are 98.9% of the time In Network. Massie said it's about educating employees. Whisenhunt said it's very few people that would get to the family out of pocket max unless it's catastrophic which the catastrophic insurance is going to kick in on some of those. Massie said there needs to be education on their part; getting the information, knowing exactly what's changing, and who it's going to affect.

Massie asked does BlueCross BlueShield know the average increase for the exchange this year. Cook answered not the total exchange; we had to go full because we had so much loss in premiums for Affordable Healthcare and she thinks it was in the 30s. Cook said we stripped our Network; for our exchange products we went to a narrow Network completely across the board. Cook said we needed to make those drastic changes as well on our side because of just the cost and sheer volume; we got 96% of the market share in our exchange product and we had a large portion of that market share which was just really unhealthy. Cook said they were never able to get health insurance before so there are just many factors that came into play. Kizarr said if we change our plan too drastic the only people who are going to stay are the sick people; the healthy people are going to get off; you have to have all of the healthy people on the plan to make the plan viable. Burk said she thinks we'll lose those people whose spouses have coverage through their job; people can't afford Affordable Healthcare. Massie said even those people whose spouses have coverage, there are not many places where they can go and pay less than $600; there are not a lot of options elsewhere. Kizarr said the people who are going to leave will be the ones looking at the out of pocket dollar amount and not looking at the coverage. Cook said we do have a provider finder; if they login through BlueAccess for members and they can see the cost to the member verses what the cost of the plan is; it's our transparency tool. Bortmess said we've talked a lot about that when they came to the Wellness Fair, we gave a handout on it so they could better understand. Kizarr asked since we already have that information; is there anyway that we could put that information on our EOBs, that this is what the plan paid but if you went elsewhere it would be a different amount. Cook answered no, it won't say if you went somewhere else; she thinks we have a few educational pieces but thought the City was doing a newsletter of some sort; maybe there are some things that they could help. Burk said all new employees get that information flyer now. Cook said maybe break it down showing a difference in the cost, giving them a choice. Schwenk asked if the tool is on the BCBS.com. Bortmess answered yes, if you login through BlueAccess for members, in the lower left hand corner there's a treatment cost estimator you can click on and then it will take you into that. Whisenhunt asked does it give you vendor name and cost. Cook answered yes, you can select up to 3 and compare them side by side; it will also pull your benefits. Whisenhunt said he believes it's a combination; it's not one thing that fixes it all. Whisenhunt said the employees are upset and angry but partly because they don't know what's going on. Whisenhunt asked the chairman of the EAC to share her opinions. Franco said we need to reiterate to them that if we change the plan this is what's covered; she's told people that they have got to do their research. Whisenhunt said everything is escalating in cost and we live in a real world. Franco said if we teach and show them their tools, possibly send out an email. Massie said he thinks it'll help once it comes out.

Whisenhunt asked are we having mandatory open enrollment signups this year. Massie answered yes. Whisenhunt said the only way is the EAC and this Committee speaking to the employees; with emails, everybody starts reading in-between the lines. Bortmess said she agrees with speaking to the employees and letting them know what's going on; breaking it down per person per plan and letting them see how much they are paying; the employees aren't aware of the total costs across the board. Franco said breaking it down and then provide the average costs. Kizarr said people are only looking at how it's going to affect them, what they are getting out of it, and how much it's going to cost them instead of looking at the bigger picture. Schwenk asked if we can review what the deductibles are. Massie answered general employees will be going from $500 to $1000 per individual and family $1500 to $3000; that's for the calendar year deductibles. Schwenk asked about the co-pays. Massie answered for physician, regular office visit stays at $20; Urgent Care and Specialist went to $40. Whisenhunt said the Emergency room is going from $100 to $150. Schwenk said he remembers it being mentioned that when people retire they start paying full price and we were worried about discrimination; what if somebody has to see a specialty doctor because of

their disability; now you're going to penalize them to pay $40 verses $20. Whisenhunt said it's consistent for everybody. Schwenk said if he goes to the doctor its $20 but someone with a disability who has to see a specialty doctor, they'll have to pay $40. Massie said because its $40 across the board there shouldn't be any discrimination. Whisenhunt said the one thing under Specialist; many of them are covered under the Wellness for women and men; it's covered 100% to begin with for their yearly exam. Whisenhunt said about 6 years ago we had a difference in our office visit and specialist which was $20 and $30. Schwenk asked what if you're born with a brain delay and have to see a neurologist all the time. Massie answered there wouldn't be any discrimination there. Whisenhunt said the maximum out of pockets are changing also. Massie said for an individual employee it will be going from $3250 to $6000; on family from $9750 to $12,000. Whisenhunt asked if the co-pays and prescriptions are going towards that. Massie said correct. Whisenhunt asked but if prior to July 1, that wasn't happening. Massie answered correct, this would be to bring general employees to match with fire and police. Schwenk said he doesn't think that was included but tabled; police and fire are ok with the premium increase but not the change to the plan. Massie said it' not this year; because police only gets a 1 year contract, he thinks on the police side it goes into effect June 30th at 11:59pm. Ozuna said he's pretty much educated some of his guys; he's talked to the Street Division, Equipment Maintenance; he thinks they are prepared for these changes.

.Motion to make adjustments to match deductible, max. Out of pockets & Emergency room to $150 with City Managers approval Ozuna with second by Kizarr. Ayes: Ozuna, Kizarr, A. Hadley Nays: None Abstain: Schwenk Motion approved

B) REVIEW COST SAVINGS MEASURES (MAX. OUT OF POCKET, DEDUCTIBLES, DENTAL PLAN, EMERGENCY ROOM & PREMIUM INCREASE)

Whisenhunt asked when the RFPs were going out on the dental. Massie answered in the Spring and we will be asking for both fully and self insured. Whisenhunt said he went back and looked at our cost for a 12 month period; looks like we are supplementing the dental out of the plan about $60,000 to $100,000 a year. Whisenhunt said he knows of some fully insured plans that are in at a rate not much different than what the employees are currently paying for a family verses the employee. Kizarr asked when HR will be going out for bids. Massie answered we will go out probably late January early February because we would want to have a decision made and in place before open enrollment which will be late April early May. Kizarr asked will it be a tiered plan. Massie answered right now we are out to bid for our insurance broker which will be decided within the next 2 weeks; after we receive our insurance broker, whether that remains to be Higginbotham or somebody new, they'll assist us with this; the plan right now is to have a 2 plan system to where we have a high-low option. Whisenhunt asked does it depend on orthodontic. Massie answered correct, if you're a user or you know you've got orthodontics coming up, then you would want to go on the higher dental plan; if you're a 2 cleanings a year then you'd want to go on the low dental plan. Massie said you'll have that opportunity at open enrollment to change that yearly; this also helps us with the Cadillac Tax down the road as well. Whisenhunt said it will really help our health plan a little bit. Massie said it takes the claims off the fund. Whisenhunt said looking at the last 12 months on the claims verses the premiums it's about $100,000. Whisenhunt asked if $250,000 doesn't deal with the ratio of the City, is that a whole separate issue. Massie answered correct; with fire, police and general employees being consistent across the board.

VII. Comments/Discussion

***** Next regularly scheduled meeting will be held December 15, 2015 at 9:00 am

***** Kizarr said on the Emergency Room deductible, last meeting he asked if we had that many employees going to the Emergency Room for a doctor's note. Kizarr said he didn't know that our employees used it that way. Ozuna said Kizarr would be surprised. Bortmess said from last year, 43% of the City's population was using the Emergency Room for nonemergency. Kizarr asked as far as nonemergency, they didn't get admitted. Bortmess answered they had a 780 code which are like sinus infections, bronchitis; there were some that were coded as digestive; maybe they went in thinking they were having a heart attack but ended up being coded for acid reflux or GERD. Kizarr said he supports doing this but he doesn't want to discourage people from going to the Emergency Room just because they'll have to pay more; denial is the first symptom of a heart attack. Massie said the other side is anybody who's going through that says it's $50 towards their life; because we're talking about going from $100 to $150. Kizarr asked what the co-pay was if you were admitted. Massie answered there's no co-pay. Burk said she believes that employees don't know that there's an Emergency Room deductible; they just go and then they are surprised when they get there.

***** Whisenhunt said last month he had a question referencing an active employee whose spouse qualifies for Medicare; he did the research through Medicare; if it's an active employee who works more than 20 hours a week and the employer has more than 20 employees, Medicare is filed secondary to our plan. Whisenhunt said if it's a retiree, they file primary and our plan would be filed secondary.

***** Massie said what he envisioned open enrollment to be like next year was going out for bids for a few things but one of those things is our flex account and life insurance. Massie said then we would have individual meetings with that representative; one of the things he

would be in favor of holding group meetings for all of the active employees. Massie said we could get it where this Committee or the EAC Committee is involved; maybe hosted by the Health Committee and the EAC together with BlueCross to do the actual presentation; the Health and EAC Committee can come up and answer questions. Massie said by the time we have open enrollment, we should have a much better idea as far as step increases next year which would make this a lot easier if they know that July 1, 2016 they will be receiving their steps.

VIII. Adjournment

Rusty Whisenhunt announced the adjournment at 10:22 am.
Motion by Ozuna with second by Kizarr to adjourn Ayes: All Nays: None Motion approved