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Regular Meeting
Health Plan/Cafeteria Plan Review Committee
December 17, 2013, 9:00 a.m.
New City Hall Conference Room

Kizarr called the meeting to order at 9:07 am.

I. Roll Call
Members Present: Bruce Kizarr, Cindy Porter, Richard Rogalski, Justin Dipprey, Doug Stamper, Bob Bigham, Rusty Whisenhunt, James Churchwell, John Schwenk
Members Absent: Albert Ozuna
Others Present: Krystal Urbanski (Accountant), Tanya Riley (HR Generalist), Chris Engelman (BCBS), Sherry Anderson (Acting HR Director), Dena Stone (BCBS), Brian Sutherland (Higginbotham)

II. Minutes
Motion by Porter with second by Stamper to approve the minutes of November 19, 2013.
Ayes: Porter, Rogalski, Bigham, Dipprey, Stamper, Whisenhunt
Nayes: none
Abstain: Churchwell, Schwenk Minutes approved

III. Review Reports
Urbanski went over the financial information and included the following information for the health committee members:

Supplemental Bank Reconciliation

Bank balance at 11-30-2013	$	1,061,068.51
Transactions to date:	$	224,782.45
Cleared Checks	$	636,867.07
Outstanding Claims	$	549,838.22
Deposit in Transit	$	242,021.86
Adjusted Balance at 12/13/2013	$	341,167.53 *

*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.
Kizarr noted that the adjusted balance is the line that we want to see the $900,000 goal of reserves. Rogalski asked what the difference was between transaction to date and a cleared check is. Urbanski said the transactions to date are the deposits that went in. Rogalski added that the cleared checks are debits, outstanding claims are debits we are expecting. Urbanski said that was correct.

IV. Old Business - none

V. New Business
A. Introduction of new Police representatives (James Churchwell & John Schwenk Jr.)
Police officer representatives to the health committee were introduced and the entire committee went around and stated their name and who they represent on the committee.

B. Additional information regarding possible plan changes/ideas presented by Higginbotham and BCBS

Sutherland said the issue last meeting was looking at various options to reduce overall costs. One recommendation was regarding retirees to place those age 65+ on a supplement. Most companies in the marketplace put retirees on a supplement if they even offer insurance to retirees. The only entities that have a retirement program are union groups or municipalities. Engelman said he has a couple groups that have implemented medicare supplements. Engelman stated that at the last meeting the committee was talking about plan changes and costs of what a retiree would see. We discussed doing some claim scenarios and Engelman said he was going to get a report that showed us the tier ranking of prescription drugs (6 different levels for prescription supplements) to show us the bottom cost someone would see if they went to a supplement. Engelman got the report and was overwhelmed with the number of claims. Literally it is hundreds of pages long and I (Engelman) have not had a chance to review the whole report. We are still trying to find out for a retiree if it is a good option to go on a supplement with a drug card. Engelman said he would really like to have Luann look over the information that he will compile since she is the “medicare expert”. Engelman said that they just need to come up with one or two claim scenarios and see what the bottom line financial responsibility is to a retiree. I want to send over to Luann to show her what he has compiled and put them in an exhibit form to the committee. Engelman asked Bigham since he’s the retiree what his thoughts were. Bigham wanted to confirm that we would also look at the medical side and Engelman said we would. Stone stated that they already have some examples on the medical side but it might make more sense when we have the prescription side to look at as well. Stone said she had someone in the claims unit show her how a claim is processed when someone just goes in for a regular office visit and then if they have to go in for some type of inpatient visit. This info will be added in with the prescription info. Engelman reminded the committee that these will be just general examples. Bigham asked about the unknown (rumors with medicare); what is the anticipation of what is going to happen. Engelman said none of us in the room know. Bigham said you just answered the question. Engelman stated to Bigham that this is what we’re doing: here’s a group of people (retirees) that we can do something for and is that leave them on the plan as is with the city bearing all responsibility or offer them a medicare supplement that very well may save the retiree money as well. Bigham said he doesn’t feel there’s any argument about whether this would save a retiree money. Engelman said no one on the committee said they want to kick retirees off the plan; simply this is looking at all options. Rogalski said that if there is something that can be done we at least need to look at it. Bigham said we can look at scenarios today but what will happen in 5 years? Rogalski asked what will happen to the whole plan in 5 years? Nobody knows the answer to that. Maybe our costs are so high that we are forced to do something. Engelman said the worst that you can do is do nothing. Bigham asked if we could only do the prescription card for retirees and not the medical supplement. Engelman said this was a question that was brought up last time and there’s nothing that says you can’t but we still need to do claim examples. Stone stated that for the next meeting we will have all medical and prescription examples so it can be discussed.

Engelman asked to switch gears to the Blue Options discussion. He asked what the status of the MOUs were. Anderson said Jim Russell is willing to do this but would like MOUs from the police and fire unions. Anderson explained that this extends the network; right now we are in the BlueChoice network and another option available to us is to expand the network that will offer additional savings to the plan and to employees. This would mean a contract change; we definitely wanted it done by 7-1-14 if not sooner. Stone explained to the new police reps that BlueOptions is a product that BCBS offers that combines two networks (BlueChoice used by the city today and an added network called BluePreferred). BluePreferred is a smaller network but the providers that do participate accept lower payments for their services. It costs less when a member goes to one of those providers and it costs the plan less. Stone stated that they looked at the current top 25 providers that your people are seeing and we determined that there are several of those top providers that are already participating with the BluePreferred network; however since the City is signed up with BlueChoice, the plan is not able to take advantage of those deeper discounts. BCBS proposed and the health committee agreed to add the BluePreferred network to the plan. It would not change any benefits, same

coinsurance/deductibles; there would simply be a new network option. This is a way to help reduce the amount of claims that hit the plan and increase the reserves. Stone gave the following example: BlueChoice billed amount is $10000 and BlueChoice allowable is $7500; BluePreferred allowable would probably be $6000. The allowable amount when you're in network is the amount that you pay your deductible and coinsurance off of. Your 20% coinsurance on a BluePreferred provider would be based off of a $6000 number vs a $7500. The member reaps the rewards of the network as does the plan. The only time the member won't pay less is when you're simply going to a dr visit and you are just paying the office visit copay; that will be the same regardless of which network the dr is in. This whole network change is transparent to the member; the only thing a member will notice is they will receive a new insurance card. Churchwell asked if the provider list gets smaller and Stone/Kizarr answered no that the network will in fact be larger.

In order to make this network change, MOUs will be needed from the Police/Fire unions and BCBS will have documents that will need to be updated/changed. Based on that a 3-1-14 effective date is now the first date this can be effective on.

Kizarr stated that based on his numbers, if you wanted to get $900000 in reserves by simply raising premiums, it would be for 4 years it would be 3.5% and for 5 it would be 3%. He wanted to check these numbers against what Higginbotham put together because his seem higher than theirs which their numbers were based on per employee per month. Kizarr said he just went off of last year's numbers and said we wanted $900000 and divided it by the savings per year and then looked at what our per pay period contribution was and raised the premiums by that percentage. Employee only would be for the 3% would be $1.07 per pay period more and 3.5% would be $3.25. Employee/family would be $4.64 (3%) and $5.42 (3.5%). Whisenhunt said these numbers are still considerably less than the 10% threshold that we currently have. Kizarr said the numbers that will be difficult are the increase to the city's contributions. Employee/family will go up $7.78 (3%) and $9.08 (3.5%). The city needs to understand that if we do nothing the City will still have to pay.

Kizarr said his hopes with a 5 year plan would be that it will assist the City when it comes time for union negotiations because every time the City comes to the table, the city never discusses insurance in negotiations.

VI. Comments/Communication

A. Next regularly scheduled meeting will be held January 21, 2014

Kizarr said next month's meeting is when we need to discuss the retiree information, get updates on the MOU's and re-visit the premium increase discussion. Kizarr said he's not opposed to making the premium increase only a 1% or 1.5%. Whisenhunt stated that the committee had said that they wanted to address the flex plan again in regards to who will administer it. Kizarr stated that he felt it has been working fine and has gotten a lot better over the last year; he hasn't heard of any complaints. HR stated that they have not received any complaints either.

VII. Adjournment

Motion by Stamper with second by Porter to adjourn at approximately 10:30 am.

Ayes: all Nayes: none Motion approved.