

**Benefits Focus Group
(2/1/02)**

Committee members, alternates and staff advisors present:

Suzy Milburn
Debbi Horst
Pat Horan
Neal Elliott
Rick Winters
Karen Lusk
Ed Whitehead
Gil Fernandez
Benita Saldutti
John Agen
Bill Campbell
Janice Cox
Casey Humpert
Stacey Monroe
Linda McKinney
KayKae Thomas
Joyce Dolan
John Glanden
Chris Lyons
Gib Mitchell

Meeting began at 2:00 p.m., February 1, 2002, in City Commission Chambers.

Bill Campbell opened meeting with review of City Manager's focus for the committee, which is to find a way to keep the level of service and find a way to help bring the costs down. He asked the committee to try to understand the situation, the options and give as much feedback to the administration as possible so they would know how the employees and retirees feel about the plan. He asked that the committee stay focused on relevant issues and the conversation be limited to committee members seated at the table.

Bill Campbell handed out a list of topics for discussion.

Topics submitted that are currently in the plan or need further explanation:

1. **Lower the reinsurance level.**
City is currently at the minimum reinsurance level. There is no other way to lower this cost.
2. **Where are the most cost-effective providers, such as dentists?**
Providers within the network give the best price because of established fee schedules they have agreed to.

3. **Wellness classes.**

A wellness plan is relevant but is a long-term strategy toward reducing costs. This is one of the objectives of the TeamHealth medical plan.

4. **Incentives not to use emergency room.**

One proposal is to increase the copays for using the emergency room. Fee would be waived if patient were admitted to the hospital. This is proposed as a way to keep people from using the facilities for minor illnesses and injuries.

There was much discussion about ways to discourage emergency room use for non-emergency matters without penalizing the insured for legitimate medical issues after hours, etc.

5. **Cost analysis of PPO vs. EPO. Possibly, have two rate structures for employee contributions.**

This is currently done on a monthly basis. After the first year of using EPO, costs were down 10%. After the second year, the costs were down by 16%. This is an example of savings provided by the use of in-network doctors.

Ed Whitehead asked if there is a way to cap the amount the insurance plan will pay for charges out of state or out of area. Could the fee structure for the PPO mirror what is being paid out in the EPO, and then whatever is left over become copay or deductible to keep costs more in line. This would restrict the benefit on the PPO to what is paid on the EPO and would limit costs in other states to same rates charged in the Sarasota area with the balance billed to the patient. Bill Campbell said that this could be considered, but you would run the risk of people being charged for high expenses that are unknown to them when they go in for service. This would provide a potential to for employees or retirees to incur catastrophic costs. Currently 22% of retirees live outside of this area/state.

6. **Long term plan for funding. Goals and objectives for fund.**

Variables affect costs and it is not easy to predict the rising cost of healthcare. A discussion followed about the failure of the City Administration to find a long-term solution to funding even though the City Commission had asked that that be done in 1993.

Bill Campbell again mentioned having someone present the concept of a VEBA to the committee. The committee would like to see any available plans or options that are available.

7. **Cost trends over five years.**

Presented in handout at last meeting.

8. **Raise deductibles, increase dependent premiums.**

9. **Eliminate family premium and have a premium charged and deductible per dependent.**

10. **Have dental be an additional cost for coverage.**

Items 8-10 all involve changes to the structure of the plan. Dental costs are lower with our self-insured plan than estimates that have been received from other companies.

11. **Have maternity coverage be separate.**
There are legal issues with putting maternity coverage separate from the rest of plan.
12. **Analyze for modification or elimination of the mental and nervous benefit.**
The mental/nervous benefit is not where problem lies. There are currently restrictions on the benefit amount of coverage that is offered and paid.
13. **Alcohol and drug abuse usage. Use EAP.**
EAP is currently the gatekeeper for alcohol and drug abuse treatment.
14. **Use clinics instead of emergency rooms.**
The problem is that there are not a lot of clinics in the network because they do not want to agree to a fee structure. Access to after-hours care is an issue in this community. Hospital is working with physicians to extend office hours and give other alternatives to people besides the emergency room. This is a long-term effort on the part of hospital. Having a clinic on-site at the hospital in addition to the emergency room was offered as a possibility.
15. **Have coordination of benefits.**
This is currently done by EMI on routine basis.
16. **Check to make sure worker's comp. bills are not submitted to health care.**
Worker's comp. and medical bills are two completely separate issues. It would be a very rare occurrence for a worker's comp. bill to be paid by the medical insurance.
17. **Wellness program, like lunchtime learning.**
Covered above in Item 3.
18. **Better incentives for preventative healthcare.**
Health screenings will be offered to employees (and eventually to retirees) starting the end of February in different work places as a part of preventative healthcare and wellness. The City has very good wellness benefit with Healthcare Sarasota. It is proposed to increase benefit to \$350 this year.

A program where an employee is awarded points for accomplishing certain milestones like an annual physical exam, cholesterol screening, and participating in RWS has been considered. The points would equate to money that would be put into a flexible spending account. The County has a similar program in place. Committee would like to investigate their plan and see how it is progressing.
19. **Training on how to check a bill.**
City makes a constant effort to educate everyone. A flyer explaining plans and the claim process was passed out to committee members. This information has previously been distributed to all employees.
20. **Hire independent consultant to assist with this issue.**
That would be to look at the health plan
21. **Consider outside provider for insurance coverage, full insured.**
Always a viable option; but when you go with a fully insured company, you will not receive the same level of benefits that we have under our current plan. You can also count on an annual increase. This increase is currently running at 16 to 18% peryear.
22. **Consider outside provider for participants under Medicare, fully insured.**
Would mean a separate plan for those covered by Medicare. Under Florida law,

you must offer retirees the same plan you offer employees. You cannot just put them under a different plan. Although there are several good Medicare supplements available, there would be no incentive for a retiree to take it if he had the option to take the City's medical plan.

23. Have better review of oversights for the charges by the doctors.

Healthcare Sarasota commissions an external auditor every year to audit EMI. Their contract is structured so that if they meet certain milestones they receive a performance bonus. EMI has received a bonus 1 out of 3 years.

24. Require mandatory attendance of employees and retirees at informational meetings regarding benefits and the most cost-effective way to use benefits.

Could give points for attendance at those meetings.

Topics for Consideration

1. Review the millage for the past 5 years. What would a ¼ mill increase generate and what increase in dollars on a tax bill?

A ¼ mill increase would equal \$874,000. This would represent \$12.50 increase on a tax bill for a \$50,000 house.

2. Raise deductibles, increase dependent premiums.

3. Eliminate family premium and have a premium charged and deductible per dependent.

4. Have dental be an additional cost for coverage.

Items 2-4 discussed previously. All are basically changes to the mechanics of the plan.

Topics relevant but longer term than assigned task.

1. Wellness options.

Attack cost through a long-term wellness plan

Topics that do not relate at this time to this group:

1. Make up of committee.

2. The post 1993 retiree coverage for employees.

This is a long-term issue. It cannot be done quickly and should not be considered by this committee.

3. Discuss promised retirement benefit.

4. Discuss exclusion of bargaining unit members to this committee.

5. Change focus to 2003, not enough time.

Discussion about union representation at committee meeting. Neal Elliot expressed opinion that it seems like the exclusion of those representatives is the City's attempt to limit input.

Discussion about the Committee making recommendations for the 2003 plan year instead of the current year since this plan year has already started. The suggestion was made to increase the cost of dependent coverage by 12.6% (the amount that total costs increased between 2000 & 2001) and leave the plan otherwise

unchanged with the City providing funding for the remainder of the year. This would give the committee more time to review possible solutions because there was concern that to rush through this process by March 1 could lead to mistakes being made.

Suzy Milburn brought up the fact that the whole purpose of the committee was to find an alternative to the present plan because funding would run out before the end of the year. The committee cannot recommend continuing with the plan as is if there is no money to pay for it.

Discussion followed regarding the City's funding of various projects. There are funds available, it just depends on what decision the City wants to make as to how it will be spent. It is all a question of what the City chooses to fund. Funding for Van Wezel, the Ed Smith Stadium, litigation over the Ringling Bridge and the renovation of the Federal building were all given as examples. Health insurance should not be blamed as the reason the City may have to increase taxes. Any number of City projects could be given that honor. It is a question of priorities. It has always been the City's past practice to transfer funds into the medical fund when needed.

Benita Saldutti made the motion that the committee recommend that there be no changes to the current health plan until the year 2003. The motion was seconded by Joyce Dolan.

Ed Whitehead said that since this is only the committee's second meeting, it is premature to say the work cannot be done in the time given. The committee owes it to each other, to fellow employees and to the City administration to see how much ground can be covered in the next few weeks. If necessary, a determination can be made after that to go to the Commission and say that more time is needed.

Neal Elliott expressed the opinion that the City's efforts need to be coordinated with the committee's efforts. If committee is going to make a recommendation that is going to be applied to all employees, then the City needs to discontinue bargaining with the unions until the committee makes its report. If collective bargaining with the PBA or the Teamsters were to produce an agreement, the efforts of this committee would be meaningless. The City's bargaining should mirror the recommendation of this committee. If it is decided to keep the plan the same for this year, then the City should not bargain anything longer than a 1-year agreement with either union.

If the committee focused on the 2003 plan, it would have time to do the work and would give the City the opportunity to bargain based on the committee's recommendation.

Bill Campbell stated that a lot of information had been provided to the unions, but there have been no counterproposals offered. The proposed changes offered to the unions are the exact same changes proposed and presented to all employees in November, 2001.

Bill reminded the committee that there was a motion on the table to make no changes to the health plan for this year and for the committee to continue working toward a change for the 2003 plan year. He suggested that it might be better to make that

recommendation at the end of February instead of at the beginning of the process. He said that the end product he has been asked to produce out of the committee meetings is a report to the City Manager on what the committee has decided. The City Manager would like that by the 1st or 2nd of March. This gives the committee about another 3-4 weeks to discuss some of the issues. At that point in time, if the committee chooses to maintain the status quo, then that is a viable recommendation.

The motion was withdrawn.

A motion was made to ask the City to discontinue bargaining with the unions until the committee makes its report so that collective bargain can be based on the committee's recommendation.

A discussion followed about the purpose of the committee. The committee's focus needs to stay on making recommendations for the funding of the health plan and stay out of the area of collective bargaining. That is beyond the purview of the committee. It is up to the Teamsters and the PBA to request those negotiations be ceased. It is not the responsibility of the City or the committee to do that on their behalf.

Bill Campbell distributed a handout showing EPO, PPO and TeamHealth plans - both the current and the proposed plan structure. He asked that the Committee look at the changes and at the new Teamhealth plan in the next week. These will be discussed at the next meeting. A saving of about \$600,000 can be realized by implementing these changes.

Bill said he would get the information about the City's proposed changes to the plan emailed out to the retirees. He will give current employees the location of the information on the City's shared drive. This is the same information that was presented to all employees in November, 2001.

Bill let the committee know that there was a lot of information available in Human Resources about different medical plans.

Minutes were approved with the following corrections:

Paragraph regarding the Sunshine Law should read "whatever is discussed in the meeting should not be discussed with other committee members outside the meeting." Correct spelling of names - John Agen and Neal Elliott.

The meeting was adjourned at 3:45 p.m.

Next meeting is Friday, February 8, 2002, 2:30 p.m. in the City Commission Chambers.

Minutes Approved: February 8, 2002

John Agen, Chairperson