

**Benefits Focus Group
(2/27/02)**

Committee members, alternates and staff advisors present:

John Agen
Benita Saldutti
Pat Horan
Neal Elliott
Ed Whitehead
Gil Fernandez
Casey Humpert
Stacey Monroe
Joyce Dolan
Kevin Stiff
Jim Godshall
Janice Cox
Rick Winters
KayKae Thomas
Karen Lusk
Dick Minster
Mark Trefethen
Suzy Milburn
Linda McKinney
John Glanden
Debbi Horst
John Munyak
Andy St. John
Chris Lyons

Meeting began at 2:05 p.m., February 27, 2002, in Public Works Meeting Room, 1761 12th Street.

Linda began by making a statement about Bill Campbell's resignation last Friday.

John Agen said he would like to address a question that came up last week. That he would like to get some clarification, possibly in written form. There is some concern about employees hired pre-1993 and where they fit in as far as the recommendations that will be made to the City Commission regarding their coverage. At February 15, meeting it was said that retirees would have no plan changes this coming year. This raises a question about the two different groups of active employees – those hired before 1993 and those hired after. Will all active employees have the same plan design, which may be different from what the retirees have? Linda said all active employees would have the same coverage. There will be two plans. There will be an active plan and a retiree

plan. If there is anything for retirees who were hired after 1993, that would then be separate and distinct from the plan for retirees hired before 1993. The retirees and actives do not sign up at the same time. Retirees just finished their enrollment. Linda asked the group to understand that going forward, because there will eventually be one plan, that the changes that are currently being made for active employees will then be applicable to retirees at their next signup. For active employees changes would begin 4/1/02. There is a potential for other changes to be implemented before the retirees' next signup, depending on what the committee recommends for a long-term option.

Linda said that the City Manager had made the decision to keep status quo for retirees until their next sign up, so an additional signup would not have to be done right away.

The question was asked if EMI could administer all the different plans. Linda said that although it is not an ideal situation, EMI currently understands the City's situation and recognizes that there will be a dual situation going forward for the remainder of the year. At this point, they have not indicated that there will be an additional charge. Linda will check on that.

Employees in the Drop program will be on same plan as the active employees.

John Agen said he would like to start addressing the questions given to Mr. Gehring. Mr. Gehring handed out 4-pages of information. First page was a breakdown of the 2002 Projected Plan Cost showing employer and employee contributions. Next three pages were a breakdown of City and Focus Group proposed plan changes for PPO, EPO and TeamHealth.

He explained that this information was simply to give the group a place to start discussion. The employee and employer contributions are based on the group's proposed dependent premium amounts. He pointed out that the \$7.4 million total was for medical only and did not include dental. Cost of the dental plan runs about \$400,000/year total. The City puts in another \$150,00 to \$180,000. That is some information that Mr. Gehring will bring the next time he meets with the group.

He said the biggest issue is the retirees. EMI would have to enroll them under a different group number than the rest of the City. Their claims would be processed separate from the rest of the City.

A discussion followed about retiree contributions for those over 65. At that time, the retiree's contribution is cut in half to \$84.50 from \$169 and the City's contribution is cut in half.

Benita asked about coverage for people who would retire between April 1 and the next signup for retirees. Which plan would cover them? Linda said they would go to the current retiree plan.

Mr. Gehring said he is trying to determine how much of the claims are for retirees as compared to the active employees. Working with EMI to get a report in a format he can work with. Reviewing the preliminary information, it looks like the retirees are responsible for about 31-37% of the base enrolment (over a 2-year period) and their claims are in the 37-50% range. He will bring that information back when he has it. Mr. Gehring was asked if he would make some projections based on the number of current actives that were hired before 1993. That is the maximum number of people that will be in the retiree pool. That number will eventually decrease.

Some discussion about the need to look at the whole issue of retirement and decide what is fair, such as a credit per year of service to make it equitable for those who work longer than others. Need to find some middle ground because eventually the pool of retirees will be a huge group that could be higher than the employee pool. This is an issue to be addressed in the long-term.

Benita said she would like it to be clear that when the Focus group came up with the proposed rates they were looking for something that was fair and that people could live with. It was not the focus group that said the new rates would not be imposed on the retirees, it was the City Manager that made that promise.

Linda asked if the group agreed that at the next signup for retirees they should go to the higher rates. Linda pointed out that there is the potential that the retirees could see a double hit at their next signup if the cost continues to rise. Wanted to make sure that this was recognized by the group.

Discussion about dependent coverage for PPO and the amount the City subsidizes and how, in the long term, the cost can be shifted to the user through the use of individual spending accounts. This discussion was postponed for a different session.

Discussion about costs of the different dependent groups and how their rates were derived. Mr. Gehring again said when he gets the reports from EMI he will be able to provide better information, but since the group isn't deciding about retiree rates today it isn't that much of an urgent issue.

Linda said we would follow up on that with Kurt, hopefully by the end of the week, but will not have anything by Friday that will impact the decision and the report that the group has to give to the City Manager by March 1.

Mr. Gehring said that once the group starts looking at the 2003 plan year he can give the group monthly claims cost information to evaluate so the group can keep

an eye on the plan. You need that information to derive rates and to know what kind of decisions you are making. It is okay to subsidize retirees and families, but you have know what you are doing and the extent to which you are doing it.

Only other change to the proposal was the group did request that a 90-day lifetime maximum for in-patient treatment be placed on the alcohol and drug abuse benefit. Handout passed around of summary of plan changes. This summary, along with the funding increase is part of the report to the City Manager.

Linda said she would just like to say to the group that it would have been extremely difficult for the City to ask for increases in employee contributions when the fund was not in trouble. That is one reason that the increases were not asked for in the past. In the future, it may not be so hard to ask that. Mr. Gehring pointed out that the insurance industry, as a whole, has not done a good job at projecting what health care inflation will be. That is why everyone is getting such large increases.

Benita asked about writing the report for the City Manager that is due by Friday. Linda suggested that John, Benita and she get together to draft something, email it to everyone and then on Friday review it as a group and focus only on the report. Suzy noted that the meeting would need to be posted in order to comply with the Sunshine Law.

John asked if the group felt they had received all the information they need from Mr. Gehring in order to make their recommendation.

There was a discussion about changing the obstetrical care benefit from 100% (on PPO). Group decided on 80% after deductible for in network charges and 60% after deductible for out of network charges.

Linda said they would post a meeting with the City Manager for next Tuesday at 9:00 a.m. to present the group's proposal.

Corrections were made to minutes of the meetings of 2/15 & 2/20. Minutes were approved with corrections.

Meeting was adjourned at 3:55 p.m.

Next meeting is Friday, March 1, 2002, 10:30 a.m. in the City Commission Chambers.

Minutes Approved: _____

John Agen, Chairperson