

**Benefits Focus Group Minutes  
(3/11/02)**

Committee members, alternates and staff advisors present:

John Agen  
Benita Saldutti  
Ed Whitehead  
Andy St. John  
Pat Horan  
Rick Winters  
Karen Lusk  
Neal Elliott  
Dick Minster  
Linda McKinney  
KayKae Thomas  
Casey Humpert  
Stacey Monroe  
Joe Munyak  
Joyce Dolan  
Chris Lyons  
Debbie Horst

Meeting began at 10:00 a.m., March 11, 2002, in the City Commission Chambers, City Hall.

John Agen began the meeting by stating there needed to be a few explanations made. Since the Group's last meeting on March 5, some items have come up that need to be reviewed. Bill Campbell had informed the Group during goal setting, that any changes to the plan rate structure would not apply to retirees and their dependents. The question had come up several times and each time it was reiterated by Mr. Campbell, and later by Linda McKinney, that those who were retired before April 1, 2002, would not experience any changes. The Group had made their recommendations accordingly.

The Group officially presented their recommendations to the City Manager on March 5 and he indicated his approval. On March 6, the City Manager realized that the changes to the plan design and rate structure for active employees did not apply to retirees.

The Finance Department determined that the figures provided by Kurt Gehring were erroneous. Mr. McNees is asking the Group to amend their recommendation to include the retirees. The Group has two choices. Keep the recommendation as is or amend it. Mr. Agen polled each member of the Group to get their opinion.

Benita Saldutti said her vote is for no change to the recommendation. She believes that the Group's plan design and rate structure changes were reasonable for both active

employees and retirees, and didn't like the fact that they would be in different groups. She had recommended to the City Commission that all participants be kept in the same group and not be segregated. However, the Group was told from the beginning that retirees were not to be considered. She attended a January meeting when the retirees met with Mr. McNeese. She was of the understanding after this meeting that the retirees would have no plan changes for the next year. She would not like to see the Group change their recommendations, as it would damage the creditability of the Group. She also felt that the issue of Gehring's figures should not be addressed until the Group decides on their recommendation.

Ms. McKinney said that if the recommendation stays the way it is, the figures presuppose that retirees' plan would change. The issue with Gehring's figures is that he presumed that there would be one plan and contributions from the retirees (for copays and deductibles) were not included, so if the recommendation stays as is, that would indicate that retirees would be under one plan with the active employees. When the City Manager met with the retirees, he told them that there would be one plan (for all), and the retirees would sign up once for this year. Others' interpretation was that there would be one sign up and there would be no changes - that was the misunderstanding. He told the retirees there would be one plan; there will be no differences. If there are no changes to the recommendation, then after April 1, the retirees will go into the same plan as everyone else, even though they will not contribute to it. This is where Gehring made a mistake on his calculations.

Ms. Saldutti said that even though Gehring made a mistake on the calculations; when the group had been told there would be no changes for the retirees, she had understood that to mean there were to be no changes to their rate or their plan design. The Group had talked about EMI administering two different plan designs - it had been discussed more than once. Ms. McKinney said she agreed, but the fact is that the numbers that were presented do make that presumption. The Group's presumption of what the numbers reflect, with their presentation, is not correct. The numbers are incorrect. Ms. McKinney said it would be her recommendation to stay with the plan and the numbers we have, and then roll out the changes without the retirees participating but with the retirees assuming the same plan changes as of April 1. Everything would stay the same except the understanding of what those numbers represent.

Neal Elliot said he agreed with Ms. Saldutti and he didn't know what facts they could use as a base to make any changes to the Group's recommendations because of all the wrong information that had been received. The Group tried to put together in a month what had been neglected for 10 years. He thought the Group should be thinking more of how to insist a good job be done for 2003 and leave the recommendation as is.

Ms. McKinney indicated that the City Commission was aware of the progress of the Group and the issues facing them. It was verified that EMI could administer more than one plan; but obviously, the more plans they administer, the customer service level to the employees would be lower.

Dick Minster asked if the Group had the correct figures now. Chris Lyons stated that

you could not use the word “accurate” for projected medical insurance or medical claims. It can change by the end of the year – this is only a projection. If the figures are re-done to correlate with the Group’s recommendation, i.e., retirees’ cost and benefits do not change; the City’s cost is \$114,000 – that is the difference in projected cost only.

Mr. Minster then asked to wrap up his comments by stating that based on what Mr. Lyons said, the only change that the Group would have to make would be to change the amount of savings to \$300,000 from \$400,000 – that is if the plan stays just the way the Group recommended it. His suggestion was that nothing be changed except that figure.

Andy St. John said that being the representative for the Teamsters, he felt uncomfortable about changing anything the Group had recommended. He felt that the Group should leave the recommendation at status quo.

Ms. McKinney stated that nothing would change regarding the Group’s plan recommendation for the active employees. This discussion is only about the retirees and if the Group wants to include any changes for them. These changes would be incorporating the plan design for the retirees as of April 1 and/or incorporating the retirees for participation in the dependent cost increase.

Mr. Agen said he wanted to emphasize that the conversation was about retiree dependent coverage, not retiree coverage. Retirees have no charge for insurance. At no time had the Group discussed retirees and a premium for them, it was strictly the dependents. The only item that the Group needs to consider is forwarding the recommendations of the Group they stand, which would carry retiree dependent coverage until March 1, vs. allowing the City to implement changes April 1 along with the active employees. Mr. Agen would like to stay away from the numbers at this time. The Group has a conceptual figure of approximately \$100,000 less than what the Group had originally projected.

Mr. St. John said he agreed with the others and was willing to stay with the Group’s recommendations.

Mr. Elliot asked if the Group changed the recommendations to include the plan changes to apply to retirees and their dependents, would the retirees go through open enrollment again? Ms. McKinney indicated that yes, the City would have to contact all the retirees.

Debbie Horst stated that she did not want to change the Group’s recommendation.

Pat Horan also said she would not like to have the recommendation of the Group changed.

Rick Winters concurred. He felt the Group should go forward with original recommendation.

Stacey Monroe stated she felt the Group should go forward with the original

recommendation.

Karen Lusk agreed to stay with original recommendation.

Casey Humpert agreed with the others to stay with the Group's recommendation.

Ed Whitehead stated that he thought there had been a communication problem from the beginning. He did not place blame on anyone, but thought creditability wise the Group made a decision on facts that were given. He suggested re-writing the memo to the City Manager to state that the Group's recommendation is for active employees only. He stated that the Group needed to make very clear that in the long-term goals, the Group would address retirees. His recommendation was for the Group to stand by the original recommendations, but make the retirees and active employees have one sign-up date and one plan as of January 1, 2003.

Joe Munyak stated that he thought Group had done a remarkable job to have only a difference of \$114,000 from the original figures.

Mr. Agen said he did meet with Mr. McNees as soon as he was made aware of the problem. He understood the responsibilities Mr. McNees was facing, but he also has a responsibility to the Group. His vote is what the rest of the Group had recommended - to again forward the recommendation to the City Manager for presentation to the City Commission.

Ms. McKinney asked for clarification of the amount mentioned in the memo. Ms. Saldutti read the paragraph in the memo dated March 1, stating the amount of savings of \$400,000, but should now be approximately \$300,000. She suggested changing the second bullet to read active employees and retirees beginning plan year 2003, so there would be no misunderstanding.

Ms. Saldutti made a motion, and Mr. Elliott seconded, to change the second bullet to read "Long-term solutions beginning for the 2003 plan year for active and retirees."

Pat Horan asked if the retirees were going to have the same plan year as active employees. Mr. Whitehead stated that he thought that everyone should sign up together in January 2003, both active and retirees. Mr. Agen stated that in talking with the City Manager, the intent of the City was to bring all participants under one plan. The Group needs to decide, when.

It was recommended that everyone sign up on the same date. Ms. McKinney asked for clarification of having all actives go into effect on April 1. The answer was yes; then effective January 1, all actives and retirees will sign up at the same time.

Mr. Agen asked for any other comments, with motion and second on the floor. Ms. Saldutti stated her motion – "There is no change in the spirit of the recommendation, we only clarify in the second bullet that the long-term solutions beginning for the 2003 plan

year are for active employees and retirees; and that we change approximately \$400,000 to \$300,000, based on more correct data.” Motion carried unanimously.

Ms. Saldutti stated that she was not happy with the outside consultant, The Gehring Group, and had lost confidence in their credibility and their ability to act as such. She suggested that the City look elsewhere for advice and information. Mr. Agen stated that it would be up to the City to make that change.

Mr. McNees had been observing the meeting and was asked for comments. He stated he appreciated the Group’s time and efforts in having a closure meeting after the fact. He agreed with Ms. Saldutti’s statement. He mentioned that with the next phase, he hoped it could be done in a business-like way, so no one’s credibility would be at stake. He would like the Group to meet the challenge in moving forward. He said that no one was less happy with Gehring than he was.

Ms. McKinney asked how Mr. Agen wanted the Group to be contacted for the next meeting. Mr. Agen stated that he wanted to have the presentation with the City Commission first and then would decide on future dates. Ms. Saldutti would like a consensus from the Group as to what day of the week would be better. Mr. Whitehead suggested a weekly meeting. After discussion, the Group decided on Wednesday afternoons at 1:00 p.m. Ms. McKinney said that an email would be going to everyone. The Group may be looking at March 27 as the first meeting back after the Commission presentation on March 18.

Meeting was adjourned at 10:50 a.m.

Minutes Approved: April 3, 2002

John Agen, Chairperson