

**Benefits Focus Group Minutes
(5/1/02)**

Committee members, alternates and staff advisors present:

John Agen
Benita Saldutti
Ed Whitehead
Dick Minster
Stacey Monroe
John Glanden
Gil Fernandez
Casey Humpert
Janice Cox
Linda McKinney
Robert Blinch-Edwards
Joyce Dolan
Joe Munyak
Veda Mahadi
Dolly Gamble
Andy St. John
Kevin Stiff
Pat Horan
Jim Godshall
KayKae Thomas
Rick Winters
Karen Lusk
April Bryan

John Agen called meeting to order at 1:00 p.m., May 1, 2002, at Public Works Department meeting room, 1761 12th Street. Roll was called.

Minutes of 4/17/02 were approved without corrections.

First item of discussion was PPO Plan options. Ed Whitehead said he felt the group needed to move on developing plan options for the next year and getting cost evaluations on them. The EPO and PPO plans have the same providers. The difference is the Beech Street Network, attached to the PPO, allows the participant to carry coverage outside the six county area. The City has as one of its aims to migrate people out of the PPO and into the EPO, which makes a lot of sense for those who are normally in this area. The sticking point is that there are plan participants that live outside of this area, which means they forfeit coverage with the exception of emergency care. One of reasons that the PPO and the Beech Street Network is necessary is because there is no way we can control costs outside of the area. The City is paying a premium on insurance for people who live outside of the network area. The Group needs to take a hard look at this because of a recent lawsuit that was decided at the state level in the Supreme Court. A legislative body did not fund a benefit that was given to a bargaining unit. They went to court and contested it. The court said that if

the legislative body cannot fund it, there is not a lot you can do about it regardless of the agreement you make with the executive branch of government. The same situation exists in the City of Sarasota in that the Administration of the City is an executive branch of government. The City Commission is a legislative branch. So actually, any recommendations that we make to Mr. McNees or anyone in a senior staff position could be not acted on or not funded by the City Commission. Mr. Whitehead felt that the group should try to build an EPO program for plan participants in the area and then look at the possibility of a rider-type of policy for those living outside the area. This may be an optional coverage to be paid by the participant. He suggested designing the plan so that coverage for certain situations (example: broken leg) would be paid at the same rate as if it occurred in Sarasota. Anything over that amount would be the responsibility of the participant. If the group makes a plan or stays in transient on some of the demands being made and the plan is so expensive that the City decides not to fund a portion of it, then everyone suffers.

The proposed plan would basically be an EPO plan, but for dependents, who live outside the area, coverage would be for "up to" what is paid in Sarasota. Coverage beyond that would need some kind of policy to cover the extra/difference.

Linda McKinney said that when a plan is designed, the guidelines of that plan need to be followed. The EPO is designed for a six county area - that is the plan. Another plan with different guidelines can be built that would cover the six county area and include a Beech Street Network wraparound attached for an additional cost for the additional coverage outside the area. It would provide network coverage only. There would be no coverage for any charges outside of the Beech Street Network. That cost would be higher than the current EPO, but still less than the PPO. This would benefit the employee as well as the City by keeping costs within the network.

Robert Blinch-Edward said that the insurance does not pay bill charges, it pays percentage charges based on what Medicare pays (120%, in network, of what Medicare pays).

Ms. McKinney said that if everything stays the same, the cost to the City for the health plan is going to be approximately \$6.7 million. The group needs to continue to work toward changes/modifications that will help get the fund back to where it needs to be. Spousal surcharge, making the dental benefit a separate deductible, increasing the cost of the PPO are all issues that need to be addressed. If an EPO2 plan is developed the cost will essentially be the same to the City as for those participants outside of the six county area that are on PPO and use only Beech Street network. The only difference is that there would be no out of network costs. This does not represent that much saving.

John Glanden asked if retiree's dependents on Medicare were going to continue to pay a lower premium. Ms. McKinney said there are no plans to make any changes in those rates.

Kevin Stiff asked about a method to educate people so they will understand the difference between the EPO and the PPO as several do not understand that the doctors are the same for both plans.

Mr. Blinch-Edwards stated that the primary difference is the hospital. On the EPO plan, participants have to use the network hospital. Mr. Stiff asked if a questionnaire could be sent out to those participants on the PPO asking why they preferred to stay on that plan instead of switching to the EPO. Those answers could be used as a tool to show them how they could benefit by being in the EPO. This may be an easier way to educate them than mandatory meetings in the workplace.

Ms. McKinney said that the City does not want to do away with the PPO. If someone is willing to pay a higher price and has a unique need for that plan, they should pay a severe premium for the more expensive plan. This would also give encouragement for others to go to EPO from PPO.

Mr. Blinch-Edwards said that the City is in a unique situation having the same doctors for both plans. Usually the network for an EPO plan is much smaller than that for a PPO.

Benita Saldutti asked if the group should look at controlling out of network costs on PPO by decreasing the percentage of coverage for out of network costs. Ms. McKinney said that the deductibles could be made parallel to the County's deductibles. Although they were raised, the City's deductibles are still not as high as the County's. Mr. Whitehead asked if it was possible to control out of network costs by only paying a certain dollar amount as he suggested earlier.

Mr. Blinch-Edwards answered that the higher deductible and the higher percentage that the participants have to pay to go out of network already address that issue – they are already paying the difference. Currently, only 14% of the total costs are out of network charges. Most of those charges were from two catastrophic claims. Most people do stay within the network.

Ms. McKinney made the recommendation that she draft something, as a starting point for the group to look at, for EPO2 plan and other recommendations that have been made up to this point. Recommendations from Healthcare Sarasota will be incorporated into the same format. This will be provided for discussion at the next meeting.

Ms. McKinney went over the spousal surcharge recommendation so everyone understood the concept. If the spouse of an employee or retiree works and has access to health coverage and turns it down, making the City primary for their coverage, then there will be a surcharge of \$50/month. The only time the surcharge will apply is when healthcare is available and they decline to take it. This prevents the City from underwriting other locations.

Next topic for discussion was separating dental into a separate coverage. Ms. McKinney said she proposed initially to take \$5 off each plan charge and make dental a separate charge of \$5/week for dependent coverage (Employee +1 would be \$5 and Employee + Family would be \$10.). The out of pocket cost to the employee would not change, but the coverages would be separated. This would lay the groundwork for the

option of offering only dental coverage or offering medical coverage without dental. At this time, there is no reason to increase the cost of the coverage.

Next item was approval of health brochures on Cardiovascular Disease and Stress. Ms. Saldutti made the motion to approve. Second by Dick Minster. Motion carried.

Mr. Blinch-Edward showed the group a brochure "Talking to your kids about drugs". He will provide 1,000 free copies to be handed out with employee paychecks.

Mr. Minster asked for an update on the Fireman's fund. Ms. McKinney reported that she had talked with the City Manager and explained the situation to him. Then she had met with Mr. Mitchell and proposed a couple of different options on dispersal of the funds. Mr. Mitchell asked her to put it on paper for review by him and then the City Attorney. The draft has not yet been completed for Mr. Mitchell. Linda will report to the group on the status. The Focus Group will be advised as to what is proposed, and then the proposal will be given to the City Manager for approval. Final approval would come from the Commission.

Andy St. John asked about the status of the Intercoastal Medical Group joining the network for TeamHealth. Ms. McKinney said that at this time they do not feel they can maintain a profitable margin by joining TeamHealth.

Public Input:

Joyce Dolan asked about the cost of a wellness program. Ms. McKinney said that has not been addressed yet.

Charles Senf wanted to go on record as saying that he thought the Run Walk Swim program is an important program as far as the health benefits go. By switching the reward from days off to lower deductibles, it would allow the retirees to participate.

Next meeting is May 8, 2002, at 1:00 p.m., at Public Works, 1761 12th Street.

Meeting adjourned at 2:40 p.m.

Minutes Approved: _____

John Agen, Chairperson