

**Benefits Focus Group Minutes
(6/3/02)**

Committee members, alternates and staff advisors present:

John Agen
Benita Saldutti
Dick Minster
John Glanden
Janice Cox
Robert Blinch-Edwards
Veda Mahadi
Kevin Stiff
Pat Horan
Rick Winters
Karen Lusk
Joe Munyak
Mark Trefethen
Stacey Monroe
Suzy Milburn
Joyce Dolan
William Tatum
Jim Godshall
Mark Stinson
Chris Lyons

John Agen called meeting to order at 1:05 p.m., June 3, 2002. Roll was called.

Linda McKinney handed out sheets showing incurred claims experience from January 2001 and January 2002. Shows that experience on medical cost in January 2002, as compared to January 2001, is down 29%. Claims are still higher than costs in January 2000, which is the time when the fund started getting into trouble.

Ms. McKinney will try to provide this information as received so the Group can see a three-year comparison month by month.

Ms. McKinney passed out the following: letter from Gehring Group to Linda McKinney, letter from Gehring Group to Robert Blinch-Edwards, Healthcare Sarasota, and latest projections from the Gehring Group. She said Chris Lyons had reviewed them and discussed them with her. The projections exclude any dental plan changes and do not include any cost savings for deductions for retirees. Ms. McKinney suggested that she get with Mr. Gehring to look at the impact for the retirees and the employees to see exactly what the impact is. Benita Saldutti suggested that the cost savings be shown in two ways - actual savings to the plan and increased revenue generated for the plan. Ms. McKinney will ask Mr. Gehring to report the savings that way. It would make it easier for the Group to review and would be easier to incorporate into the presentation to the City Manager along with historical data.

Ms. McKinney explained the difference in the EPO2 and PPO. The EPO2 is designed for two types of people - those who have children living outside the six county area and those who live outside the six county area. Those people who only travel a portion of the year would not necessarily be qualified to be in EPO2. Ed Whitehead said he felt that restricting membership in the EPO2 would keep people from moving from the PPO. He thought the purpose of it was to get people away from the PPO so that when they were in the six county area that it would help control costs. That was the original intent for the development of the plan based on earlier discussions of the Group. Ms. McKinney said she did not know if the City could afford to offer that. The Beech Street network is expensive and it would not be cost effective or easy to contain costs if it was offered to those within the six county area. Mr. Whitehead said he was talking about using Beech Street ONLY if the person was outside of the six county area.

Kevin Stiff asked if he was in the EPO and was traveling and got a bad cold that was not an emergency what should he do? Ms. McKinney said he should call his home doctor who would either call him in a prescription or refer him to another doctor. Mr. Stiff asked if he would be covered if he was referred to another doctor and Ms. McKinney said that was her understanding.

On the EPO2, the only benefit is for dependent children living out of state or a retiree or employee living out of the six county area. The six county area is defined as Sarasota, Manatee, Pinellas, Pasco, Hillsborough and Charlotte. Consensus was that before voting on the issue, the Group would like to see it in writing – what the benefits would be, etc.

Spousal surcharge was next item for discussion. The cost would be \$50/month if coverage were available at spouse's employment. John Glanden said that he has heard from some of the retirees that really resent that mandate. Ms. McKinney said that some options may not be agreeable to all participants, but some hard issues have to be addressed and decisions made in order to keep the long term benefit feasible for everyone. Suzy Milburn pointed out that many employers do not offer dependent coverage to their employees. The City does cover the employee and offers coverage to their dependents. She feels it is fair for a working spouse to pay a surcharge, because she does not think the City should subsidize another employer's employees. Ms. Saldutti agreed. Joyce Dolan said that she felt that retirees who had insurance available at a second job should maybe not have a surcharge added, but should use that as their primary carrier and make the City secondary. Mr. Agen said he would like to see the Group stay out of that area at this time. That could be addressed at a later time. Mr. Stiff asked how this would be policed. Ms. McKinney said it would be the Third Party Administrator's job. She was not sure if there would be an extra expense for that. She said the \$50/month is not the issue, the issue is making the City insurance secondary for that spouse.

Ms. Milburn made a motion to include the Spousal surcharge provision in the Group's recommendation to the Administration. Ms. Saldutti seconded. Motion carried unanimously.

Ms. Saldutti said that the Group should decide whether or not they want to discuss the issue of retirees being required to use the City insurance as secondary and their job be primary rather than just one person in the Group saying they did not want to address the issue. Ms. McKinney said that is the way it is administered at this time. If a retiree has insurance somewhere else, then that place becomes primary and the City becomes secondary.

Next item for discussion was lab charges. That discussion will be postponed until Mr. Blinch-Edwards provides the Group with the information on number of lab visits last year.

Mr. Stiff asked about Kurt Gehring's letter and his request to participate in meetings. Would that be at a cost? Ms. McKinney's suggestion was for everyone to read the letter and then respond to it at the next meeting. She pointed out that Mr. Blinch-Edwards was not being paid for his participation. Mr. Agen said the issue with Mr. Gehring is getting accurate numbers.

The proposed increase in PPO out of pocket and deductibles was the next item of discussion. Ms. McKinney said that these numbers align the City with the County charges on their PPO. She got the information from Healthcare Sarasota. The out of pocket cost is being increased from \$1,000/\$2,500 to \$1,500/\$3,000 (in network/out of network). The deductible is increasing from \$200/\$400 to \$300/\$600 (in network/out of network). All copays are being removed from PPO. Ms. Saldutti made a motion to accept the proposed changes to PPO as presented. Second by Ms. Milburn. Motion carried unanimously.

Ms. McKinney suggested using the current PPO premium for EPO2 and then increase the PPO premium. Because the Group decided not to separate out dental charges, all medical plan premiums will have to be increased to increase savings to plan. The Group asked Ms. McKinney to give them new figures trying to generate the amount of money that would have been generated by separating the plans. This amount is approximately \$200,000.

Mr. Stiff asked if there was a number the Group was trying to reach. Ms. McKinney said there was no number but she was trying to come as close to \$1 million as possible.

Ms. McKinney asked to go over the list of information the Group had requested.

- cost information from Mr. Gehring
- numbers that will generate revenue of approximately \$200,000
- parameters of EPO2 in writing
- explanation of spousal surcharge
- an understanding of lab visits from Mr. Blinch-Edwards

Ms. Milburn asked that she note that some labs cover Medicare participants at 100%.

Mr. Stiff asked for an explanation in writing of the coverage and the process to follow if an EPO participant is out of town and is referred to another doctor by their regular doctor.

Public Input:

Charles Senf asked for electronic copies of printouts handed out from EMI. Also said he thought the administration should be timelier in providing information to the Group.

Next meeting is June 5, 2002, at 1:00 p.m., in Room 303A, City Hall Annex.

Meeting adjourned at 2:55 p.m.

Minutes Approved: August 7, 2002

John Agen, Chairperson