

MINUTES

Employee Benefits Committee

October 1, 2013

A meeting of the Employee Benefits Committee was held on October 1, 2013. Members attending the meeting were Clair Crossland, John Falconer, Angela Fontana, Steve Moore, Blair Mercer, Russell Huber, Stephen Black, and Lance Johnson. Chairman Roger Lambourn had a family emergency and was unable to attend. Also attending the meeting were Councilmember Bob Begert, City Manager Bob Livingston, Human Resources Director Luanne Hanford, and Morgan Young, Benefits Consultant with Holmes Murphy.

Ms. Hanford called the meeting to order at 7:35 am. She introduced Morgan Young who is with the City's broker and benefits consulting firm, Holmes Murphy. Ms. Young told the committee that an RFP had been issued for all of the City's employee benefits. She then went through a powerpoint presentation detailing the results of the bidding process.

Only two companies submitted proposals for the administration of the City's self-insured health plan: Cigna, the City's current administrator, and Blue Cross Blue Shield of Texas (BC/BS). Both submitted proposals for administrative fees for the current PPO plan as well as the new High Deductible Health Plan/Health Savings Account going into effect January 1, 2014. Both companies also submitted proposals for the Dental PPO and DHMO plans, Life and AD&D insurance, Long Term Disability insurance and Employee Assistance Program. Other companies submitted proposals for these other coverages, as well, but the overall pricing was better with Cigna and BC/BS because they were able to "bundle" all of the coverages together as a package.

After reviewing all of the proposals, Ms. Young recommended that the City stay with Cigna for administration of the health plan, Life/AD&D, LTD and move the dental insurance from Assurant to Cigna. She recommended leaving the EAP with Lifesynch, the current provider. The overall cost of the benefit plan with Cigna and Lifesynch will be reduced from \$244,420 in 2013 to \$238,578 in 2014, a reduction of almost \$6,000. Since dental insurance is voluntary and completely paid by employees, the \$38,861 for dental insurance will not be paid by the City. The same bundled program with BC/BS would be \$265,884. The committee discussed the information presented by Ms. Young and she answered questions. Blair Mercer moved that the committee recommend to the City Council contracting with Cigna to provide administrative services for the PPO and HDHP, dental insurance, Life/AD&D and Long Term Disability and renewing the contract with Lifesynch for EAP Services. Russell Huber seconded the motion. The vote in favor was unanimous.

Ms. Young then went over the Cigna Stop Loss renewal. For 2014, Cigna has proposed a 12.1% increase in Individual Stop Loss (ISL) insurance for an increase of \$46,785. Cigna did not propose an increase in Aggregate Stop Loss (ASL), so the total increase to stop loss fees will be \$46,785. Ms. Young told the committee that the increase was consistent with medical cost trend. The committee discussed the renewal and Ms. Young responded to questions. After discussion, Clair Crossland moved that the committee recommend to the City Council Individual Stop Loss Fees of \$433,834 annually and Aggregate Stop Loss Fees of \$17,473 annually. The motion was seconded by Blair Mercer. The vote in favor was unanimous.

Following the vote, Councilmember Bob Begert thanked the committee members for the service and told them that the City Council relied on their expertise in matters of employee benefits.

There being no further business, the meeting was adjourned at 8:10 am.