

# **MINUTES**

## **Employee Benefits Committee**

**August 10, 2016**

A meeting of the Employee Benefits Committee was held on Wednesday, August 10, 2016. Members present at the meeting were Chairman Roger Lambourn, Daniel Lonie, and Angela Fontana. Also attending the meeting were Councilmember Randy Biddle, City Manager Robbie Corder, Human Resources Director Luanne Hanford, and Jarrad Wills, a representative of Holmes Murphy.

The meeting was called to order at 7:35 am. Ms. Hanford told the committee that there were a number of pressures on the FY2016-17 budget including a tax rate decrease and increased contributions to the Capital Projects funds. Also, based on salary survey information, staff was not recommending pay increases for employees in the upcoming budget. For those reasons, for health plan budget projections, staff had given Holmes Murphy the budgetary parameters of no health plan premium increase for employees and a minimal increase to the City. Ms. Hanford asked Mr. Wills to make a presentation to the committee.

Mr. Wills told the committee that at initial budget discussions, Holmes Murphy, the City's benefits consultant, had presented staff with three budgetary options that were based on different levels of risk. For example, numbers presented at the 75<sup>th</sup> percentile were based on the assumption that 75% of the time, the City's health plan performance would fall within the budgeted amounts and 25% of the time it would go over budget. After initial discussions, City staff had expressed an interest in budgeting at the 65<sup>th</sup> percentile in order to keep budget increases to a minimum.

In order to accomplish this, there are a few changes proposed to the benefit plan. First, the individual deductible for the HSA plan would increase from \$2,000 to \$3,000 and the Out of Pocket Maximum would go from \$4,000 to \$3,000. Thus, once the individual deductible is satisfied, the Out of Pocket Maximum will be satisfied, as well. This will allow the individual deductible to be "imbedded" in the family deductible; i.e. the entire family deductible does not have to be met in order to meet the out of pocket maximum for an individual covered under a family plan.

The other changes include increasing the Emergency Room deductible from \$100 to \$250 in order to steer non-emergency visits to an emergency room to an urgent care center instead. The other recommended change is to increase the EPO (Exclusive Provider Organization) deductible from \$1,250 to \$1,500 and the EPO Out of Pocket Maximum from \$3,500 to \$4,000. With these changes in place, there will be no premium increase to the employees, retirees, or COBRA participants and the City's budgetary increase will be limited to \$161,000 (6.2%).

Mr. Lambourn noted he had reviewed the proposed budget and plan changes previously in a meeting with Mr. Wills and City staff. He noted that raising the deductible for the EPO only

affects people who go into the hospital or have outpatient or lab services and would not affect people paying co-pays for doctors and pharmacy benefits.

Ms. Fontana asked if any out of network charges would be paid if an employee were out of town and wasn't able to access their usual doctor. Mr. Wills explained that the EPO network was a nationwide network and that emergencies would generally be covered as in-network charges.

Discussion continued regarding the City's health plan reserves. A chart was presented to the committee members that showed required reserves to be between \$924,169 and \$1.5 million for the health plan. Ms. Hanford noted that the City had sufficient reserves in the Self-Insurance Fund.

After additional discussion, Ms. Fontana moved that the Employee Benefits Committee recommend the proposed benefit plan changes and the health plan budget as proposed. Daniel Lonie seconded the motion. The vote in favor was unanimous.

The meeting was adjourned at 8:30 am.

**Submitted by:**

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**Roger Lambourn, Chairman**

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**Luanne Hanford, Dir. of Human Resources**