XENIA CITY COUNCIL
SPECIAL SESSION
MEETING MINUTES
NOVEMBER 5, 2019
6:00 P.M.

1. CALL TO ORDER: President Engle called the November 5, 2019, Special Session to order at 6:00 p.m. in the City Council Chambers, City Administration Building.

2. ROLL CALL: Vice President Edgar Wallace, Councilman Will Urschel, Councilman Dale Louderback, Councilman Wesley Smith, Councilman Levi Dean (arrived at 6:12 p.m.), Mayor Sarah Mays, and President Michael Engle were present.

3. NEW BUSINESS:

A. **Administrative Motion Authorizing Agreements for the health insurance programs, Teladoc Services, and Enrollment Management Services (opt-out program), and authorizing amounts for HSA contributions, compensation in lieu of benefits, and working dependent surcharge.** City Manager Brent Merriman extended his appreciation of Council in agreeing to the Special Session to review this very important, albeit last-minute and time sensitive, information. He noted the rates are good for a short amount of time, and it is imperative that they act quickly. Once Council takes action, staff has to work to engage and inform employees during the open enrollment period. He said staff and the Insurance Committee have been working very hard to come up with solutions to continue to provide the best possible coverage they can while being sensitive to their fiduciary responsibilities. Frankly, it gets a little more difficult every year. He turned it over to Human Resources Director Jackie Potter.

Before getting started, Ms. Potter took a moment to thank Council for granting staff an extra two days off at Christmas, which is very much appreciated. She said next to compensation and health insurance, time off is the next most valuable thing to employees. She referred to a handout, which she will reference in addition to the agenda item report. The first page provides baseline information that she obtained earlier this year that shows how Xenia compares to other municipalities as follows:

HEALTH INSURANCE COMPARABLES			
CITY	**EMPLOYER %**	**EMPLOYEE %**	**PLAN DETAILS**
Beavercreek	80%	20%	
Centerville			$1,040 Max; If exceeds then 50/50 split of excess
Delaware	89%	11%	PPO – 0 Deductible
Englewood	85%	15%	Traditional
	100%		H.S.A.; Contributes 20% towards deductible
Fairborn	79%	21%	Contributes 75% towards deductible
Forest Park	85%	15%	PPO - $1500/$3000 Deductible
Huber Heights	100%		Contributes 60% towards deductible
Lebanon	90%	10%	With participation in the wellness program
	85%	15%	Without participation in the wellness program
Marysville	80%	20%	Contributes $2,000/$4,000 towards deductible
Miamisburg	88%	12%	
Piqua	85%	15%	Contributes 50% towards deductible
Riverside	78%	17%	
Trotwood	87%	13%	
Washington CH	88%	12%	
West Carrollton	85%	15%	
Xenia	70%	30%	Contributes $1500/$3500 towards deductible (50%/58%)

Ms. Potter said health insurance is very important to employees, and staff wants the City to be competitive in the market. They also want to make sure they are providing employees with a high level of coverage at an affordable cost. She recently completed in-person, one-on-one surveys with every City employee, and their #1 overall concern was health insurance coverage and costs. The next page in the handout reflects aggregate attachment point, claims paid, the difference in those amounts, and the number of specific claims from 2016 thru 2019 as follows:

	2016	2017	2018	2019	
	UHC SF	UHC SF	UHC SF	UHC SF	
Aggregate Attachment Point	874,791	1,167,535	1,262,187	1,471,413	
Claims Paid	$1,722,787.00	$1,004,570.00	1,332,423.88	1,427,630	(9/30/19)
Difference	-847,996	162,965	-70,237	43,783	
# of Specific Claims	3	0	2	2	

The aggregate attachment point (AAP) figures shown above outlines the City's total claims cost liability. She explained that the City is self-insured and covers the claims, and there is stop loss (reinsurance). Any amount over the AAP is covered by the stop loss carrier. As shown above, three specific claims (any claim that exceeds $100,000) in 2016 grossly exceeded that AAP by $847,996. These individual specific claims significantly impact claims dollars and costs, which ultimately impacts renewal numbers.

Councilman Urschel asked how the AAP number was determined. Ms. Potter said a formula is used based on a two-year lookback period of claims history to determine expected claims costs in the next year.

Ms. Potter said the 2020 AAP will be set at $1.7 million dollars, i.e., from 2016 to the projected number for 2020, the number has doubled. The AAP amount is an important number because it is the City's claims liability and must be accounted for in the budget (premium dollars must cover that liability). She reminded them that the Insurance Committee has been active for some time and is comprised of City employees—both union and non-union—as well as management staff. Their ultimate mission is to provide the highest level of coverage at the most affordable cost for both the City and employees. Each year, they evaluate options, monitor claims costs, and continue to look for creative solutions. One of those solutions several years ago was to contract with Enrollment Management Services (EMS), which has proven to be a great solution in controlling claims liability and providing alternative solutions based on employees' personal circumstances. It is now time to get creative again. They looked at many options including the "true cost" model that has been evaluated in past years, which they feel is the best approach in 2020. The opt out program continues to be successful with 102 employees participating (out of about 200 employees). The opt out program results in a claims savings estimated at $800,000.

Ms. Potter said when considering options for 2020, the Insurance Committee listened to what employees wanted, which included the option for a co-pay based program. Therefore, the 2020 Medical Benefit Summary includes a dual option plan with Custom Design Benefits (a third-party administrator) that includes the following:

1) High Deductible Health Plan (HDHP) = **33% increase in costs**
2) True Cost Plan Design (co-pay based system with no deductibles and max out-of-pocket of $4,000 single/$8,000 family) = **17.8% increase in costs**

Current Benefit Summary vs True Cost Benefit Summary

		CURRENT HDHP PLAN DESIGN (In-Network)	TRUE COST PLAN DESIGN (Direct Contracts/Not Networks)
Deductible per Calendar Year	• Individual	$3,000	$0
	• Family	$6,000	$0
Out-of-Pocket Maximum per Calendar Year	• Individual	$4,000	$4,000
	• Family	$8,000	$8,000
		Plan Pays:	**Plan Pays:**
Preventive Care	• Adult Routine Physicals • Adult Routine Immunizations • Preventive Lab & Xray • Preventive Colonoscopy • Prostate Screening • Well Woman PAP & Gynecological Exam • Mammogram Screening • Child Routine Physicals • Child Routine immunizations	Covered at 100%	Covered at 100%
		You Pay:	**You Pay:**
Physician Services	• Office Visits - PCP	Deductible, then $30 Copay	$25 Copay
	• Office Visits - Specialist	Deductible, then $60 Copay	$50 Copay
	• Urgent Care	Deductible, then $75 Copay	$50 Copay
	• Injections in Physician's Office (excludes Allergy)	Deductible, then $30 Copay	$25 Copay
	• Allergy Injections		$0
Hospital Services	• Inpatient Hospital per Admission (includes Maternity Admissions)	Deductible, then 0% Coinsurance	$500 Per Day (1 to 5 Day Max)
	• Emergency Room Services	Deductible, then $250 Copay	$250 Copay
Outpatient Services	• MRI Scans	Deductible, then 0% Coinsurance	$250 Copay Non-Hospital/$500 Copay Hospital Setting
	• PET Scans	Deductible, then 0% Coinsurance	$500 Copay
	• CT Scans	Deductible, then 0% Coinsurance	$150 Copay Non-Hospital/$300 Copay Hospital
	• Physical & Occupational Therapy	Deductible, then $30 Copay	$25 Copay
	• Speech Therapy	Deductible, then $30 Copay	$25 Copay
	• Cardiac Rehab	Deductible, then $30 Copay	$50 Copay
	• Outpatient Surgery Facility	Deductible, then 0% Coinsurance	$350 Copay
	• Outpatient Dialysis, Chemotherapy & Radiation	Deductible, then 0% Coinsurance	$50 Copay
Other Medical Services	• Chiropractic Care (12 visits per Calendar Year)	Deductible, then $30 Copay	$25 Copay
	• Diabetes Services & Education	Deductible, then $60 Copay	$25 Copay
	• Skilled Nursing Facility (Up to 100 Days Per Calendar Year)	Deductible, then 0% Coinsurance	$100 Copay
	• Home Health Care (UP to 100 Visits Per Calendar Year)	Deductible, then 0% Coinsurance	$25
	• Ambulance (Emergency Only, Ground & Air)	Deductible, then 0% Coinsurance	$250 Copay Ground/$500 Copay Air
	• Hospice Services	Deductible, then 0% Coinsurance	$0
	• Durable Medical Equipment	Deductible, then 0% Coinsurance	20% Coinsurance

	Prescription Drugs Retail (31 Day Supply)		Prescription Drugs Mail Order (90 Day Supply)
Prescription Drug Plan	Generic Drugs	$10	$25
	Brand Preferred	$35	$88
	Non-Preferred	$60	$150
	TrueCost: Specialty Drugs filled through Specialty Pharmacy - 25% coinsurance to a max copay of $250 per prescription		
	HDHP: Copays above are after deductible has been met		

She said the "true cost" plan will be a bit different for employees, and they will need to play a part in managing their own claims. She noted education and training would be provided to employees. The true cost plan will be complemented with a health reimbursement arrangement (HRA).

(Levi arrived at 6:12 p.m.)

The HRA will reduce an employee's exposure. The plan design is for $4,000 out-of-pocket max for single coverage; however, the City would supplement that plan to reduce an employee's exposure by $2,000 for single coverage with an HRA. She said an HRA is different from an HSA (health savings account). Councilman Louderback asked Ms. Potter to explain the difference between an HRA and an HSA. Ms. Potter said an HRA covers up to $2,000 as expenses are incurred and reimbursed, and HSA money goes into an employee's HSA account and becomes the employee's money. She further explained that HSA money ($1,500 for single and $3,500 for family) is paid up front, and the City gets none of the money back (regardless of claims). An HRA covers only expenses that are eligible for reimbursement up to $2,000. Assistant Finance Director Jason Lake said an employee will either get HSA dollars or will be eligible for HRA reimbursement but cannot get both. Ms. Potter concurred; the HSA dollars will be given if an employee chooses the high deductible plan, and the HRA will be available for those who choose the true cost (co-pay based) plan. Mr. Merriman noted having one or the other (HSA vs HRA) is a federal mandate. Ms. Potter agreed—they cannot have both options on the same plan.

Mr. Duke said an HSA is "first dollar coverage" and an HRA is back end coverage for those who experience a lot of medical claims. If employees go to the doctor, they can use money from their HSA accounts to pay for those appointments. HRAs cap an employee's exposure; they have to meet the $2,000 out of pocket expense for individual plans or $4,000 for the family plans before the HRA starts to reimburse for any expenses exceeding those thresholds. If employees does not seek an HRA reimbursement, the employee does not receive anything and the City does not make any payment. With the City's HSA contributions, those disbursements are made at the beginning of the year, and the City does not get that money back. If employees do not have a lot of health expenses and do not need to use any of the HSA dollars in their accounts, they keep it. Ms. Potter explained the difference between "embedded" versus "nonembedded" plans as follows:

- Embedded: If a family of four has only person who goes to the doctor a lot, they are only required to meet the single deductible.
- Nonembedded: Under the same scenario, she would be required to meet the full family deductible or full family out of pocket threshold.

Mr. Merriman asked why an employee would choose a true cost plan vs. the high deductible plan. Ms. Potter responded by reviewing page 4 of her handout that showed City and employee costs for single and family coverage with each plan as follows:

	H.S.A 2020	True Cost 2020	Superior 2020	NVA 2020
EE + Spouse	$1,594.17	$1,408.68	$52.84	$11.12
EE + Child(ren)	$1,442.36	$1,274.53	$52.84	$17.78
Single	$759.14	$670.80	$26.47	$5.56
Family	$2,277.39	$2,012.40	$99.10	$20.56

85/15 H.S.A.	2020	City Portion	Employee Portion	Bi-weekly Deduction
EE + Spouse	$1,594.17	$1,355.04	$239.13	$119.57
EE + Child(ren)	$1,442.36	$1,226.01	$216.35	$108.18
Single	$759.14	$645.27	$113.87	$56.94
Family	$2,277.39	$1,935.78	$341.61	$170.81

85/15 True Cost	2020	City Portion	Employee Portion	Bi-weekly Deduction
EE + Spouse	$1,408.68	$1,197.38	$211.30	$105.65
EE + Child(ren)	$1,274.53	$1,083.35	$191.18	$95.59
Single	$670.80	$570.18	$100.62	$50.31
Family	$2,012.40	$1,710.54	$301.86	$150.93

80/20 H.S.A.	2020	City Portion	Employee Portion	Bi-weekly Deduction
EE + Spouse	$1,594.17	$1,275.34	$318.83	$159.42
EE + Child(ren)	$1,442.36	$1,153.89	$288.47	$144.24
Single	$759.14	$607.31	$151.83	$75.92
Family	$2,277.39	$1,821.91	$455.48	$227.74

80/20 True Cost	2020	City Portion	Employee Portion	Bi-weekly Deduction
EE + Spouse	$1,408.68	$1,126.94	$281.74	$140.87
EE + Child(ren)	$1,274.53	$1,019.62	$254.91	$127.46
Single	$670.80	$536.64	$134.16	$67.08
Family	$2,012.40	$1,609.92	$402.48	$201.24

70/30 H.S.A.	2020	City Portion	Employee Portion	Bi-weekly Deduction
EE + Spouse	$1,594.17	$1,115.92	$478.25	$239.13
EE + Child(ren)	$1,442.36	$1,009.65	$432.71	$216.36
Single	$759.14	$531.40	$227.74	$113.87
Family	$2,277.39	$1,594.17	$683.22	$341.61

70/30 True Cost	2020	City Portion	Employee Portion	Bi-weekly Deduction
EE + Spouse	$1,408.68	$986.08	$422.60	$211.30
EE + Child(ren)	$1,274.53	$892.17	$382.36	$191.18
Single	$670.80	$469.56	$201.24	$100.62
Family	$2,012.40	$1,408.68	$603.72	$301.86

Councilman Louderback asked for an explanation on how the 80/20, 70/30, and 85/15 ratios are determined (City vs. employee portion). Mr. Duke said employees hired before 2003 pay 85/15, those hired between 2003 – 2010 pay 80/20, and anyone hired after 2010 pays 70/30. Councilman Louderback said it is embarrassing when looking at what people are paying. He asked if anyone had done a cost analysis to see what it would cost to raise everybody to 85/15 and if that was even feasible. Mr. Duke said the cost would be significant. Mr. Merriman presumed it would exceed six figures. Mr. Duke estimated it would be in excess of $300,000 per year.

Councilman Louderback asked how many employees the City was losing due to the cost of insurance. Mr. Merriman assumed there are a variety of reasons as to why employees leave, but there was no question that the City was losing employees due to benefits. He suggested they keep the established ratios as is for another year, but if key operating funds remain stable, they can revisit this issue and possibly pursue changes through negotiations. He did not feel the KOFs were currently stable enough to make that change right now. He confirmed they are struggling to get good people, especially in Public Safety, and they need to make some changes. For each civil service test, they get fewer and fewer applicants. Ms. Potter said they really outdid themselves with their success in negotiating changes in the past, and the 70/30 split made sense at the time. However, they are ahead of the curve with the plan <u>cost</u>, which is <u>below</u> the state average. They have done a really good job with some creative solutions to make it as affordable as possible.

Councilman Smith asked if staff could compare the City's plan to other larger Xenia employers such as County and School system. Mr. Merriman said the County's plan was significantly better; however, the County's pay scale is behind the curve. Ms. Potter noted that City employees whose spouses are employed by the County or the school system have chosen to go on those plans via the opt out program because those plans are so much better.

Regarding the splits, Vice President Wallace said he would like to know the exact costs, perhaps in 5% increments. He felt they needed to do better than 70/30. Mr. Duke said the initial cost is one aspect, but the long-term cost would be much more substantial over time.

Ms. Potter summarized the Insurance Committee's recommendation, which is for a dual option. She explained that they know the HSA is working for them. Also, change is difficult; therefore, they felt it would be best to offer both options. There will be a learning curve, and they will see how the true cost plan works over the next year.

a. Offer an HRA for employees enrolled in the True Cost plan; reduces out-of-pocket to $2,000 (single) and $4,000 (family).
b. Offer an HRA for employees who opt-out to further assist those employees with a high deductible plan. This ultimately reduces the claims liability for the City.
c. Dental, vision and life – no increase or change.
d. Teledoc - $40 for HDHP enrollees and free for True Cost enrollees.

Mr. Merriman summarized the committee's recommendation includes offering a renewal under the current plan (33% increase on premiums) as well as a true cost plan (18% increase). Ms. Potter said if 50% of employees go with the current plan renewal and 50% of employees go with the true cost plan, the City's net increase will be about 25%. Mr. Duke said when they see the premium increases, he noted the City is self-funded which means the City and the employees pay into a fund that is used to pay out claims. If they have a low claims year, the fund can be built up and used to pay future claims rather than paying those premiums to an insurance company who keeps those premiums. He hopes the true cost and opt out options will reduce claims and a balance will start accruing in that self-insurance fund.

Councilman Urschel asked for an explanation of opt out strategies with regard to integrated vs nonintegrated plans. Mr. Duke said a flat amount (not formula based) is used for nonintegrated plans (Medicare, Medicaid, etc.); integrated plans can use a formula (with another employer). Councilman Urschel asked if 50% of the City's employees opted out. Ms. Potter said yes, about 50% have opted out. Mr. Duke agreed. Councilman Urschel asked if the strategy for the opt out program was to incentive employees to go with other plans. Ms. Potter said yes, but it was not just about claims—EMS has been able to really help employees and their families find the best coverage for their difficult circumstances. Mr. Merriman noted one recent claim was over $500,000, which is 30% of what they budget for all claims for the entire year.

Vice President Wallace asked about stop loss coverage. Ms. Potter said the City gets reimbursed for anything over $100,000; however, that affects renewal rate. Mr. Duke said the City's stop loss carrier has already paid out more than they will collect in premiums from the City for this year, which is good from a claims standpoint but not from a renewal standpoint.

Mr. Merriman said as Ms. Potter explained this evening, they are interested in looking at modifications to the insurance coverage program in 2020. He entertained additional questions.

Hearing no further comments or questions, President Engle consulted with Ms. Fisher to determine if individual motions were needed for each item listed in the agenda report. Ms. Fisher said items 1 – 5 can be done as one motion and items 6 and 7 can be done as one motion. President Engle entertained a motion for items 1 – 5 per the agenda report.

Motion by Councilman Louderback, seconded by Vice President Wallace, to accomplish the following:

1. Authorize the City Manager to execute an agreement with Custom Design Benefits for third-party administration services.
2. Authorize the City Manager to execute an agreement with the hospital system(s) with direct contracts with Custom Design Benefits under the True Cost model.
3. Authorize the City Manager to execute an agreement with US Fire Insurance Company for stop-loss coverage for the City's self-funded health insurance coverage.
4. Authorize the City Manager to sign an agreement for Teladoc 24/7 physician consultation services.
5. Authorize the City Manager to sign an agreement with Enrollment Management Services for administration of the opt-out program in the amount of $60,000.

No discussion followed. The Roll on this was the following:

Ayes: Wallace, Urschel, Louderback, Smith, Dean, Mays, Engle
Nays: None motion carried.

President Engle entertained a motion for items 6 and 7 per the agenda report.

Motion by Vice President Wallace, seconded by President Engle, to accomplish the following:

6. Approve the yearly contribution rates for the HSAs at the current rates of $1,500 for the single option and $3,500 for all other tier options.
7. Approve the working dependent surcharge at the current rate of $200 per pay and compensation in-lieu of benefits (opt-out) not to exceed $10,000 for single or $20,000 for family for integrated plans, and not to exceed $4,500 for single or $8,500 for family for non-integrated plans.

Vice President Wallace said he would like to make his previous request in the form of a motion with regard to staff coming back to them with incremental information to raise the ratios from 70/30 to 80/20, etc. President Engle did not believe a motion was required; staff said they would provide the information. Mr. Merriman concurred; they will develop iterations for Council's consideration next year.

ADJOURNMENT: Motion by Councilman Louderback, seconded by Councilman Smith, to adjourn the meeting at 6:35 p.m. No discussion followed. The Roll on this was the following:

Ayes: Wallace, Urschel, Louderback, Smith, Dean, Mays, Engle
Nays: None motion carried.

Michelle D. Johnson	Michael D. Engle
City Clerk	President, Xenia City Council