

Finance & Judiciary Committee Meeting

MINUTES

November 29th, 2011

5:30 p.m.

Members: Ben Kessler, Chair, Richard Sharp, Rick Weber

Roll Call: All Present.

Others Present: Mayor Brennan, Lou Chodosh, Beecher Hale, Bill Harvey, Matt Lampke, Bruce Langner, Mark Masser, President McClelland, Jed Morison, Mike Price, Chief Rinehart, Kathy Rose and Gary Qualmann.

Review of Minutes: October 25, 2011 and November 7, 2011.

Minutes for October 25, 2011 – **Approved**

Minutes for November 7, 2011 to be corrected and re-submitted at the next meeting.

Presentation and/or Special Guests: Mr. Tony Lombardo, McGohan & Brabender presented health insurance options for the 2012 group health plan. He explained he did take the group to the market but all declined to bid. Anthem has proposed a 28% increase so his suggestion was to change plans to help maintain costs. He said the insurance companies are all going to be eliminating the (100% coverage after the deductible has been met) plans within the next couple of years. He distributed information from McGohan and Brabender along with the list of companies who declined to quote the business.

He presented a print out to Council of three different options to consider. He said there was no co-insurance on medical prescriptions. On prescriptions all co-pays apply whether you have met your deductible or not. They will not be 100% covered. Mr. Sharp asked about Lipitor as an example and said would it be the same cost with all the options presented? Mr. Lombardo answered yes; it is just different with the cost share depending on what pharmacy you use. It is good to have an idea of what a pharmacy will charge you. Kroger usually uses the insurance card on file versus checking to see if it would just be cheaper to pay the cost outright. He said you have to ask. A tier one would be a generic, tier 2 would not be a generic but would be less expensive than the name brand. Tier 3 is more expensive and tier 4 is a co-pay of 25% of the cost of the drug with a \$150.00 maximum per prescription.

President McClelland asked Mr. Lombardo what the difference was between an embedded versus a non-embedded. He said a single deductible is not embedded in the family deductible. \$6,000 would be the true deductible, whether 1 or more people met their deductible.

An embedded deductible is if \$3,000 is the embedded deductible, one person plus an additional family member can satisfy the deductible. There is usually an additional charge of 3% – 4% to purchase the embedded deductible plans.

Mr. Weber asked about the City's 60/40 commitment and asked what the proposed figure will be? Mr. Lombardo said that was the split in 2010 and based on the figures, it would work well enough not to need to change it. Mr. Weber asked if an employee goes to a doctor under Option 2 that would need to be in network. Mr. Lombardo said the employee pays the whole co-insurance, even with an in network physician. Mr. Sharp said for example, it may cost you \$100.00 in January and then once you meet the deductible, now you only have to pay the co-insurance of \$20. Mr. Kessler asked if it would work the same in a non-network facility. Mr. Lombardo said no, you would be paying much more out of pocket. If by chance you pick a doctor that is not in the network, you fall below in coverage.

Mr. Lombardo said the 60/40 split is all internal. This is handled by your third party administrator for you. Currently the employee is sharing 40% along with a deductible of \$1,200 for a single and \$2,400 for a family. The plan has a lower the out of pocket maximum than most group plans that are offered. Mr. Qualmann said the employees would have to pay the full amount of the out-of-pocket.

Mayor Brennan said that is 12% more the employee is going to have to pay out of their pay checks toward insurance costs. Mr. Sharp distributed a sheet with figures that reflected some of the cost. Mr. Weber said if 80% of the employees are not hitting their deductible, wouldn't it be better to go with a higher deductible to lower the premium paid by employees? Mr. Lombardo said you would think so but you have to also consider the whole picture. Ms. Maynard asked if new insurance cards would be needed since it is a change in the actual "plan". Mr. Lombardo said yes. Mr. Sharp said increasing premiums in January and the costs of out of pocket medical care more than likely won't be incurred until later in the year, so it is not like they will be hit with all of the increases at one time.

Mr. Kessler said the savings would make it worth going to Plan 2 if paying 60%. How do we know we would save money from Option 1? Mr. Lombardo said it would be a safe risk. He would take it as emergency. Mr. Kessler said on a cost savings, we hit our maximum deductible and we did think "what else" can we have taken care of this year? Mr. Weber said he thought last year we discussed more options. Mr. Lombardo said his meetings with Mr. Qualmann and Mr. Hale allowed him to narrow down the choices this year.

Mr. Masser asked Mr. Lombardo about the possibility of becoming self-insured? Mr. Lombardo said that is a good option when you are larger and have less claims. SERB reported the average cost as \$12,365 per employee. We are doing better than the average in cost because we are in a consumer driven environment. Mr. Sharp asked if the HAS option was higher? Mr. Lombardo said it was. Mr. Lampke said if the monthly cost are not increasing \$60 to \$100 a month but will also exceed more risk. Mr. Langner pointed

out a deficiency on Mr. Sharp's handout stating that it will cost him less money than it will realistically need. Mr. Lampke said if the monthly costs are not increasing \$60 to \$100 a month in premium but exceed more risk. Mr. Langner said his rates would go up \$100 a month.

He suggested the 80/20% coverage plan. Council was in agreement and Mr. Kessler asked Mr. Lombardo to proceed with the enrollment process for this option.

Mr. Qualmann said it was imperative for Council to decide on the amount of premium the employees will be paying; along with any changes to the 60/40 funding provided by the City in order to finalize the enrollment and FSA process. He explained we can not complete the entire process without the additional details being provided. Mr. Kessler said this would be discussed at the next Finance Meeting to be able to answer those questions. Ms. Maynard voiced her concern over the late time frame and the handling of the administrative issues. Mayor Brennan said he did not want to run into the issue of not having the new insurance cards in January, prior to any employees seeking medical attention. Mr. Lombardo said he would be able to distribute the cards on a timely basis.

Mr. Nathans addressed Council and suggested they get an additional 4\$ savings in the premiums by looking at the total out-of-pocket amount. The HRA kicks in a number of ways to be able to tweak the coverage to maximize more savings. Mr. Qualmann said the plan design can be set by the City but the 8% contribution is set by contract. Mr. Kessler suggested they ask Mr. Lombardo to go forward with Plan 2. Mr. Qualmann said 8% to 20% premiums per employee, and a change in plan coverage so he thinks the 60/40 should remain the same. Mr. Nathans asked Mr. Lombardo if he looked at other companies to quote for Bexley. Mr. Lombardo said they went to several companies and he provided a list of companies asked. He said Anthem has a legal limit on the increase, or it would be higher. Mr. Lombardo said it is about the "risk" and he thinks Council is making a good choice. Mr. Keyes said he would be concerned with the 60/40% and thinks Council should consider increasing the employee's portion.

Mr. Qualmann said for the non-union employees, as of January 1st will raise the employee contribution from 8% to 20%. Mr. Kessler said there is a strong argument for changing the 60/40 reimbursement. Mr. Qualmann said in round numbers, 60/40 split, you know \$10,000 for every 1%. Mr. Lombardo said in the long run going from 8% to 20% will go a lot further than changing the reimbursement. The 60/40 split is not a definite number where the premiums are set.

Mr. Kessler made a motion to change the health insurance to Option #2. Mr. Sharp seconded the motion. **Voice Vote – Approved**

Mr. Qualmann reminded City Council this is only half of the equation with the health insurance costs.

**Ordinances & Resolutions –
Third Readings.**

Ordinance 45-11 to appropriate \$1,500 from the unencumbered General Fund for the purpose of utilizing donated funds for Parks and Forestry and other purposes as determined by the Mayor from time to time, Introduced by Mr. Kessler (Introduced October 25, 2011) **No Discussion**

Second Readings.

Ordinance 47-11 to amend Sections 1060.10 and 1060.105 of the Codified Ordinances of the City of Bexley to increase the rate for the collection and disposal of garbage, trash and brush within the City, and to declare an emergency, Introduced by Mr. Kessler (Introduced November 7, 2011). **No Discussion**

Ordinance 49-11 to appropriate \$3,301 from the Tax Increment Equivalent (TIF) Fund for the purpose of recording property tax collection fees for 2011 and to appropriate \$7,000 for the unencumbered General Fund for the purpose of recording income tax collection fees for 2011 and to appropriate \$500 from the unencumbered General Fund for the purpose of paying salaries and wages in the Auditor's Office, introduced by Mr. Kessler (Introduced November 7, 2011). **No Discussion**

Ordinance 50-11 authorizing appropriations for certain special revenue funds for 2011, introduced by Mr. Kessler (Introduced November 7, 2011). **No Discussion**

First Readings.

Ordinance 51-11 to Amend Rules 8 and 9 of Section 220.01, in order to consolidate council committees and establish a new council committee to be called the Strategic Committee, introduced by Mr. Kessler (Introduced on November 17, 2011). **No Discussion**

Ordinance 52-11 to amend Section 232.08 (b) (1) and (2) of the Bexley Codified Ordinances regarding the Budget Stability Fund, introduced by Mr. Sharp (Introduced on November 29, 2011). **No Discussion**

Ordinance 53-11 to amend Chapter 262 (Employees Generally) Sections 262.01 and 262.02 of the Codified Ordinances of the City of Bexley, introduced by Mr. Kessler (Introduced on November 29, 2011).

Mr. Kessler said this is the second attempt to present an Ordinance pertaining to the (Employees Generally) Codified Ordinances. He said they had withdrawn the first Ordinance and this Ordinance is worded verbatim to the code. He thought this would be a good basis to begin discussions and proposed revisions.

Ordinance 54-11 to substitute Chapter 244, of the Codified Ordinance of the City of Bexley to amend building permit and related review fees pertaining to construction of residential and commercial buildings upon approval of the Building Department, introduced by Mr. Kessler (Introduced on November 29, 2011).

Ms. Rose said this Ordinance was to increase some of the Building Department charges in order to help offset the budget issues. The last increase was made in 2007, so they are overdue. She said the new proposed rates are very comparable to other communities in the area. The highlighted areas are the proposed figures and some line items you will see there are no strike outs which reflects no change. Mr. Masser asked about the process the Building Department uses to review rates. Ms. Rose said currently there is not a set process but she does want to start reviewing the rates every two years. She said there have been some fluctuations in cost but those communities do not include the architectural review. Mr. Harvey said he thinks this is the kind of thing that ought to be handled in the administrative code and reported to Council in order not to have to waste Council members' time.

New Business: Mr. Kessler reminded Council members of the Special Council Meeting to be held on Tuesday, December 6th to continue working on budget issues. Mr. Kessler thanked Mr. Price for his submission of additional information. Mr. Price said it is a reflection of their 10 year capital plan.

Old Business: None.

Adjourn 6:55 p.m.