



**MINUTES OF THE SPECIAL BOARD OF ALDERMEN MEETING
OF MONDAY, AUGUST 13, 2018
AT 200 HIGHLANDS BOULEVARD DRIVE**

1. CALL TO ORDER

Mayor Mike Clement called the Special Board of Aldermen meeting to order at 6:00 p.m.

2. ROLL CALL AND STATEMENT OF QUORUM

Roll call showed those present were Alderman Huether, Alderman Nolte, Alderman Hamill, Alderman Ottenad, Alderman Baumann, Alderman Toben, and Mayor Clement. A quorum was present.

3. CONSIDERATION OF ITEM REQUIRING SPECIAL MEETING

a. Discussion regarding new health insurance details

City Administrator Larry Perney stated that Karen Babb with Beattie and Associates needs answers to these questions this week. He said that last year, the cards weren't given to the employees until late.

Alderman Ottenad stated this could have been done at the last Board meeting.

City Administrator Perney responded that it could have been done at the last meeting but it wasn't.

City Administrator Perney stated there are questions on his memo that need to be answered by the Board.

He referred to the spreadsheet showing the current plan, the renewal plan and its rates, and the last column is the difference. He said that the copay plan is a base plan \$5,000 and \$10,000 deductible. He said there is a health reimbursement amount (the first \$750 dollars for an individual the employees pay, anything over that the City pays up to \$5,000, and for families the employee is responsible for \$1,500 and the remaining \$8,500 the City pays).

Tom Beattie said these are the two different plans that they have had for a few years.

Alderman Hamill stated that the HRA only applies for the copay plan, and on the HSA plan that is all on the employee. City Administrator Perney stated the employee makes the choice. Alderman Hamill the deductible reimbursements the City makes to the employees on the HSA plan. In order to entice people the City then pays 100% of the premium for HSA for the employees, whereas the City only pays 90% for the premium for the copay plan.

City Administrator Perney stated that he recommends that the City offer the dual options (copay/HSA) as before. The consensus was that the City would continue to offer the dual plans.

City Administrator Perney stated that he recommends that the City keep the current Health Reimbursement Amount for deductibles, the same for both individual employee and family.

Mr. Eric Moser from Beattie and Associates stated that some of the things that he has seen from other cities is that the deductibles are a little bit lower.

Mr. Moser stated that the national average an individual deductible is anywhere from \$3,000 to \$3,500. Obviously, this relates to a municipality, but \$750 and \$1,500 is an elite level benefit.

The consensus was that the City should keep the current Health Reimbursement Amount for deductibles the same for both individual employee and family.

City Administrator Perney discussed the out-of-pocket amount of the renewal plan (\$7,350 individual/\$13,200 for family). He said he heard a lot of employees say that the maximum out-of-pocket when we are getting that high really gets hard for a family who makes \$30,000 to \$40,000. He said he thinks there were only two people that hit the maximum last year so he doesn't think it would majorly affect the City.

Alderman Hamill asked Tom Beattie to explain how and when it would occur. He also would like it explained what the expenses would be.

Mr. Beattie stated it would have to be a significant medical situation.

Mr. Moser added that it's even more than that, because the City buys a \$5,000 deductible plan so the things that apply to the deductible are the big expenses like hospitalization, surgeries, and physician bills. He stated that with the first \$5,000, the employee is paying \$750 and the City is paying \$4,250, so that is the first \$5,000, but then you see the maximum out-of-pocket is \$6,600, so the question is how someone gets to that \$6,600. Mr. Moser stated that after someone gets to the \$5,000 deductible, all the big items are paid for at 100% by Anthem, so, the way that you get to the maximum out-of-pocket of \$6,600 is with lots of little copays, because you still pay for office visits at \$30 or \$50, you still pay for your prescription drugs at \$10, \$35, or \$60, and you still pay urgent care at \$50. Someone who has had a \$100,000 accident and surgery, they are still only going to be paying \$750. During the follow-up, they will still be paying copays for office visits and

prescriptions. They will pay those until they have paid a total under the current plan of \$6,600, which is an extra \$1,600 of their money. Again, this is for the copay plan.

Alderman Toben asked how many people elected the copay plan, and the answer received was that they have a total of 43 people taking the copay plan and 13 taking the HSA plan.

The consensus was that the City should keep the maximum out-of-pocket amount of the renewal plan rate the same.

City Administrator Perney suggested the City should increase the contribution amounts to the HSA from \$50 per month for individual employee to \$75 per month for individual employee, and from \$100 per month for family to \$150 per month for family.

Mr. Moser from Beattie and Associates said the City's HRA would now pay for the difference in co-insurance.

Mr. Beattie said that they, as benefit advisors, are big fans of HSA's. There are some bipartisan laws that will make HSA's more attractive. He believes HSA's will become a bigger part of everyone's lives.

Alderman Toben asked if those in the HSA program are usually individuals who are healthy, and the City doesn't charge anything for that employee that month, as opposed to \$75 a month for the copay plan.

Mr. Beattie stated that the HSA is better for those who know they are going to have higher medical bills. He said each employee manages their own funds, so the City has no fiduciary responsibility.

Mr. Beattie stated it is not like a 401K, where the employer picks an administrator to manage the funds. The employee manages their own funds. When the City did decide to contribute into the HSA, they did see more employees participate.

Mayor Clement asked what would be expected if the City paid \$100

Mr. Beattie stated right now, the City saves about \$150 a year per employee. He said if the City wants more people to be in the HSA, people look to see where they can save, such as for prescription drugs at the cheapest place, or crutches at the least expense. It is a good investment on the City's part to encourage people to take the HSA, and one way is to put more money in the employee's account.

Mr. Beattie said there is a \$2,600 deductible, then all the big expenses are paid at 100%, and there are copays for office visits and prescriptions. He said the total responsibility would be \$4,000 out-of-pocket for the employee. Mr. Beattie said the HSA plan is going to be \$2,700 deductible for the next year.

Mayor Clement reiterated that City Administrator Perney had suggested that the HSA contribution could be increased to \$75 instead of \$50.

Alderman Hamill stated that if the City is changing the HSA contribution, it is only going to be effective on January 1, 2019.

Mr. Beattie agreed that if the City decides to put in more money, that should be effective for the 2019 calendar year, not earlier.

Alderman Baumann stated that if the City encourages the employees to go to the HSA, the City is saving more money long term with them moving over to the HSA, which would be something more than just the \$25 additional; he wondered if a larger amount would be recommended.

Mr. Beattie said they estimate what the HRA payouts would be for the next 12 months.

Alderman Baumann suggested that it would be more economical to help push them over to the HSA.

Alderman Ottenad asked if there are any municipalities that offer only HSA's.

Mr. Beattie answered that he has not seen any municipalities that just offer HSA's. The HSA is not new and has been around for 15 or so years.

Alderman Toben stated if the City only does the proposed amount, there is a possibility the City will have to come back in the next couple years and revisit this year.

Alderman Hamill said he is open to the idea of throwing an incentive out there, and seeing if it works, but the employees understand it will be changing from year to year and the City has no idea what they will be doing in 2020.

Mayor Clement said it sounds like \$100 for employee and \$200 family.

Mr. Beattie explained that the biggest fears of some people when they move to an HSA is you are putting money in the account over a 12 month period, and they have a big fear that in January they will have a big expense, and they don't have money to pay. Some employer's front load their contribution.

Alderman Huether asked if they have received any feedback from the employees that pacing is an issue.

City Administrator Perney stated he has not heard anything either way.

Alderman Nolte suggested putting in the \$100 or \$200 and then see what happens.

Alderman Huether clarified her question is not about doubling the contribution and not putting it in January but only increasing it by \$25 a month and adding it in January.

Mayor Clement suggested that the City put \$100 in for individuals and \$200 for families for 2019.

Alderman Huether said that the City is looking to encouraging people to HSA's and if the City still only has the same 13 people enroll in the HSA, they are getting the doubled money. She said she wondered if there is a strategy to let the employees know if no one else joins, the City is taking the money back.

Alderman Hamill wanted it to be clear that what they are discussing is for 2019.

Mr. Beattie said they go through great pains to discuss the difference between the HSA's and the HRA's. He said that they go through the math and show this is what you are paying for HSA and HRA. The employees will hear that the City is putting in more money.

City Administrator Perney said he is recommending keeping the premium percentage the same at this point. The consensus was that the splits will remain the same.

4. ADJOURNMENT

At 6:33 p.m., there being no further business, Alderman Hamill made the motion to adjourn. The motion was seconded by Alderman Nolte and carried unanimously, without objection. The meeting adjourned at 6:33 p.m.

Respectfully submitted,

Ruth E. Baker, MMC/MPCC
City Clerk

Note: This is a journal of the Special Board of Aldermen meeting held Monday, August 13, 2018, (summary); not a verbatim transcript.