



City of Fort Bragg

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Meeting Minutes Finance and Administration Committee

Tuesday, April 21, 2015

5:00 PM

Town Hall, 363 N. Main Street

Special Meeting

MEETING CALLED TO ORDER

Chair Turner called the meeting to order at 5:05 p.m.

ROLL CALL

Present: 5 - Doug Hammerstrom, Dave Turner, Linda Ruffing, Ginny Feth-Michel and Brenda Jourdain

Others In Attendance:

Members of the Employee Organization: Tom Mitchell, Bob Oats, Frank Kemper, Julie Greenberger, Mike Shaw, Linda Bainbridge, Tom Varga, Merle Larsen, Jennifer Owen, Linda Hilliard, and SEIU Representative Aaron Burton.

APPROVAL OF MINUTES

PUBLIC COMMENTS ON NON-AGENDA ITEMS

CONDUCT OF BUSINESS

[15-120](#) Receive Report and Provide a Recommendation to City Council
Regarding Redwood Empire Municipal Insurance Fund (REMIF)
Self-Funded Medical Plan Offerings for FY 2015-16

City Manager Linda Ruffing gave an opening statement regarding the City's decision to use a self-funded medical plan, acknowledged the REMIF committees hard work, and introduced Assistant City Manager Ginny Feth-Michel who explained the structure and functions of REMIF, summarized the summary report prepared for this item, explained the self-funded medical plan options, the alternatives for committee review and answered questions.

Public Comment on this agenda item was received from:

* SEIU Representative Aaron Burton - Are there going to be changes to preferred medications? Most jurisdictions have moved away from self-funded plans, how do big claims increase the cost for next year?

* Tom Mitchell - Remembered the early 90's self-funded plan as positive, will this be the same? Ginny explained it is the same arrangement. The third party administrator and pharmacy benefit manager are not the same.

* Frank Kemper - If self-funded was good in the 90's why did we go away from it? Ginny

replied there were changes in how health insurance was delivered to employees. The Kaiser plan and other options became more available and rates were comparable. The self-funded plan was eating into the reserves and other cities were getting better plans. So REMIF made the decision to go to a fully funded plan.

* Tom Varga - Between the two choices of Blue (EPO 250) vs. Peach (EPO 500), I request to go with the blue alternative.

* Aaron Burton agreed. The Peach plan concerns him because City savings will be coming from employees out of pocket for benefits and is off the backs of the employees who are using benefits.

* Linda Bainbridge - Are benefits staying the same with helicopter and ambulance use? Ginny replied yes. No difference. Linda Bainbridge worked here when the City was self-funded. She recalls that Fort Bragg broke the bank and reserves because of costs. Ginny said it wasn't just costs as they are pooled it was what was happening in the market also.

* Julie Greenberger - Are all providers in our area Anthem providers? Ginny replied not every provider, but the majority of providers in Fort Bragg are in the network.

* Merle Larsen- Will this plan provide a non-provider out of the area? Ginny replied, not in the current plan, the EPO 250 or EPO 500 plan.

* Linda Ruffing explained the 500 deductible plan was developed at the recommendation of the REMIF board. We all struggle with budgets. The 250 deductible plan is a very rich plan. The 500 plan is not the Cadillac plan but is reasonable and a choice for the employees.

* Doug Hammerstrom agrees that there are savings for everyone and they should have a dialogue with the employee groups.

* Linda Hilliard - Can an employee get a chance to choose from all three plans? Linda Ruffing replied yes, in the Blue Care plan (retiree plan) and this is our recommendation.

* Juli Greenberger will like to stay in the blue plan.

* Aaron Burton prefers the blue plan. The City has done a good job but wants to make sure all employees can afford health insurance.

* Doug Hammerstrom will like to make sure more information and employee comments are listened to before open enrollment. Linda Ruffing reaffirmed that they will.

* Ginny explained the HSA. They are going to work really hard to educate employees about HSA in open enrollment. Open enrollment will be in May. They will offer on line open enrollment. Employee self-service will be launched also.

The following was noted during discussion of this item:

* Ginny stated this only relates to medical benefits. The vision and dental benefits will remain the same fully-insured basis.

* If we have stayed fully-funded we would have an 8 percent increase and limited on how to negotiate. With the self-funded plan the costs will go down and a lot more information on how employees are using the plan to set rates.

* HealthComp was chosen after the committee sent out an RFP for a Third Party Administrators. They have a good representation.

* There will be a contract with Anthem to be the Network Provider. The network will not change.

* Envision Pharmacy Services is the Pharmacy Benefit Manager and is good for rural communities like ours. Envisions local network includes Rite Aid, CVS, Safeway, Fort Bragg

Pharmacy. Costco may be available. Mail order will be available. Formularies are being developed now for drugs. There will be no significant changes.

* Doug Hammerstrom noted in a fully-funded plan formularies are changed every year?

* Aaron Burton asked when will we have the list. Ginny explained this list will hopefully be available by open enrollment in May.

* Voya Employee Benefits is the Stop Loss Insurance provider. The purpose of Stop Loss is to cap risk for REMIF.

* Doug Hammerstrom commented that all of the pieces we are choosing is like a complete policy, no risk and more information.

* The broker is RealCare.

* Health Care Committee (HCC) is the last piece of the partners in the team.

* PPO blue option is a retirement plan only.

* EPO 250 and HSA are similar to our current plan.

* EPO 500 has higher deductible, 90% - 10% plan, co-pay and prescriptions is higher, and deduction in paycheck will be less. (Monthly savings).

* PPO plan has benefits and coverage out of network.

* The HSA Plan deductible went up but this was mandated by the federal government.

* The final rates will vary by about a dollar from the preliminary rates.

* The rates for the 250 EPO are essentially the same as our current plan.

* HSA premiums went down because Anthem used a blended experience and when evaluated the risk was much lower.

* Doug Hammerstrom asked will this analysis be done annually. Ginny replied yes.

* To lower risk we need to build reserves. We are a new plan and do not have reserves. These reserves will be built up over time.

* Linda Ruffing stated now we have two plans, we can make all four plans available. Our recommendation is not to do the PPO plans.

* Aaron Burton stated the PPO plan will not be popular.

* Ginny noted our agreement with our labor groups has not changed on how we split the premiums.

* Ginny explained the Exhibit: the top section EPO 250 we would stay the same as far as deductions in paycheck.

* Bottom box is Alternative Options. 500 EPO plan - Employees will see savings in payroll deductions but higher out of pocket costs and could buy up to 250 EPO.

The Committee recommended the REMIF Self-funded Blue Plan (EPO 250) option in preference over the Peach Plan option and will be forwarded to the Council at the April 27, 2015 City Council Meeting.

MATTERS FROM COMMITTEE / STAFF

ADJOURNMENT

Chair Turner adjourned the meeting at 6:50 p.m.