

**AGENDA MINUTES
ONE ITEM AGENDA MEETING
CITY OF ARCADIA
TUESDAY, AUGUST 12, 2014
5:00 P.M.**

The following minutes reflect action items of the City Council of the City of Arcadia. For a verbatim copy of the minutes, you may contact City Administration to obtain a copy of the recorded meeting.

CALL TO ORDER, INVOCATION, PLEDGE OF ALLEGIANCE & ROLL CALL

The Mayor called the meeting to order at approximately 5:00 p.m. with the following members and staff present:

Arcadia City Council

Mayor Alice Frierson
Councilmember Keith Keene
Councilmember Robert W. Heine

Deputy Mayor Joseph E. Fink
Councilmember Robert R. Allen

Arcadia City Staff

City Administrator Tom Slaughter
City Clerk Penny Delaney
City Finance Director Beth Carsten

Mayor Frierson gave the invocation, which was followed by the Pledge of Allegiance and roll call.

Mayor Frierson stated that this meeting was regarding health insurance and she turned the meeting over to the Finance Director, Beth Carsten.

Ms. Carsten introduced Tom Guidry and Lou Ambler from DeSoto Insurance. Councilmember Heine asked what she and Mr. Guidry thought was best for the City. She advised they recommend going to a base plan and switching the plan from the 61 HMO to the 47 HMO which would be Option 9 with a variation of 10 and 11. Ms. Carsten stated that she would recommend either Option 10 or 11 with 10 being more of her choice due to it being more of a savings. She advised the 47 HMO is very similar to the 61 HMO except it's a little higher of a deductible. It goes from a \$1250.00 to a \$1500.00 deductible, but it still has the co-pays and the prescription card available. They reviewed Options 9, 10, and 11. Mr. Guidry stated that the original idea was for the City to have a base plan which the City would either pay all of or the majority of. He advised that with the other two (2) plans, the employee can buy up if they want to get a better plan with either a lower deductible HMO or a lower deductible PPO if they prefer. Mr. Guidry pointed out that Option 9 would be the most expensive option to the City with an increase over last year of \$58,713.00. With this option, the City would pay the entire base plan and if the employees wanted to buy the better plans, they would have to pay the difference

One Item Agenda Meeting Minutes

August 12, 2014

Page 1 of 4

between those plans and the base plan. He pointed out that the increase for the City with Option 10 would be \$8,431.00, but it would charge the employee 10% on the base plan and the City would pay 90%. He stated Option 11 would be with the City paying 95% of the base plan and the employee paying 5%.

Mr. Guidry advised that Florida Blue has offered bundling. Right now, the City has its life insurance with one company and its dental and vision with another company. Florida Blue is offering if you switch to life insurance, it would be the exact same coverage that they have now. Right now, the City is paying \$4.30 per employee. If there was a switch to Florida Blue, it would be \$3.00 per employee which comes to a savings of about \$1100.00 a year just in premiums for the City. He stated that what Blue Cross is offering in the bundle is them taking the life and discounting the health insurance another 1%. He advised they will also give 1% for dental insurance, but he stated that he wanted to do a comparison to ensure the employee would get as good a product as they have now. He advised he would get the information to Council. Deputy Mayor Fink stated that Option 11 would offer \$10,000.00 in savings and it would increase if they went with Option 9. Mr. Guidry agreed.

Mayor Frierson asked on the average what it would do if it went from 95% to 90% for the employee. Ms. Carsten advised with Option 10, the HMO 47, which is the 90%, their cost for the plan would be \$27.24 and it would be \$13.62 with Option 11, which is the 95%. Councilmember Keene asked what kind of number they would be looking at if someone wanted to buy a lower deductible. Mr. Guidry stated the way it is right now, if they took the base plan which is the 61, they're paying \$12.61 per pay period. If they wanted to buy up to the HMO 60, right now they're only paying \$23.38. If they wanted to take the PPO, it would be \$37.10. He advised if they were to take Option 11, the employee, for the base plan, the increase would only be \$0.99 per paycheck. If they wanted to buy up, they would pay the \$13.62 and they would have to add the \$21.34 so it would be around \$34.00 or \$35.00 per paycheck and about \$70.00 a month for a lower deductible. He advised with a PPO, it would be pretty expensive at almost \$66.00 per paycheck, so it would be about \$150.00 a month. Councilmember Keene wanted to ensure there were plenty of providers locally for all these plans. Mr. Guidry advised that there were and that Florida Blue probably has the best network for our County, and in his opinion, the best network in the state, both HMO as well as PPO. He advised their HMO is not restrictive so you can pick one and go without having the primary doctor referring you to a specialist. He further advised you would just have to be more proactive if you choose the HMO to ensure your doctor is in the network because not all doctors who take the PPO also take the HMO.

Mayor Frierson asked Ms. Carsten what numbers she used in the budget and Ms. Carsten advised she used the renewal rate that was given which was basically a 13.5% increase and the original number was 37%. Ms. Carsten stated she figured it as a base plan with the employee paying 100% if they wanted to buy up.

Deputy Mayor Fink stated that previously the City paid for the health insurance for the employee and with Options 10 and 11, the employees pay for a portion of that healthcare. He pointed out the employees will lose pay because they are not going to get raises this year.

Councilmember Heine asked how much the life insurance was worth and Mr. Guidry advised it was a \$10,000.00 policy that wouldn't change. He stated that if Council could agree on that, he would go ahead and give it to the underwriters. He apologized for not having the numbers for the dental or vision, but he had just received the numbers.

Lew Ambler introduced Mike Buza who is the new owner of DeSoto Insurance and has an extensive background with health insurance. He re-emphasized what he had stated last Tuesday; that the City needs to do the same thing for every employee. He stated that if they were going to pay 95% of the employee's portion, whatever that is, they need to give the same amount toward somebody that buys up, not 95% of what the buy up rate is because that's different. He stated they could use 95%, but they would need to state it as a dollar amount and give the same dollar amount to each employee. He stated that was risk management talking.

Councilmember Keene made a motion to adopt Option 11 and Deputy Mayor Fink seconded the motion. Councilmember Keene amended the motion to include a request that the City's insurance agent explore the bundling opportunities to get the figure down and Deputy Mayor Fink seconded the motion.

Mr. Guidry advised he had been given the go ahead to meet with the active employees who were Medicare age and he stated he had been able to sign up one and the other needs to get enrolled in Medicare Part B first. This will save the City several thousands of dollars in premiums, but it also gives the employee better insurance. He stated these employees were wondering what the City will be paying for because the premium comes in three (3) parts. They have to pay Medicare Part B which is approximately \$105.00 for most, they have to pay for the supplement that ranges somewhere from \$180.00 - \$190.00, depending on their age, and the third is Part D which is the prescriptions. He stated they're not clear if the City is paying for Medicare Part B, their supplement and their prescriptions or if they are just paying for the prescriptions and the supplement. Councilmember Keene asked what the Part D costs. Mr. Guidry advised that the Part D plan costs \$46.10, but it changes every year.

Mr. Guidry advised that as far as Part D goes, instead of paying for the prescription plan, the City could give a stipend of \$35.00 for them to go buy their own plan. He further advised that way they can do their own shopping and ensure that everyone gets the same benefit. Deputy Mayor Fink asked if Council as a body should actually enact that as a policy. Mr. Ambler stated that he thought they would want staff to put it in policy form. He pointed out that it unfortunately changes every year. Deputy Mayor Fink asked if they could have staff structure a suitable motion using Mr. Ambler's expertise in risk management to craft a motion for the next meeting on Tuesday. Ms. Carsten stated that when they were talking this through, she went through the policy and she felt they really needed to look at the policy as a whole, along with these lines, because the City does not have anything in their personnel manual for Medicare for employees. However, it does have policies for retirees. She stated there are some things in there that she's not sure were being followed and she felt it may be a good time to look at the policy completely for Medicare and this may be a good time while they are restructuring this to look at it. She pointed out that it's possible that things have changed because of policy changes. Deputy Mayor Fink asked that staff deal with similar municipalities that might do the same thing so they

don't have to reinvent the wheel. Mr. Amber stated that once you get an idea of how you want it structured, you can call Pigit legal hotline because it's free and part of the insurance product. Deputy Mayor Fink requested they have something for them to review at the next meeting. Councilmember Keene stated there was a motion on the table. Councilmember Heine asked if they want to read it again. Mr. Guidry stated it was for Option 11 and Councilmember Heine seconded the motion. Mr. Guidry stated Option 11 would be to change the base plan from the HMO Plan 61 which is a \$1250.00 deductible and it would raise it up to HMO Plan 47 which is a \$1500.00 deductible. The City would pay 95% of that plan and the employees would pay 5% of that plan if they choose that plan. If they wanted to buy up, they would pay 5%, plus the difference of the other two plans and they will give more information on bundling, but asked if they wanted to go ahead and switch to life and Council confirmed. No discussion followed and it was unanimously, 5/0, approved.

ADJOURN

Having no further business at this time, the meeting was adjourned at 5:40 P.M.

ADOPTED THIS 2nd DAY OF September, 2014.

By:

Alice Frierson
Alice Frierson, Mayor

ATTEST:

Penny Delaney
Penny Delaney, City Clerk