

**AUDIT/BIDS/INSURANCE COMMITTEE MEETING
MONDAY, APRIL 13, 5:30 P.M.
COUNCIL CONFERENCE ROOM—2ND FLOOR, CITY HALL**

The Audit/Bids/Insurance Committee met on Monday, April 13, 2015 at 5:30 p.m. in the Council Conference Room, 2nd Floor City Hall, Gastonia, North Carolina.

PRESENT: Councilman Jim Gallagher
Mayor Pro Tem Brenda Craig
Chairman Dave Kirlin

Chairman Kirlin opened the meeting and thanked everyone for coming.

ITEM 1: Review of Insurance Proposals (Health, Dental, Life, Supplemental):

Chairman Kirlin recognized Ms. Judy Smith, Assistant Director of Human Resources, for staff's presentation.

Health Insurance: Ms. Smith advised the City's health insurance is currently self-funded with Blue Cross Blue Shield of North Carolina serving as the Plan Administrator. Blue Cross Blue Shield of North Carolina's renewal reflects no change in the administration fee. The current rate is \$25.40 per policy per month. The total annual premium is approximately \$290,475.

In 2014/2015, the City transferred \$948,881 from the fund balance to cover the expenses in the health insurance account. This year, staff recommends changing the premiums that are budgeted to more closely reflect the anticipated expenses. This change is intended to affect only the City's portion of the premiums. Premiums paid by employees, retirees, and others who purchase insurance will not be affected.

Staff recommends renewing the health insurance with Blue Cross Blue Shield of North Carolina fiscal year 2015/2016.

Committee Recommendation: The Committee voted unanimously (3-0) to renew health insurance with Blue Cross Blue Shield of North Carolina and recommend to full Council for approval for fiscal year 2015/2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

Stop Loss Coverage: Ms. Smith stated the City's stop loss insurance is currently with Gerber through SA Benefit Services. The current deductible is \$175,000 with a \$20,000 aggregated specific deductible. The renewal reflects an 8.42% increase in premiums. The current rate is \$12.36 per individual policy per month and \$30.12 per policy per month for employees and retirees with dependent coverage. The proposed rate is \$13.35 per individual policy per month and \$32.79 per policy per month for employees and retirees with dependent coverage. The proposed annual increase equates to \$16,620 (687 x .99 x 12) and (264 x 2.67 x 12). The total annual premium is approximately \$197,316.

Staff recommends renewing the contract for the stop loss coverage with Gerber/SA Benefit Services.

Committee Recommendation: The Committee voted unanimously (3-0) to place stop loss coverage with SA Benefits/Gerber Life Insurance and recommend to full Council for approval for fiscal year 2015/2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

Health Savings Account: Ms. Smith advised that in July 2014, the City provided a \$550 payment into the Health Savings Account (HSA) of all eligible employees and retirees covered by the City's health insurance program. Employees not eligible for a federally designated HSA also received the same dollar amount. An additional \$200 can be added to employees who meet

the standards of the City's wellness incentive program. The additional \$200 will be given in July 2015 for those employees who met those requirements. There were 290 employees and retirees who participated and received the incentive in July of 2014.

Staff recommends tying the full HSA contribution to the wellness activities for fiscal year 2016. Employee and retirees who participate in the three wellness activities during fiscal year 2016 would receive the full \$750 contribution in July, 2016. Employee/retirees who choose not to participate in the wellness activities would not receive the HSA contribution. Employees not eligible for a federally designated HSA would receive the same dollar amount.

The Committee discussed at length the current wellness activity requirements that each eligible employee and retiree must complete in order to receive an additional monetary amount. The Committee also discussed the dollar amount designated for the City's contribution to the HSA.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend the City contribute \$450 into the HSA for each eligible employee and retiree who participates in the City's health insurance program. Employees and retirees can also receive an additional \$300 wellness incentive into their HSA account: (1) if they complete the appropriate preventive care, and (2) if they complete the tobacco attestation or complete the six tobacco cessation counseling sessions. Employees who have the City's health insurance and complete the wellness incentives, but are not eligible for an HSA, would receive the same dollar amount for fiscal year 2015/2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

Payment in Lieu of Insurance for Employees/Retirees Who Waive Coverage: Ms. Smith advised that eligible employees and retirees who waived health insurance coverage received a payment in lieu of health insurance of \$1,000 (\$500 paid in July 2014 and \$500 paid in January 2015).

Staff recommends eligible employees and retirees that waive the health insurance program offered by the City receive \$1,000 payment in lieu of health insurance again in fiscal year 2015/2016. Staff recommends the payment be divided into two payments of \$500 and issued in July 2015 and January 2016.

Committee Recommendation: The Committee voted unanimously (3-0) to provide a \$1,000 payment in lieu of health insurance to eligible employees and retirees who waive the City's health insurance program, consisting of a \$500 payment in July, 2015 and another payment of \$500 in January, 2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

Dental Insurance: Ms. Smith advised the City's dental insurance is currently self-funded with Delta Dental of North Carolina serving as the Plan Administrator. Delta Dental of North Carolina's renewal reflects no change in the administration fee. The current rate is \$2.99 per policy per month. The total annual premium will be approximately \$28,560.50.

Staff recommends renewing the self-funded dental plan and continuing to utilize Delta Dental of North Carolina as the Plan Administrator. Staff recommends renewing both City and Employee funding at the same level the City currently has.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend renewal with Delta Dental for fiscal year 2015/2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

Employee Health Clinic/Health Fair: Ms. Smith stated the Employee Health Clinic is currently operated by Carolinas HealthCare System. The renewal from Carolinas HealthCare System reflects no change in charges. The current cost of the clinic including the health fair is approximately \$178,000. Biometric screenings are now being offered throughout the year. These screenings will not be offered at the Health Fair. The cost of biometric screening is included in the budget for the Clinic. Staff hopes to increase participation in the screenings by

making them more accessible to employees. It is also less expensive to offer biometric screenings at the Clinic rather than the Health Fair.

Staff recommends awarding the contract for the Employee Health Clinic (including the services needed at the Health Fair) to Carolinas HealthCare System.

Committee Recommendation: The Committee voted unanimously (3-0) to award the contract for the Employee Health Clinic (including services at the Health Fair) to Carolinas Healthcare System for fiscal year 2015/2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

Employee Assistance Program (EAP): Ms. Smith advised the current EAP is provided through McLaughlin Young. Their renewal reflects no change in premiums. The current premium is based on utilization. The total cost is anticipated to be \$16,500 for 2015 and for 2016.

Staff recommends renewing the contract for the Employee Assistance Program with McLaughlin Young for fiscal year 2015/2016.

Committee Recommendation: The Committee voted unanimously (2-0) to renew the contract for the Employee Assistance Program with McLaughlin Young for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Life Insurance: Ms. Smith stated that life insurance is currently with Assurant Employee Benefits through Employee Benefit Advisors. The renewal from Assurant has not yet been received, however, a renewal increase is expected from Assurant due to a high number of claims this year. The current premium is .39/\$1,000 for life insurance and .03/\$1,000 for AD&D coverage. This equates to approximately \$221,225 per year.

Staff recommends renewing the contract for the life insurance with Assurant Employee Benefit through Employee Benefit Advisors for fiscal year 2015/2016.

Committee Recommendation: This item will be held until the renewal is received and will be discussed at the April 21st Council Meeting.

Necessary Council Action: Accept or reject the Committee's recommendations.

Supplemental Insurance: Ms. Smith advised that supplemental insurances are currently offered through Pierce Group Benefits. This is a voluntary benefit for employees, and there is no charge to the City of Gastonia. The renewal reflects no change in premiums for employees with supplemental coverages.

Staff recommends renewing the contract for the supplemental insurances with Pierce Group Benefits for fiscal year 2015/2016.

Committee Recommendation: The Committee voted unanimously (3-0) to place supplemental insurance coverage with Pierce Group and recommend to full Council for approval for fiscal year 2015/2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

ITEM 2: Other Related Matters:

Mr. Wood advised the Committee that Workers Compensation claims costs vary from case to case, and costs cannot be determined until the cases are settled. Processes are being implemented within the City in an effort to minimize the City's Workers Compensation claims.

With no other items to discuss, the meeting was adjourned at 7:05 p.m.