

AUDIT/BIDS/INSURANCE COMMITTEE MEETING
THURSDAY, April 7, 2016
COUNCIL CONFERENCE ROOM—2ND FLOOR, CITY HALL

The Audit/Bids/Insurance Committee met on Thursday, April 7, 2016 at 5:45 p.m. in the Council Conference Room, 2nd Floor City Hall, Gastonia, North Carolina.

PRESENT: Chairman Dave Kirlin
Councilman Jim Gallagher
Councilman Robert Kellogg

STAFF: Mr. Edward C. Munn, City Manager
Mr. Todd Carpenter, Assistant City Manager
Ms. Judy Smith, Assistant Director of Human Resources
Ms. Melody Braddy, Finance Director

Chairman Kirlin opened the meeting and thanked everyone for coming.

ITEM 1: City Employee Insurance:

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

Health Insurance: 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 \$295,000.

For FY 2016, the health insurance claims were initially projected to be approximately \$6,042,000; however, the claims have continued to increase and it now looks like the claims will be approximately \$6,463,675. Staff will continue to monitor the claims and request a transfer to cover the additional cost of claims when we approach the end of the fiscal year. For FY 2017, staff recommends budgeting \$6,800,000 for claims. This is an increase of \$758,000 over current budget. This is based on claims increasing from \$5,646,023 in FY 2015 to a projected \$6,522,315 for FY 2016.

Staff recommends renewing the health insurance with Blue Cross Blue Shield of NC this year.

Committee Recommendation: The Committee voted unanimously (3-0) to renew the health insurance with Blue Cross Blue Shield of NC this year.

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

Stop Loss Coverage for Health Insurance: 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. We anticipate an 8% increase in the renewal rates. The total projected premium for FY 2017 is \$270,000.

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

Committee Recommendation: The Committee voted unanimously (3-0) to table renewing the contract for the stop loss coverage with Gerber/SA Benefit Services for a more firm total projected premium to the next City Council meeting.

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

Health Savings Account: In July 2015, the City provided a \$750 payment into the Health Savings Account 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. The projected cost of this program for FY 2017 is \$700,000 plus \$3,500 respectively.

Staff recommends giving eligible employees and retirees a \$750 contribution into their HSA account during the first pay period in July 2016. Employees not eligible for a federally designated HSA would get the same dollar amount.

Committee Recommendation: The Committee voted unanimously (3-0) to give eligible employees and retirees a \$750 contribution into their HAS account during the first pay period in July 2016. Employees not eligible for a federally designated HAS would get the same dollar amount.

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

Stipend for Employees/Retirees who Waive Coverage: Eligible employees and retirees who waived the health insurance coverage received a stipend of \$1,000 (\$500 paid in July 2015 and \$500 paid in January 2016). The projected cost for FY2017 is \$54,000.

Staff recommends eligible employees and retirees that waive the health insurance program offered by the City receive \$1,000 stipend again in FY 2017. Staff recommends the payment be broken into two payments of \$500 and issued in July 2016 and January 2017.

After some discussion, the Committee asked staff to do an analysis on employees with spouse coverage to see if they have other coverage with their employer. This can be reviewed at the next committee meeting.

Committee Recommendation: The Committee voted unanimously (3-0) for eligible employees and retirees that waive the health insurance program offered by the City receive \$1,000 stipend again in FY 2017 and the payment be broken into two payments of \$500 and issued in July 2016 and January 2017.

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

Dental Insurance: 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 has provided a three year contract with the current administrative fee of \$2.99 per policy per month. The total annual premium is 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 for the next three years. We recommend keeping both City and Employee funding at the same level as we currently have.

Committee Recommendation: The Committee voted unanimously (3-0) to renew the self-funded dental plan and continue to utilize Delta Dental of North Carolina as the Plan Administrator for the next three years and keep both City and Employee funding at the same level as we currently have.

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

Employee Health Clinic/Health Fair: 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 is approximately \$153,000 for the provider and \$38,914 for supplies and labs. We will continue to offer biometric screenings throughout the year and will not be offering screenings at the health fair. This cost of the biometric screening is included in the budget for the clinic.

We currently have a three year contract with Carolinas HealthCare System which will expire on July 1, 2017. Staff recommends continuing 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 continue the contract for the Employee Health Clinic (including the services needed at the Health Fair) to Carolinas HealthCare System.

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

Employee Assistance Program (EAP): The current EAP is provided through McLaughlin Young. Their renewal reflects no change in premiums. The current premium is based on utilization. We anticipate the total cost to be \$20,000 for FY 2017.

Staff recommends renewing the contract for the Employee Assistance Program with McLaughlin Young.

Committee Recommendation: The Committee voted unanimously (3-0) to renew the contract for the Employee Assistance Program with McLaughlin Young.

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

Life Insurance: The life insurance is currently with One America through Employee Benefit Advisors. The current premium is .42/\$1,000 for life insurance and .03/\$1,000 for AD&D coverage. This equates to approximately \$252,000 per year. There is no change in premiums for FY 2017.

Staff recommends renewing the contract for the life insurances with Employee Benefit Advisors.

Committee Recommendation: The Committee voted unanimously (3-0) to renew the contract for the life insurances with Employee Benefit Advisors.

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

Supplemental Insurance: The supplemental insurances are currently offered through Pierce Group Benefits. This is a voluntary benefit for employees. 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.

Committee Recommendation: The Committee voted unanimously (3-0) to renew the contract for the supplemental insurances with Pierce Group Benefits.

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

ITEM 2: Wellness Program Update

Chairman Kirlin recognized Mr. Todd Carpenter, Assistant City Manager – Public Safety and Administration, for staff's presentation.

Mr. Carpenter updated the Committee on the 360 Wellness Program progress noting that Focus Group interviews have been conducted and some individual interviews with staff members. There have also been an Environment survey completed at numerous buildings that the City occupies. There will be a survey to go out soon which will be the last piece of the puzzle before all the data is put together and presented, which will possibly be at the next Committee meeting in May. Options from other entities that can provide wellness programs can be considered. The main focus is going to be education of our employees on the benefits of health and participation in whatever programs we do. After doing some research with other places that offer wellness programs, about 80% offer some type of incentive with most everyone required a biometric screening.

The Committee discussed many options and ideas for wellness programs.

Once the results are presented and recommendations are made by BCBS, the Committee can discuss next steps.

Committee Recommendation: This item was presented for informational purposes at this time.

Necessary Council Action: No action is required at this time.

ITEM 3: Other Matters:

With no other items to discuss, the meeting was adjourned at 6:45 p.m.