

**AUDIT/BIDS/INSURANCE COMMITTEE MEETING  
MONDAY, APRIL 24, 2017  
COUNCIL CONFERENCE ROOM—2ND FLOOR, CITY HALL**

The Audit/Bids/Insurance Committee met on Monday, April 24, 2017 at 6:00 p.m. in the Council Conference Room, 2nd Floor City Hall, Gastonia, North Carolina.

**PRESENT:** Chairman Dave Kirlin  
Councilman Jim Gallagher

**ABSENT:** Councilman Robert Kellogg

**STAFF:** Mr. Todd Carpenter, Assistant City Manager  
Mr. Ash Smith, City Attorney  
Ms. Judy Smith, Assistant Director of Human Resources  
Ms. Melody Braddy, Director of Financial Services  
Mr. Steven Alvey, Risk Manager

Chairman Kirlin opened the meeting and thanked everyone for coming.

**ITEM 1: City Employee Insurance:**

Chairman Kirlin recognized Mr. Todd Carpenter, Assistant City Manager, for staff presentation. Mr. Carpenter presented the following items:

**Health Insurance**

The City's health insurance is currently self-funded with Blue Cross Blue Shield of North Carolina serving as the Plan Administrator. The current rate is \$25.40 per policy per month which equates to an annual premium of approximately \$295,000. Staff solicited proposals and received two for health insurance claims administration. Blue Cross Blue Shield of North Carolina's proposal reflects no change in the administration fee. The proposal from Health Plan Inc. was \$44.45 per policy per month which equates to approximately \$517,000 annually.

For FY 2017, the health insurance claims were initially projected to be approximately \$6,811,839. To date, we have paid \$4,777,774 for health insurance claims which is approximately \$400,000 less than the claims at this time last year. Staff believes the funds will be sufficient for FY 2017. For FY 2018, staff recommends budgeting \$7,264,000 for claims. This is an increase of 6.6% or \$452,161 over current budget. The market trend is approximately 8%.

Staff recommends renewing the health insurance claims administration with Blue Cross Blue Shield of NC this year. Staff also recommends increasing the City's portion of the premiums to fund the increase in claims and to cover the cost of the wellness program. Staff does not recommend any changes to the premiums employees pay for dependent coverage.

**Committee Recommendation:** The Committee voted unanimously (2-0) to renew the health insurance with Blue Cross Blue Shield of NC this year.

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

### **Wellness Program**

In February 2017, the City entered into an agreement with Caromont to provide wellness screenings in March and April 2017. The City also entered into a 2 year agreement with Caromont to oversee the City's wellness program which includes biometric screenings, lunch and learns, incentives and a full-time Wellness Coordinator that will be on-site 40 hours per week beginning July 2017. The cost of the biometric screenings for FY 2017 will be approximately \$47,575. The annual cost for the Wellness Program for FY 2018 will be approximately \$135,695.

Funds were added in the FY 2017 and FY 2018 budgets to cover the wellness program.

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

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

### **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. The current premium is \$13.35 per month for each individual policy and \$32.79 per month for each policy with dependent coverage which equates to approximately \$227,000 annually. Staff solicits proposals for Stop Loss Coverage annually. SA Benefits/Gerber submitted the sole proposal. The proposed premiums are \$14.05 per month for each individual policy and \$35.48 per month for each policy with dependent coverage. This equates to approximately \$242,000 annually. This is an increase of 6.8% increase in the renewal rates, equating to an annual increase of approximately \$15,500. The total projected premium for FY 2018 is approximately \$250,000.

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

**Committee Recommendation:** The Committee voted unanimously (2-0) to approve as recommended.

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

### **Health Savings Account**

In July 2016, 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 was \$700,000 plus \$3,500 respectively. The projected cost for FY 2018 remains the same.

Staff recommends giving eligible employees and retirees a \$750 contribution into their HSA account during the first pay period in July 2017. Employees not eligible for a federally designated HSA would get the same dollar amount.

**Committee Recommendation:** The Committee voted unanimously (2-0) to give eligible employees and retirees a \$750 contribution into their HAS account during the first pay period in July 2017. 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 2016 and \$500 paid in January 2017). The projected cost for FY 2017 is \$35,000.

Staff recommends eligible employees and retirees that waive the health insurance program offered by the City receive \$1,000 stipend again in FY 2018. Staff recommends the payment be broken into two payments of \$500 and issued in July 2017 and January 2018.

**Committee Recommendation:** The Committee voted unanimously (2-0) for eligible employees and retirees that waive the health insurance program offered by the City receive \$1,000 stipend again in FY 2018 and the payment be broken into two payments of \$500 and issued in July 2017 and January 2018.

**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. In July 2016 the City entered into a three year contract with Delta Dental of North Carolina. The administrative fee is \$2.99 per policy per month. The total annual premium is approximately \$28,560.50.

Staff recommends continuing the self-funded dental plan and continuing to utilize Delta Dental of North Carolina as the Plan Administrator for the next two years. We recommend keeping both City and Employee funding at the same level as we currently have.

**Committee Recommendation:** The Committee voted unanimously (2-0) 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 an increase of 5% in the cost of the hourly rate for the Physician Assistant. There is no increase in the charges for the labs or supplies. The current cost of the clinic is approximately \$153,000 for the provider and \$38,914 for supplies and labs. The cost for FY 2018 will be \$160,650 and \$38,914 respectively.

Staff recommends renewing the contract for the Employee Health Clinic with Carolinas HealthCare System. This is a three year contract with an option to cancel prior to July 1 each year.

**Committee Recommendation:** The Committee voted unanimously (2-0) to continue the contract for the Employee Health Clinic 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 (2-0) 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 City provides life insurance for all employees at a level of one times their annual salary, with a limit of \$150,000 for regular employees and \$20,000 for retirees. 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 \$264,210 per year. Staff solicited proposals for life insurance coverage and received 13. The proposal from Employee Benefit Advisors/One America is .47/\$1,000 for life insurance and .03/\$1,000 for AD&D coverage. This is an increase of 11.26% which equates to an annual increase of approximately \$29,743 for a proposed total annual premium of approximately \$293,952. Of the 13 proposals received one did not meet the City's requirements because it didn't provide coverage for retirees. One of the proposals would have required the City to enroll in their supplemental insurance program which was not as comprehensive as the current program with Pierce Group Benefits. The other proposals ranged in annual premiums of \$307,000 to \$430,000.

Staff recommends renewing the contract for the life insurances with Employee Benefit Advisors/One America and offering supplemental life insurance with One America. This would not change the current supplemental coverages that are offered.

**Committee Recommendation:** The Committee voted unanimously (2-0) to renew the contract for the life insurances with Employee Benefit Advisors/One America and offering supplemental life insurance with One America as presented.

**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. Staff solicited and received 20 proposals. Proposals for supplemental insurances are difficult to review due to the many different combinations of coverages offered. Staff feels like the Pierce Group still offers the best benefits for our employees and at the best cost. The other proposals either did not include all of the coverages currently offered or weren't as competitive. 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 (2-0) to renew the contract for the supplemental insurances with Pierce Group Benefits.

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

### **Property and Liability Insurance**

The City's property and liability insurance is currently with Trident/Argonaut through Watson Insurance. The deductibles for the property and liability coverages are: \$50,000 on the Property, Inland Marine, Employee Benefits, Comp/Collision and Crime Coverage and \$100,000 on the General Liability, Auto Liability, Law Enforcement, and Public Officials. The current premium is \$562,088. Staff solicited and received 4 proposals for property and liability insurance coverage. The proposals range from \$512,190 to \$618,773. Surry/Liberty Mutual provided the lowest bid of \$512,190. This is Liberty Mutual's first year of providing this type of coverage in the local government market. The proposal from Watson Insurance, using Lloyds of London and Lexington insurance, was second lowest at \$526,707. This includes a cap of \$450,000 on the self-insured retention and provides for a higher aggregate coverage for liability coverages. This is a decrease of 6.29% or \$35,381 from the current premium. The other 2 proposals were more expensive. .

Staff recommends using Watson Insurance to place the coverage with Lloyds of London and Lexington Insurance.

**Committee Recommendation:** The Committee voted unanimously (2-0) to use Watson Insurance to place the coverage with Lloyds of London and Lexington Insurance.

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

### **Workers Compensation Excess Liability Insurance**

The City's workers compensation excess liability insurance is currently with Safety National through AJ Gallagher. The current self-insurance retention is \$600,000 per claim. The current premium is \$139,921. Staff solicited and received 3 proposals. One of the proposals required combining the workers compensation coverage with property and liability coverage. This option would have increased the total cost. The other option would have required increasing the self-insured retention to \$750,000 per claim. AJ Gallagher proposal reflects annual increase of \$372 with no additional changes.

Staff recommends using AJ Gallagher to renew workers compensation coverage with Safety National.

**Committee Recommendation:** The Committee voted unanimously (2-0) to use AJ Gallagher to renew workers compensation coverage with Safety National.

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

### **Claims Administration**

The City currently has an agreement with the NC League of Municipalities to handle the City of Gastonia's property and liability claims and the workers compensation claims. Staff solicited and received 2 proposals for the workers compensation claims administration and 2 proposals for the property and liability claims administration.

The current cost of claims administration for the property and liability claims of FY 2017 is approximately \$30,000 annually. The cost per claim varies from \$65 for notification only to \$780 for large sewer back up claims. The NC League of Municipalities' proposal reflects an increase in cost per claim that varies from \$78 for notification only to \$870 for large sewer back up claims. This equates to an annual increase of approximately \$2,090 or 6.96%. The proposal from PMA was a flat fee of \$38,000 annually.

The current cost of claims administration for the workers compensation for FY 2017 will be approximately \$23,000. The cost per claim is \$180 for med only and \$1,100 per lost time claim with a minimum annual premium of \$23,000. The NC League of Municipalities' proposal reflects an increase in cost per claim that varies from \$190 for med only claim to a \$1,100 per lost time claim, with a minimum annual premium of \$25,000. This is an annual increase of \$2,000 or 8.70%. The proposal from Compensation Claims Solutions was a flat fee of \$26,500 annually.

Staff recommends renewing the contract for the claims administration for workers compensation and property and liability with the NC League of Municipalities

**Committee Recommendation:** The Committee voted unanimously (2-0) to renew the contract for the claims administration for workers compensation and property and liability with the NC League of Municipalities.

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

### **Airport Liability**

The City's airport insurance is currently with Phoenix Aviation through Wells Fargo. The premium for FY 2017 is \$6,100. There is no change in the proposed rate for FY 2018.

Staff recommends using Wells Fargo to renew the airport liability insurance with Phoenix Aviation.

**Committee Recommendation:** The Committee voted unanimously (2-0) to use Wells Fargo to renew the airport liability insurance with Phoenix Aviation.

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

## **ITEM 2: WELLNESS PROGRAM UPDATE**

Chairman Kirlin recognized Mr. Steven Alvey, Risk Manager, for staff's presentation.

Mr. Alvey stated that overall the Biometric Screenings went very well with approximately 800 employee's participating and only 7 who did not participate. The Health Clinic and Human Resource office relocation is now complete.

There are about 25 employees signed up for the Wellness Committee with the first meeting to be held in May.

CaroMont Health has provided six candidates for the Wellness Coordinator for staff to review and set up interviews. CaroMont Health will also take part in the interview process along with City staff.

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

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

## **ITEM 3: HEALTHY GASTON**

Chairman Kirlin recognized Mr. Todd Carpenter, Assistant City Manager, for staff presentation. Mr. Carpenter said Healthy Gaston was developed by the Gaston Community Healthcare Commission, an initiative of Gaston Together, which was launched in November 2014. Healthy Gaston strives to engage businesses, schools, and churches, seeking to create a culture of

wellness and thereby improve the vitality of organizations, and ultimately impact individual health. These organizations are not asked to embrace drastic changes toward wellness and health but instead are asked to encourage their employees to simply move more, eat a little healthier, and relax.

Staff has already begun working with Healthy Gaston in hopes of being awarded a Bronze certification at Healthy Gaston's next recognitions ceremony. Through the creation of our wellness program, our clinic, the wellness committee, wellness budget, and Council support the City is well positioned to for the Bronze award. Through the continued supported of this committee and Council our goal is to achieve the Gold certification within 2 years.

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

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

#### **ITEM 4: TOBACCO FREE GASTON**

Chairman Kirlin recognized Mr. Todd Carpenter, Assistant City Manager, for staff presentation. Mr. Carpenter said a recently formed coalition, Tobacco Free Gaston (TFG), is asking municipalities to support and adopt tobacco and smoke free policies. The City of Gastonia has been contacted and encouraged to participate. Tobacco Free Gaston is a community action group, working through the Department of Health and Human Services, to decrease the usage of and exposure to tobacco products through education and advocacy.

TFG is advocating for policies that prohibit smoking, vaping, and smokeless tobacco use in government buildings, vehicles, grounds, government owned parks, recreation areas, and public places.

Other municipalities in the County have been contacted and some, including Gastonia, have attended a TFG meeting. The group is currently establishing goals and priorities built around community education, coalition building, and cessation support.

The Committee directed staff to bring this item back to the Committee for further conversation.

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

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

#### **ITEM 5: EMPLOYEE AWARDS PROGRAM**

Chairman Kirlin recognized Mr. Todd Carpenter, Assistant City Manager, for staff presentation. Mr. Carpenter said the City's employee awards program and service awards program are well

underway. The details of the programs have been discussed with every employee, with additional discussions and detail being covered with all Department Heads.

The longevity lapel pins and certificates are in hand. We are catching up all employees this year and will begin distributing the pins and certificates by department next month. The certificates will be signed by the Mayor and the City Manager. The recognition will be in increments of 5 years of service beginning with 5 years and ending with 35. Examples of the certificate and pin are attached.

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

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

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