

MINUTES FROM THE HEALTH INSURANCE WORKSHOP OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 3:00 P.M. ON WEDNESDAY, JANUARY 24, 2018 AT THE KEYS ENERGY SERVICES BOARD ROOM LOCATED AT 1001 JAMES STREET, KEY WEST, FLORIDA

The above referenced workshop of the Utility Board of the City of Key West, Florida, convened at 3:00 P.M., on the above date and location. The workshop was called to order by Chairman Batty.

Utility Board Members Present

Peter Batty, Chairman
Mona Clark, Vice Chair
Charlie Bradford, Member
Timothy Root, Member
Steven Wells, Member

Staff Present

Lynne Tejada, General Manager & CEO
Jack Wetzler, Assistant General Manager & CFO
Edee Delph, Executive Assistant to GM/CEO & UB
Julio Torrado, HR & Communications Director
Cindy McVeigh, Finance Supervisor
Heather Arencibia, HR Supervisor
Gricel Owen, HR Specialist
Donnie Yarbrough, HR Staff Assistant
Nathan Eden, Utility Board Attorney

Other Present

Shawn Fleming, Senior Benefits Consultant for Gehring Group
Jodi Beale, Senior Accounts Manager for Gehring Group
Larry Anchel, Senior Employee Benefits Analyst for Gehring Group

Mrs. Tejada stated that during the Health Benefits Renewal process last year, the Board had various questions and requested a Utility Board workshop prior to the next Health Benefits Renewal. Gehring Group will review the current plan, introduce for consideration a Dual Plan offering and discuss any changes the Board would like to make to the Plan going forward.

Mrs. Tejada introduced Mr. Shawn Fleming, Senior Benefits Consultant for Gehring Group, and he approached the podium.

Mr. Fleming provided the Board with the Plan background:

- KEYS has been self-insured since 2003
- Cigna has been the third party administrator since Oct 2011
- Currently one plan is available to employees (and certain retirees under age 65 or w/o Medicare) and a comprehensive Medicare plan is available to eligible retirees, which covers member cost after Medicare payment.
- KEYS pays 100% of the employee cost (single coverage)
- Employees pay cost of dependent coverage
- 8.4% increase to funding/rates for the 2017/2018 plan year.
- Wellness incentives provided through Passport to Wellness Program

Mr. Fleming also reviewed the following:

- Background of Plan Offerings
- Schedule of Benefits Summary
- KEYS Claims Experience from 2010- YTD
- Catastrophic Claim Experience
- Funding Spectrum- Fully Insured Plan/Partially Self-Insured Plan/
Self-Funded Plan
- Rate Increases/Current Rates

Mr. Fleming informed the Board that other public agencies and private businesses are implementing different items/options to help keep costs down, such as:

- High Deductible Health Plans
- Savings/Reimbursement Accounts
- Base & Buy-Up Structure
- Dual Plan Offering
- Employee Contributions
- Surcharges & Incentives
 - Tobacco
 - Spousal Surcharge

Mr. Fleming stated that Gehring Group recommends that KEYS consider the Dual Plan Offering, which gives the employee a second option, with a High Deductible and a Health Saving Account (HSA).

Mr. Fleming explained that a High Deductible Plan can be paired with a HSA, which can be funded by the employee/employer to offset the cost of the plan and allows the employee to put away funds on a pretax basis for health care and expenses. In addition, any contributions in the HSA the employee can invest in mutual funds, which is transferable and can be used for retirement health care including premiums.

Mr. Fleming reviewed the benefits and concerns for the High Deductible Plans with the Board.

After discussion on the various options, the Board agreed to further examine the Dual Plan Offering with the understanding that it should be offered to employees only if cost neutral for KEYS and it is a choice for employees. The Board also agreed not to implement a spousal surcharge.

Mr. Fleming informed the Board that many employers have implemented Tobacco Surcharge and some no longer hire tobacco users. He said that studies estimate smokers may cost as much as \$6,000.00, a year.

After discussion, Chairman Batty asked staff to explore and come back to the Board with findings.

Mr. Fleming reviewed local comparisons:

- KEYS copays and out-pocket maximums are in-line with other entities in the area
- KEYS has higher deductibles than other entities
- KEYS has one of the most competitive contribution schedules

Mr. Fleming stated that if the Board decided to add Employee Contributions to the plan, it would shift a larger share of the plan cost to the employee.

After discussion, it was the consensus of the Board not to implement Employee Contributions to the Plan.

Mr. Fleming informed the Board that KEYS is one of the only major employers offering coverage of Bariatric Surgery. He said a typical surgery could range from \$15,000. to \$30,000.00.

After discussion, the Board decided that the Plan would continue to cover Bariatric Surgery.

The Board thanked Mr. Fleming for his presentation.

Staff will work with the Gehring Group and Cigna to review and implement the changes discussed and come back before the Board for approval.

(A copy of the power point presentation is available upon request)

ADJOURNMENT

Chairman Batty adjourned the Health Insurance Workshop of January 24, 2018, at 4:35 P.M.

APPROVE:

Peter Batty, Chairman

ATTEST:

Lynne E. Tejeda, General Manager/CEO & Secretary