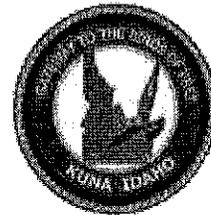


OFFICIALS

W. Greg Nelson, Mayor
Richard Cardoza, Council President
Briana Buban-Vonder Haar, Council Member
Pat Jones, Council Member
Joe Stear, Council Member



CITY OF KUNA

Kuna City Hall Council Chamber, 763 W. Avalon Street, Kuna, Idaho

City Council Workshop

MINUTES

Tuesday, December 15, 2015

6:00 P.M. CITY COUNCIL WORKSHOP

1. Call to Order and Roll Call

COUNCIL MEMBERS PRESENT: Mayor W. Greg Nelson
Council President Richard Cardoza
Council Member Briana Buban-Vonder Haar
Council Member Pat Jones
Council Member Joe Stear

CITY STAFF PRESENT: John Marsh, City Treasurer
Richard Roats, City Attorney
Chris Engels, City Clerk
Wendy Howell, P & Z Director
Bob Bachman, Facilities Director
Bobby Withrow, Parks Director
Gordon Law, City Engineer

1. Discussion of options to decide premiums and plans – John Marsh, City Treasurer

Considerations:

- To charge or not charge employees for a co-premium.
- Equalization employee co-premium in a dual option plan. Equates the premiums in a dual option so the City's costs between the options are static – the employee co-premium is what is used to make the equalization.
- Employer contributions to an HSA.

City Treasurer explained the workshop was to review and decide about the Health Insurance Plan options. There are two goals; one being, employees have complained the dependent coverage is not affordable and the other is to keep the cost down for the budget. The costs continue to skyrocket.

The current provider is Regence Blue Shield of Idaho and has been for some time. The renewal has a 17.3% increase which will exceed the budget by \$16,000 through the course of the year. The leading contender to reduce costs is Select Health. They negotiated with St. Luke's as a single care provider. The other options were not as competitive. Select Health has a dual option; a traditional plan or an HSA.

The budget is \$281,638. There are 38 benefit eligible employees and 1 elected official.

Mr. Marsh reviewed that the current policy allows dependent coverage of 50% for appointed officials. That is problematic under the Affordable Care Act. Going forward, that would need to go away. The cheapest option is Select Health HSA. If all eligible employees were on the HSA plan, the budget would have a surplus of \$160,147.

Council President Cardoza confirmed that it would be an approximate reduction of \$120,000 if all employees went to an HSA without any dependents.

Mr. Marsh confirmed he stands corrected. \$121,491 would be the savings.

Council President Cardoza asked if the HSA would be an HMO or a PPO since it is a single care provider.

Mr. Marsh responded he is not sure. The HSA has become a norm because of the rate increases.

Council President Cardoza clarified; an HMO has penalties for going outside the network, a PPO usually does not have penalties for going outside the network.

Mr. Marsh responded that both the HSA and the traditional plan have penalties if you go outside the network. Mr. Marsh gave examples.

Mr. Marsh asked Council if they want to consider adding dependent premiums and if they want to include a dual option plan. If a dual option plan is chosen, would they want to consider equalizing the premiums to make the cost to the city the same?

Mayor Nelson said he likes the idea of having a dual option; a traditional plan and an HSA.

Mr. Marsh said the equalization of the traditional plan premium would be \$58.10 for employee only coverage. He reviewed the cost of the HSA for employee only coverage is \$351.20 per month, the cost of the traditional plan for employee only coverage is \$409.30 per month. If an employee chose the traditional plan, the employee would make up the difference in the premium cost to the city as an equalization option.

Council Member Jones thinks dual option is the best option. He asked if they could review the options and possibly rule some of the options out to simplify decisions. He reviewed each of the 5 options, suggesting options 1 and 4 be ruled out. He asked the other Council members if they were agreeable to a dual plan. Council was agreeable to review the dual plan option.

Council Member Jones explained some ways for individuals to choose between an HSA and traditional plan and the differences between the two plans. To switch from Regence to Select Health with the same deductible and coverage for employees that they have today, would cost \$4911. He suggests allotting each employee a credit of \$4911 toward their plan of choice as a starting point. He understands health insurance is one of the most important employment benefits but he would like every employee to be treated equally. Both goals would be accomplished, reduction in dependent coverage costs between 37% - 61% and cost savings for the city.

City Engineer Gordon Law said some are looking at these options for the first time. He would like time for himself and the employees in his department to think about the options before a decision is made.

Council Member Buban-Vonder Haar said it is her understanding that there have been numerous workshops and meetings to receive employee input regarding insurance options.

Mr. Marsh responded there have been 3 meetings regarding employee insurance options. This is the same information presented at all 3 meetings.

Mayor Nelson asked if the employees with families would pay less under the Select Health plan than under the Regence plan.

Mr. Marsh responded it depends on what options Council wants to consider and decide upon.

Council Member Stear said he would be favor of looking at options and employees asking questions.

Mayor Nelson asked if Council wanted to take questions from the employees.

Council was agreeable.

Council Member Jones said he thinks Council needs to decide if everyone is treated equally or if they are going to take cost savings from one employee to give to another.

Mr. Marsh said the primary questions for Council are whether to cover dependents and at what level and whether to equalize for all employees. Council will want to decide whether to save the money on the premiums from the budget amount or to spend it to pay for some employees with dependents.

Mr. Law asked Council Member Jones for clarification; if the equal allotment for each employee is used, there would be a shortfall of \$300 for family coverage per month?

Council Member Jones responded using the HSA plan as an example. The HSA will cost \$4200 for an employee annually. Family coverage will cost \$12,220 annually. Decisions need to be made regarding what is manageable for employees. To make costs more manageable for

families, cost savings from employee only coverage would need to be spent for employees with families. Whether that is fair or not is a decision Council will have to make.

Jesse Morfin asked if an employee selected the HSA, can they be covered by other insurance as well, such as a spouse's insurance.

Council Member Jones answered yes, you can do both.

Jesse said he feels the cost savings should be dumped back in and divided equally among the employees. He also asked if the city will continue to pay 100% of the employee's premiums.

Council Member Jones answered yes. The goal is not to take anything away from employees but the question remains do the employees want to be treated equally or share all the costs.

Mr. Law asked Council Member Jones for clarification; with the HSA plan the city would pay the insurance premium and make a contribution to the employee's HSA.

Council Member Jones answered that was correct for the employee only HSA coverage.

Mr. Law asked Council permission for Mr. Marsh to run the numbers for employees individually.

Mr. Marsh confirmed Council direction; use the entire \$281,638 budgeted for insurance and divide it evenly by 38 employees to arrive at the amount to be allocated to each person. Then each person can determine which coverage they would like and he can run the numbers for them.

Council Member Buban-Vonder Haar asked if Council Member Jones's vision is that the city will forever spend at least this year's budgeted amount on health insurance and any savings in the future would be given back to employees.

Council Member Jones responded that would be for Council to decide. His preference would be splitting the difference, half to the employees and half back to the city.

Mayor Nelson does not think a decision should be made for eternity. Decisions should be made each year.

Robert Ford said that he has a family. He has heard the comments about making it equal for everyone but he was penalized last year for not having insurance for his spouse. He understands being fair but is concerned about employees knowing this is a family friendly place to work.

Mike Borzick said if the city is paying for employee premiums, he does not need any surplus. He would rather see those funds go toward the employees that need family coverage. As a taxpayer he does want to save the city money but \$280,000 was budgeted on property taxes for medical insurance. If the full amount is not used for medical insurance, the money will just be moved to another project.

Council Member Buban-Vonder Haar responded there is a \$150,000 expense that has not be budgeted for concerning employee leave caps. If there were some savings in the budget this year, it would help toward that expense.

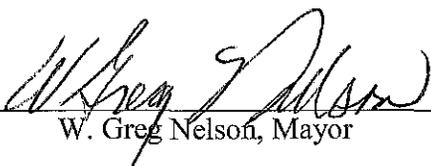
Bob Bachman asked Mr. Marsh if there is a trend of Select Health increases to help prepare future budgets.

Mr. Marsh said that it was tough to answer that question because of the various models and factors. He feels Select Health is more consistent than others but the city can probably expect at least a 5% increase on the average.

Mayor Nelson closed the workshop.

Adjournment:

Council Member Stear moved to adjourn the Employee Insurance Workshop. Seconded by Council President Cardoza, all voting aye. Motion carried 4-0.


W. Greg Nelson, Mayor

ATTEST:


Chris Engels, City Clerk



Minutes prepared by Dawn Stephens, Deputy City Clerk
Date Approved: CCM 01.05.2016