

**MINUTES**  
**COUNCIL WORKSHOP**  
**CITY OF ARCADIA**  
**TUESDAY, DECEMBER 21, 2010**  
**5:30 PM**

**CALL TO ORDER**

The meeting was called to order at approximately 5:30 PM with the following members and staff present:

**Arcadia City Council**

Mayor Robert Heine

Councilmember Martha Craven

Deputy Mayor Keith Keene

**Arcadia City Staff**

City Administrator Lawrence Miller

City Recorder Dana Williams

Asst. City Administrator Judi Jankosky

City Attorney William Galvano

City Marshal Charles Lee

The Mayor stated that Dr. Johnson had a family emergency in North Florida and that Dr. Goodman's sister had passed, therefore both were out of town and not in attendance this evening.

**1. DISCUSSION ON CITY HEALTH CARE COVERAGES AND OPTIONS**

The City Administrator began by saying this was an opportunity before the Council to decide on health insurance for the calendar year 2011; and that there were a number of different plans which had been discussed, negotiated, and massaged each with various nuances.

Ms. Anna Maria Studley, managing director for the Gehring Group, the City's health care broker provided background information regarding the negotiations with Blue Cross/Blue Shield (BCBS) over the course of bargaining for renewal rates. Reading from her memo, she reported the initial renewal provided by BCBS represented an increase of 21.4% and that upon review of the results with City staff, the Gehring Group began negotiations to lower the overall cost of the renewal. Subsequently, BCBS provided a rate pass or \$0 increase on the current plan. In addition, Gehring Group negotiated with BCBS to apply similar savings to alternate plan designs with the most competitive being the 3359 plan offered at a reduction of 8.2%.

Ms. Studley continued that the savings offered to the City by transitioning to the 3359 would provide a savings of a little over \$56,000 to the City but would increase member (employee) financial responsibility in the form of higher deductibles, copays for office visits and hospitalization, and various other services. To help employees offset potentially higher costs being incurred through the consideration of a plan change, the feasibility of utilizing a portion of the City's savings to implement an employer sponsored Health Reimbursement Account (HRA) was discussed. She explained an employer sponsored HRA is an account that would be established for each employee with funding provided by the City and that during the year,

participants would have access to this account for reimbursement of eligible medical expenses not otherwise covered under the plan such as deductibles and copays. The account would only be available to offset costs incurred as a direct result of using the BCBS medical plan which ideally would encourage employees to focus on wellness and preventative care. Ms. Studley continued the City could choose to allow employees to rollover any balance or a portion of this balance or if not chosen, would retain the unused funds which could be used to offset future medical insurance increases.

Ms. Studley then discussed the funding costs for an HRA, based on the assumption the City would provide \$500 funding per enrolled employee. The chart below outlines the annual cost for administration and funding of the 3359 plan at \$45,846 based on current enrollment of 81 individuals.

Item	Cost	Participants	Annual Cost
HRA Account Funding	\$500 per EE per year	81	\$40,500
HRA Account Admin.	\$4.50 per month	81	\$4,374
Debit Card (optional)	\$1 per month	81	\$972
Set Up Fee (Acct/Docs)	Waived	81	\$0
<b>TOTAL</b>			<b>\$45,846</b>

She added that with a transition to the 3359 plan and in the event all HRA funds were exhausted, the City would still realize a savings of \$10,000 for the plan year 2011.

Moving to the plan comparison page (attachment A to these minutes), Ms. Studley noted the left column represented the City's current plan; the middle column, the negotiated renewal plan (still Plan 1362) and the far right column the alternative 3359 plan. She briefly covered the various charges of each saying the red figures represented an increase but that the blue figures reflected a decrease in costs.

Councilmember Craven asked about an 0727 plan which was included in the agenda packet. Ms. Studley stated that was offered through another company and not as part of the Gehring Groups' offerings. Deputy Mayor Keene confirmed the monthly premium for both the employee and the City would be less with the 3359 plan as opposed to the existing 1362 plan.

Several questions were asked by employees seated in the audience regarding reimbursement for those having the family plan, the physicians covered in-network, and who would establish the criteria for reimbursement. Ms. Studley answered typically a vendor is contracted, but that Gehring Group would work with the City within the federal guidelines and that there was "lots of flexibility." Councilmember Craven asked if the \$500 reimbursement would apply to a hospitalization only. Ms. Studley responded it could be used for anything not covered such as a prescription, copay, deductible or any medical related cost.

The Marshal asked why the two other options available, namely the HMO 042 and the BCBS 0727, were not being considered or discussed. The City Administrator stated he had not gotten to those yet, but that they were offered through another company - PRM or Public Risk Management. He then said PRM covers County employees and that the 042 is a different plan

altogether although the 0727 is very similar to what the city currently has. He added it was slightly less than the Gehring Group's but that in any case the City would be saving money.

Discussion followed on the finer points of each plan and the savings, the possibility of Gehring extending coverage for one month to allow ample time for renewals or transitions, the historical perspective of medical claims, notice requirements to opt out and the like.

ADJOURN

With the time constraint of the regular meeting having passed and this being a workshop session, the meeting was adjourned at 6:12 PM.

APPROVED THIS 4<sup>th</sup> DAY OF JANUARY 2011.

By:

  
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Robert W. Heine, Mayor

ATTEST:

  
\_\_\_\_\_  
Dana L.S. Williams, CMC, City Recorder

City of Arcadia  
 Medical Insurance Renewal Evaluation  
 Effective Date: January 1, 2011

SCHEDULE OF BENEFITS	CURRENT		NEGOTIATED RENEWAL		Alternate #1	
	BlueCross BlueShield of Florida BlueOptions Plan 1362		BlueCross BlueShield of Florida BlueOptions Plan 1362		BlueCross BlueShield of Florida BlueOptions Plan 3359	
Plan Basics	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
Lifetime Maximum	\$5 Million		Unlimited		Unlimited	
Calendar Year Deductible						
Single	\$500		\$500		\$1,000	\$2,000
Family	\$1,500		\$1,500		\$3,000	\$6,000
Out of Pocket CYM	<i>Includes CYD, Coinsurance, and Copays: Excl. Rx</i>		<i>Includes CYD, Coinsurance, and Copays: Excl. Rx</i>		<i>Includes CYD, Coinsurance, and Copays: Excl. Rx</i>	
Single	\$2,500	\$5,000	\$2,500	\$5,000	\$3,000	\$5,000
Family	\$5,000	\$10,000	\$5,000	\$10,000	\$6,000	\$10,000
Coinsurance	20%	50%	20%	50%	20%	40%
Office Visit Services	<i>Preventative Care Annual Maximum of \$250</i>		<i>No Preventative Care Annual Maximum</i>		<i>No Preventative Care Annual Maximum</i>	
Primary Care Physician	\$20	50% after CYD	\$20	50% after CYD	\$25	40% after CYD
Specialist	20% after CYD	50% after CYD	20% after CYD	50% after CYD	20% after CYD	40% after CYD
Preventative Care	\$20 or 20% after CYD	50%	No Charge	50%	No Charge	40%
Maternity (Initial Visit)	20% after CYD	50% after CYD	20% after CYD	50% after CYD	20% after CYD	40% after CYD
Chiropractic Services	20% after CYD	50% after CYD	20% after CYD	50% after CYD	20% after CYD	40% after CYD
Laboratory Services	(\$2,500 CYM Comb.)	(\$2,500 CYM Comb.)	(35 visits Comb. Ther.)	(35 visits Comb. Ther.)	(35 visits Comb. Ther.)	(35 visits Comb. Ther.)
Physical Therapy	No Charge	50% after CYD	No Charge	50% after CYD	No Charge	40% after CYD
Medical Pharmacy	20% after CYD	50% after CYD	20% after CYD	50% after CYD	20% after CYD	40% after CYD
Hospital Services	(\$2,500 CYM Comb.)	(\$2,500 CYM Comb.)	(35 visits Comb. Ther.)	(35 visits Comb. Ther.)	(35 visits Comb. Ther.)	(35 visits Comb. Ther.)
Tier 1/Tier 2	N/A	N/A	N/A	N/A	20% to \$200/mo.	50% after CYD
Inpatient Hospital	Tier 1/Tier 2		Tier 1/Tier 2		Tier 1/Tier 2	
Outpatient Hospital	\$600/\$1,000	50% after CYD	\$600/\$1,000	50% after CYD	\$750/\$1,000	40% after CYD
Emergency Room	\$100/\$200	50% after CYD	\$100/\$200	50% after CYD	\$150/\$250	40% after CYD
Physician Services	\$100	\$200	\$100	\$200	\$200	\$200
Ambulance	No Charge	50% after CYD	No Charge	50% after CYD	20% after CYD	40% after CYD
Urgent Care	20% after CYD (\$400 Ground / \$4,000 Air Max)	50% after CYD	20% after CYD (\$5,000/day combined max)	50% after CYD	20% after CYD (\$5,000/day combined max)	40% after CYD
Mental and Nervous Services	20% after CYD	50% after CYD	20% after CYD	50% after CYD	20% after CYD	40% after CYD
Inpatient Hospital	\$600/\$1,000	50% after CYD	\$0	50%	\$0	40%
Outpatient Services	20% after CYD	50% after CYD	\$0	50%	\$0	40%
Substance Abuse Services						
Inpatient Hospital	\$600/\$1,000	50% after CYD	\$0	50%	\$0	40%
Outpatient Hospital	20% after CYD	50% after CYD	\$0	50%	\$0	40%
Pharmacy Plan						
Tier 1	\$15	50%	\$15	50%	\$10	50%
Tier 2	\$30	50%	\$30	50%	\$30	50%
Tier 3	\$50	50%	\$50	50%	\$50	50%
Tier 4	N/A	N/A	N/A	N/A	N/A	N/A
Mail Order Copay	2.5x Retail Copay	50%	2.5x Retail Copay	50%	2.5x Retail Copay	50%
Employee	67	\$582.63		\$582.63		\$529.85
Employee + Spouse	9	\$1,206.05		\$1,206.05		\$1,176.26
Employee + Child(ren)	2	\$1,095.35		\$1,095.35		\$964.32
Family	3	\$1,849.85		\$1,849.85		\$1,626.63
Monthly Premium		\$57,630.91		\$57,630.91		\$52,894.82
Annual Premium		\$691,570.92		\$691,570.92		\$634,737.84
\$ Increase		N/A		\$0.00		-\$56,833.08
% Increase		N/A		0.0%		-8.2%