

Benefits Focus Group Minutes
(5/29/02)

Committee members, alternates and staff advisors present:

John Agen
Benita Saldutti
Dick Minster
John Glanden
Janice Cox
Robert Blinch-Edwards
Veda Mahadi
Kevin Stiff
Pat Horan
Rick Winters
Karen Lusk
Joe Munyak
Mark Trefethen
Stacey Monroe
Suzy Milburn
Joyce Dolan
William Tatum
Jim Godshall
Mark Stinson
Chris Lyons

John Agen called meeting to order at 1:12 p.m., May 29, 2002, at Public Works Department, 1761 12th Street. Roll was called.

Discussion began regarding the services of Kurt Gehring. Mr. Agen said he felt that the information that was presented at the last meeting was not accurately represented. Benita Saldutti said that earlier in the year, the Group had made recommendations based on erroneous numbers provided by Mr. Gehring. She said that she was disappointed when she learned that he was being sent back to work with the Group again, but she had tried to keep an open mind about his involvement. However, his appearance last week did not bolster her confidence in him. She felt he should have given an explanation and an apology for the wrong numbers he provided earlier in the year. Then the numbers he distributed last week were full of mistakes. In some cases, the math was wrong and in other cases, he gave estimates based on incorrect assumptions. On the spreadsheet he passed out, he said that the totals represented 12 months. The total on the dental was for 12 months, but the PPO, the EPO and the Pharmacy totals were only for 8 months, so just his basic math was wrong. On the sheet of plan changes, some of his figures included retirees and others did not. He was not consistent in what he gave the Group and there were other mistakes as well on the page. He put parameters on everything he said - such as "timeframe wise we didn't get the information we wanted", "costing estimates are based upon estimates in general and not upon the constancy of your plan", "I don't have numbers", "I don't have breakouts", or "didn't get this or that information". Ms. Saldutti said she knew that Ms.

McKinney had told him very specifically that if he did not have numbers and if they were not going to be correct, then not to bother to come. Mr. Gehring made the Group feel like he was doing them a big favor for being there at no cost. The fact is that he was in town on other business anyway, so it did not cost him anything to attend the meeting. Ms. Saldutti said Mr. Gehring has demonstrated that he does not understand the detail of the City's plans, such as the fact that there are tiered rates for pharmacy and the EPO does not have deductibles. He had to change some of the numbers on the spot when someone pointed that out to him. He has certainly demonstrated that he cannot provide projections with any degree of reliability. The Group is discussing making plan changes that will generate \$30,000 in savings, but the City Commission approved a contract to pay him up to \$50,000. Ms. Saldutti said that she does not understand why the City is spending precious plan dollars on someone who cannot provide numbers that are correct. She stated she would like the Group to cut expenses and not use him anymore.

There was some discussion about who would be used if the Group decided not to use Mr. Gehring's services. Robert Blinch-Edwards said he had some organizations that did work for them and their services could be used. Chris Lyons pointed out that the Group really does not have the responsibility to hire a consultant for the City. That is not their function. The PBM could predict changes for prescriptions. It is possible to estimate possible savings using certain actions. The only problem would be time – having enough time to get information for a recommendation to the City Manager. Mr. Blinch-Edwards asked what the objective of the Group was – to reduce costs or to put more money into the fund. Mr. Agen said that the basic objective is to lower the cost. Second is to bring the fund up to being sound again, to start looking toward developing a reserve. As far as a set dollar amount, that has not been determined. Mr. Blinch Edwards said that most Focus Groups or Benefits Groups are put into place to keep costs from going up and maintain current levels – not to reduce costs.

Group consensus was not to ask Mr. Gehring to do any more work for them.

Mr. Lyons suggested that there might be a way to work with Mr. Gehring by having City staff verify his figures before they are presented to the Group. Mr. Lyons said that Mr. Gehring should be at every meeting if he is expected to guide the Group. Mr. Agen said that the Group should continue to request information from Ms. McKinney and she could interface with Mr. Gehring when necessary. The Group is only asking for information that will aid them in making decisions, but accurate information is necessary. Mr. Agen agreed that \$50,000 should not be spent to save \$20,000, but Mr. Gehring needs to get the proper data in order for him to provide good information.

Mr. Gehring complains that he cannot get timely information from EMI. The Group agreed that the responsibility is on staff to make sure accurate numbers are obtained from City staff, Mr. Gehring, Mr. Blinch-Edwards or any other consultant. The Group will send a letter to Ms. McKinney communicating dissatisfaction with Mr. Gehring. Mr. Blinch-Edwards offered to work with Mr. Gehring in any way possible to help facilitate getting information to him.

Mr. Agen suggested that Ms. McKinney be responsible for providing information to the Group through the best source instead of mandating that Mr. Gehring will not be used

anymore.

Mark Trefethen made a motion to write a letter to Human Resources that any information, numbers, or figures be audited before presentation to Group. To instruct the Chair to formulate a letter expressing displeasure with what has occurred so far and in the future receive requested information in a timely and accurate manner. The Group's goal is to obtain accurate information that can be relied on not to offend anyone. Second by Ms. Saldutti. Motion carried unanimously.

There was considerable discussion about breaking out dental charges. The Group questioned why the proposal was to charge a premium of 18% when the dental is only 5% of the total medical cost. A motion was made by Kevin Stiff, with a second by Suzy Milburn, that dental remain with medical plan as is. Motion carried unanimously.

Charles Senf asked what the impact would be to savings if a 10% increase in dependent premiums and copays was made across the board. Mr. Agen said he had asked for information regarding 15%, 17% and 20% increases and what impact they would have on the fund. He is still waiting for that information from Ms. McKinney. Mr. Blinch-Edwards said he would bring the information about the copays to the Group next week. Mr. Agen said the discussion on copays would be held until that information is received.

Ms. Saldutti said that she would not like to see the dependent premiums rise since they were just raised in April if there was a choice to do it somewhere else.

Mr. Agen said it is known that there will be increases somewhere. He wants to try to keep them fair and equitable. The Group needs to explore all items before making a final decision on the amount of increase.

Mr. Blinch-Edwards said that the January figures for incurred costs are in and do not show an increase over the previous year's cost.

Joyce Dolan asked how many people are still eligible for paid health benefits after retirement. The number is around 400.

Mr. Blinch-Edwards asked if he should contact Mr. Gehring to see what information he still needs. Ms. Saldutti said that the request would be made in writing to Ms. McKinney and then it would be her responsibility to determine how to proceed to get the information.

Next meeting is June 3, 2002, at 1:00 p.m., in City Commission Chambers.

If Mr. Lyons needs recommendation by June 20, Mr. McNees will need it before that. Mr. Agen will contact Ms. McKinney to determine the deadline and then advise the Group.

Meeting adjourned at 2:47 p.m.

Minutes Approved: August 7, 2002

John Agen, Chairperson