



City of North Port

4970 CITY HALL BLVD
NORTH PORT, FL 34286

Meeting Minutes City Commission Special Meeting

Tuesday, July 18, 2017

9:00 AM

CITY COMMISSION CHAMBERS

AMENDED #1 Agenda Adding Attachments 1 - 7 Special Meeting regarding Insurance

NOTE: This is a draft copy of the minutes of the 7-18-2017 Commission Special Meeting, has not been approved by the Commission and is subject to change.

CALL TO ORDER/ROLL CALL – LINDA M. YATES, MAYOR

The North Port City Commission Special Meeting was called to order at 9:01 a.m. in the City Chambers by Mayor Yates.

Present: Mayor Yates, Vice-Mayor Carusone, Commissioners Hanks, Luke, and McDowell, Interim City Attorney Slayton, City Manager Lear, City Clerk Adkins, Deputy City Clerk Peto, and Police Chief Vespia.

The Pledge of Allegiance was led by the Commission.

1. APPROVAL OF AGENDA – COMMISSION

A motion was made by Commissioner McDowell, seconded by Commissioner Hanks, to approve the agenda. The motion carried by the following vote:

Yes: 5 - Mayor Yates, Vice-Mayor Carusone, Commissioner Hanks, Commissioner Luke and Commissioner McDowell

A motion was made by Commissioner McDowell, seconded by Commissioner Luke, to suspend the Commission meeting rules procedure for this meeting. The motion carried by the following vote:

Yes: 5 - Mayor Yates, Vice-Mayor Carusone, Commissioner Hanks, Commissioner Luke and Commissioner McDowell

2. PUBLIC COMMENT:

9:04 a.m. - 9:07 a.m. Joseph Fussell. Group Health Insurance.

A. [17-1214](#) Group Medical Insurance options for 2017

City Manager Lear provided an overview and Shawn Fleming, Senior Benefit Consultant, at Gehring Group provided a presentation.

Discussion ensued: (1) subsequent to a question, it was stated that there is no out of

network coverage on the in-network only plan unless it's an emergency; (2) it was noted that the baseline in the Request for Proposal (RFP) process was to match the current schedule of benefits; (3) a true emergency is determined by a set of professional guidelines; (4) modification of schedule of benefits can be made but sometimes only modifying one benefit is hard for the carrier; (5) it was stated that there are three plans offered to the employees and each was outlined; (6) some reasons that an employee may choose the Preferred Provider Organization (PPO) over the In-network plan were discussed; (7) the care management is the same for all three plans offered; (8) the Open Access Plus network is the most broad and widely used network with the best discounts; (9) it was noted that if a provider indicates that they do not accept Cigna insurance it may be a terminology issue; (10) in order to have a High Deductible Health Plan (HDHP) the IRS requires the deductible to be at least \$1,350, the City's deductible for this plan is \$2,600; (11) the eligibility requirements for Health Savings Account (HSA) and Flexible Spending Account (FSA) were explained; (12) subsequent to a question, it was confirmed that any benefits paid on the HDHP go towards the deductible until it is met; (13) it was noted that out of network benefits are paid at a usual and customary rate for the area and the balance is the responsibility of the employee; (14) the Gehring Group is available to employees to help with problems and appeals process; (15) it was mentioned that the appeals process has become very formal and rigid since the passing of the Affordable Care Act; (16) a big concern was raised about the coverage for medical equipment by the Insurance Committee so this was a specific question in the RFP; (17) Gehring Group was able to get medical equipment covered at 100% going back to May 1, 2017; (18) it was stated that United Healthcare was looked at last year as an alternative but there were some concerns so the choice was made to stay with Cigna; (19) the difference between an out of pocket maximum and calendar year deductible were explained; (20) it was explained how individual and family deductibles are applied; (21) there is no carry over for deductibles as the plan is established currently; (22) there is a benefit called "4th Quarter Carry Over" that was explained but an inquiry will have to be made to see if Cigna offers that enhancement; (23) the issue of transitioning to calendar year deductible versus a fiscal year was discussed; (24) it was noted the cost of insurance to the employer is increasing annually; (25) following a question, the 50% dividend eligible incentive from Cigna was explained, Florida Blue is not offering anything comparable; (26) it was noted that usually municipalities are not charged for adding the 50% dividend eligible provision to their policies; (27) the three options for funding the group health insurance were discussed; (28) subsequent to a question, it was stated that the City would be able to have more flexibility with a self-funded insurance plan but it would need to be financially sound; (29) the appeals process for being self-insured is the same as being fully insured except the last level of approval/rejection is the City; (30) following a question, it was stated that omitting one criteria established by the third party administrator for approval of a procedure is not recommended because of issues with discrimination; (31) it was stated that the smoking surcharge for health insurance is a City policy not mandated by Cigna; (32) the history for the smoking surcharge was started 2 years ago and it was explained that it was an incentive for employee to stop smoking; (33) it was noted that Cigna has a lot of components in the Wellness Program that center around smoking cessation; (34) following a question, it was explained that medical guidelines for approval is always changing so the City trying to set those up themselves would be very difficult; (35) taking away the smoking surcharge will not increase the quote for health insurance; (36) it was confirmed that the health assessment to obtain a discount on health insurance needs to be completed annually; (37) it was not known to the City if smoking would preclude employees from certain health benefits; (38) following a question, it was stated that pre-existing conditions can no longer exclude coverage.

Recess 10:58 a.m. - 11:13 a.m.

Discussion continued: (1) the disruption report indicated that 2% of employees will be affected by remaining with Cigna because their doctors would be out of network; (2) the concept of adverse selection with the insurance plan was discussed; (3) following a question, the current amount of medical costs paid and the increased amount of medical costs were addressed; (4) it was noted that Cigna would offer an enhancement if the City decided to move to a calendar year plan; (5) Cigna would give credit for any deductible paid in 2017 and apply that toward the 2018 deductible; (6) subsequent to a question, the City currently pays \$4.3 million annually toward health insurance and employees pay \$1.2 million; (7) it was explained that Cigna applied the 2% increase evenly across all three plans and Florida Blue did not apply their increase that way; (8) Florida Blue offered a 2% discount if the City would take their life and dental insurance as well; (9) following a question, it was noted that if the City remains with its current contribution formula there would be an increase to the employee by switching to Florida Blue; (10) subsequent to a question, it was noted that the ways to get better benefits are to (a) get a different schedule of benefits and pay more; (b) offer an employer funded Health Reimbursement Account; or (c) change the employees' payroll deductions; (11) the Federal requirement for an employer to provide Group Health coverage and the penalties were explained; (12) the pros and cons of "Cafeteria Style" insurance options were discussed; (13) it was stated that becoming self-insured is a good option when the increases from the insurance companies are getting too high; (14) a concern with being self-insured is that the City must maintain 60 days of claims in a reserve fund; (15) the options for funding this reserve account and fund to pay claims were explained; (16) Gehring Group is an independent insurance agent group and has no affiliation to any particular insurance company; (17) the functionality of the telehealth benefit was explained; (18) it was discussed that switching insurance companies every few years is confusing to the employees and to staff; (19) there is an idea to offer an "opt out" benefit to employees who do not choose to take the City insurance; (20) it was noted that the City has always paid a portion of the family plan; (21) it is not known how many employees have met their deductible yet but some reports can be run for the previous plan year; (22) the benefit to switching the plan year back to follow the fiscal year was discussed.

PUBLIC COMMENT.

Marcia Rubin. 12:54 p.m. - 12:54 p.m. Does not support change to Florida Blue.

A motion was made by Commissioner Luke, seconded by Commissioner Hanks, to stay with Cigna, implementing the option for the City to pick up the increase so there is no cost to the employees and to also change from the calendar year to the fiscal year plan and to have staff do the open enrollment in a timely manner. The motion carried by the following vote with Vice-Mayor Carusone dissenting for the following reasons: (1) Cigna is the worst insurance to deal with; (2) there are no extra benefits being offered to the employees; (3) it was noted that more research needs to be done before this time next year to allow for Commission consideration.

Yes: 4 - Mayor Yates, Commissioner Hanks, Commissioner Luke and Commissioner McDowell

No: 1 - Vice-Mayor Carusone

It was noted that at 11:30 a.m., Assistant City Manager Schult took the place of City Manager Lear.

There was a consensus to direct staff to bring forth to Commission by March 1, 2018, options that are available utilizing many different sources or ways to provide health insurance to our employees including Epiphany Health, other Insurance companies, and looking at cafeteria plans.

3. PUBLIC COMMENT:

There was no public comment.

4. COMMISSION COMMUNICATIONS:

There were no Commission communications.

5. ADMINISTRATIVE AND LEGAL REPORTS:

There were no administrative and legal reports.

6. ADJOURNMENT:

Mayor Yates adjourned the North Port City Commission Special Meeting at 1:12 p.m.

City of North Port, Florida

By: _____
Linda M. Yates, Mayor

Attest: _____
Patsy C. Adkins, MMC, City Clerk

Minutes approved at the City Commission Regular Meeting this ____ day of _____, 2017.