

CITY OF ROCKPORT

MINUTES

CITY COUNCIL SPECIAL MEETING 10:00 a.m., Wednesday, July 5, 2017 Rockport City Hall, 622 East Market Street

On the 5th day of July 2017, the City Council of the City of Rockport, Aransas County, Texas, convened in Special Session at 10:00 a.m., at the regular meeting place in City Hall, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Charles J. Wax
Mayor Pro-Tem Pat Rios, Ward 3
Council Member Rusty Day, Ward 1
Council Member Barbara Gurtner, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

Council Member J.D. Villa, Ward 2

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
City Secretary Teresa Valdez
Assistant City Secretary Ruby Beaven
Public Works Director Mike Donoho
Police Commander Larry Sinclair

ELECTED OFFICIALS

1. Call to Order.

With a quorum of the Council Members present, the Special Session of the Rockport City Council was called to order by Mayor Wax at 10:00 a.m. on Wednesday, July 5, 2017, in the Council Chambers of the Rockport City Hall, 622 E. Market Street, Rockport, Texas.

2. Deliberate and act on the Texas Municipal League MultiState Intergovernmental Employee Benefits Pool Rerate Notice for active employees and retired employees not eligible for Medicare.

Texas Municipal League MultiState Intergovernmental Employee Benefits Pool (TMLIEBP) representative, Ms. Heather VonGonten, gave a brief presentation (below) on the insurance rerate for active and retired employees. Ms. VonGonten stated that TMLIEBP recommended the City Council renew with current benefits and increase city/employee cost share contributions.



DEDICATED TO SERVICE

- ✓ *Political Subdivision Pooling is the Value Based Collaborative Solution*
- ✓ *2017-2018 IEBP Making Texas and Oklahoma Healthier: Local Site Biometric Screenings*

The factors used in the 2017-2018 rerate formula for all the Pool members are:

- Medical Trend - 10%
- Non-Biotech/Specialty Prescription Trend - 8%
- Biotech/Specialty Prescription Trend - 18%
- Stop Loss Trend - 17%
- Expanded Benefit Cost for On-Site/Local Site Biometric Screenings - \$4,075,860.10

The above factors were included in your employer benefit plan calculation. Once IEBP identifies the Pooling revenue that is required, each employer is rerated individually to support the claim utilization cost incurred by the employer's covered individuals.

The City of Rockport's 2017-2018 rerate calculation used the below loss ratio information:

The snapshot is for actual claims paid, not billed.

Rollup Loss Ratios with unknown claim dollars included

Rollup Anniversary Month Loss Ratio	Rollup Rolling 12 Month Loss Ratio	Rollup 14-16 Loss Ratio	Rollup 13-14 Loss Ratio
111.37%	85.18%	73.76%	89.59%

The Loss Ratio for the last two years have been over 85%. Prospective risk = High
Anything above 85% is a cost center, more Claim Utilization in excess of Premium/Contribution collection.

TML MultiState IEBP Pool 2017-2018

Average rate increase = 13.1%

Rockport rate increase = 20%

Maximum rate increase = 30%

Rockport minimum increase = 14%
(with plan change)

	2010-11	2011-12	2012-13	2013-14	2014-15	2016-17
Average Rate Increase	1.8%	3.8%	4.7%	4.5%	5.8%	4.5%
	*\$1.5 million in Equity	*\$3.5 million in Equity	*\$4.2 million in Offset	*\$3 million in Offset	*\$205,031 in Offset	Equity put in Reserve

*Member Equity is used to buy down potential rate increase for all Pool membership

Rockport does benefit from the IEBP Political Subdivision Pooling process.

Recommendation: not enough savings by making a plan change. Renew with current benefits and increase city/employee cost share contributions.

The Trustees and TML MultiState IEBP staff look forward to the opportunity to serve your eligible employee/dependent, and retiree population during this new plan year.

Mayor Wax stated that three options were presented to City employees.

City Manager Kevin Carruth informed the Council that a mandatory meeting with all employees was held and the insurance rerate was explained to them. Mr. Carruth stated the three options (see table below) were explained and employees were asked to select their preferred choice of the options presented, via ballot. Mr. Carruth said of the 70 employees expressing an opinion, 63 voted to stay with the current plan, 3 were in favor of Option 1, and 4 wanted Option 2.

TML IEBP Benefits Cost

Employee Medical Cost Rate Comparison
October 1, 2017 – September 30, 2018



Human Resources Department

Benefit	Emp + Dep Monthly Premium	City of Rockport Monthly Cost	Employee Monthly Cost	Employee Per Pay period	Difference Per Pay Period
Current Plan*: 80/50 PPO \$200 In Ded \$450 Out Ded \$1,000 In OOP No OV					
Employee Only	\$555.50	\$470.65	\$84.85	\$42.42	n/a
Emp/Spouse	\$1,127.66	\$470.65	\$657.01	\$328.50	n/a
Emp/Child(ren)	\$897.74	\$470.65	\$427.09	\$213.54	n/a
Family	\$1,463.16	\$470.65	\$992.51	\$496.25	n/a
*Current plan runs through 9/30/17					
Current Plan – 20% Increase: 80/50 PPO \$200 In Ded \$450 Out Ded \$1,000 In OOP No OV					
Employee Only	\$666.60	\$526.20	\$140.40	\$70.20	\$27.78
Emp/Spouse	\$1,353.20	\$526.20	\$827.00	\$413.50	\$85.00
Emp/Child(ren)	\$1,077.30	\$526.20	\$551.10	\$275.55	\$62.01
Family	\$1,755.80	\$526.20	\$1,229.60	\$614.80	\$118.55
Option 1 – 15.26% Increase: 80/50 PPO \$200 In Ded \$450 Out Ded \$2,000 In OOP No OV					
Employee Only	\$640.28	\$513.04	\$127.24	\$63.62	\$21.20
Emp/Spouse	\$1,299.78	\$513.04	\$786.74	\$393.37	\$64.87
Emp/Child(ren)	\$1,034.76	\$513.04	\$521.72	\$260.86	\$47.32
Family	\$1,686.48	\$513.04	\$1,173.44	\$586.72	\$90.47
Option 2 – 14.48% Increase: 80/50 PPO \$450 In Ded \$700 Out Ded \$1,000 In OOP No OV					
Employee Only	\$635.92	\$510.86	\$125.06	\$62.53	\$20.11
Emp/Spouse	\$1,290.90	\$510.86	\$780.04	\$390.02	\$61.52
Emp/Child(ren)	\$1,027.72	\$510.86	\$516.86	\$258.43	\$44.89
Family	\$1,674.98	\$510.86	\$1,164.12	\$582.06	\$85.81

Note: No change in dental, life, or vision coverage or premiums.

Definitions:

1. **80/50** – The coinsurance amount. After the patient reaches their deductible, insurance pays 80 percent for in network service providers and 50 percent for out of network providers. The patient pays the balance.
2. **In Ded** – In network deductible. A deductible is the amount the patient pays before insurance begins to pay. In Ded is the patient's limit when using a healthcare provider in TML's provider network.
3. **In OOP** – In network, out of pocket. The maximum amount the patient pays using in network providers before insurance begins to cover expenses 100 percent.
4. **Out Ded** – Out of network deductible. A deductible is the amount the patient pays before insurance begins to pay. Out Ded is the patient's limit when using a healthcare provider not in TML's provider network.
5. **No OV** – Office visit. A flat fee paid each time a patient sees a doctor regardless of any procedures or services and in addition to any other fees.
6. **PPO** – Preferred provider organization. Allows patient to choose any provider they want but pays differently for providers in network and out of network.

Discussion was held among Council and Ms. VonGonten.

Council Member Day commented that this is a big shot in the budget for the City to take, but if the employees are willing to split the increased cost he would support it.

Mayor Wax explained that the City's policy since 2009 has been to split the increases, 50% paid by the City and 50% paid by employees, when health insurance premiums rose.

Mr. Carruth stated that the estimated total additional cost to the City for group medical coverage is \$86,658. Mr. Carruth added that there are no changes to the plans or premiums for dental and vision insurance.

Council Member Day asked if there was any one particular aspect that employees could participate in that would lower the loss ratio.

Ms. VonGonten answered that TMLIEBP is bring on-site screening to the City and hopefully this will be able to catch something before it becomes a catastrophe.

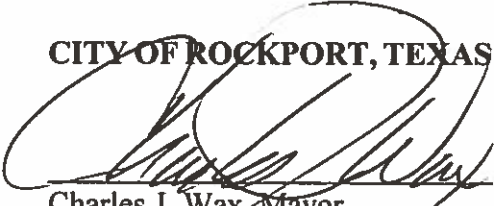
Public Works Director Mike Donoho stated he was familiar with a healthy wellness program in which premiums were reduced by \$100 a month.

MOTION: Mayor Wax moved to approve the rerate of the current plan with a 20% increase in costs and the increase being split 50/50 between the City and employee. Mayor Pro-Tem Rios seconded the motion. Motion carried 4:0.

3. Adjournment

At 10:24 a.m., Council Member Day moved to adjourn. Motion was seconded by Mayor Pro-Tem Rios and carried unanimously.



CITY OF ROCKPORT, TEXAS

Charles J. Wax, Mayor

ATTEST:


Teresa Valdez, City Secretary