

**MINUTES
CITY OF ORMOND BEACH
CITY COMMISSION
HEALTHCARE INSURANCE UPDATE WORKSHOP**

November 2, 2021

6:00 p.m.

City Commission Conference Room

I. CALL TO ORDER

Mayor Bill Partington called the meeting to order at 6:00 p.m.

Present were Mayor Bill Partington, Commissioners Dwight Selby, Troy Kent, Susan Persis, and Rob Littleton, City Manager Joyce Shanahan, Assistant City Manager Claire Whitley, City Attorney Randy Hayes, Human Resources Manager Samantha Potts and Brown & Brown representative Jessica Scott.

II. DISCUSSIONS

Ms. Joyce Shanahan, City Manager, explained the healthcare insurance coverage was reviewed on a yearly basis. She stated COVID-19 was a major factor during the review of the current coverages.

Ms. Claire Whitley, Assistant City Manager, introduced Jessica Scott from Brown & Brown and noted the PowerPoint that would be reviewed was updated since the Commission received it stating there was a print out of the updated version at the Commission seats.

Health Insurance Plan Update

Ms. Jessica Scott, Brown & Brown representative, reviewed the monthly utilization for 2021 through September. She stated the year to date loss ratio was at 116 percent noting the standard loss ratio was 80 percent.

Commissioner Kent inquired if the paid claims were at the facilities inflated prices or if it was at the insurance negotiated reduced price; whereby, Ms. Scott stated it was based off what the insurance company paid with the discounted rates.

Commissioner Selby inquired what the renewal percent meant; whereby, Ms. Scott explained the chart was a historical list showing the renewal increases or decreases each year. She discussed the COVID-19 impacts on the renewal percentage.

Commissioner Kent inquired if Florida Health Care Plans (FHCP) received any federal assistance funds to help during the pandemic; whereby, Ms. Scott stated they did not receive any financial assistance.

Ms. Scott reviewed the large claim summary noting the large claims were claims over \$25,000. She stated for 2021 there were 18 large claimants which included 3 around \$500,000 each, noting there were 3 claimants with a breast cancer diagnosis that totaled under \$200,000. She reviewed the percentage of employees who utilized breast cancer screenings noting she was hopeful any breast cancer diagnoses were caught early enough for treatment.

Commissioner Persis inquired if the city's claims were higher or lower than surrounding cities; whereby, Ms. Scott stated the city was on the higher end but was not an outlier.

Ms. Scott reviewed the \$0 Copay Medication Program and the historical chart showing how much the city paid.

Commissioner Kent inquired if there was a markup on the prescription medication; whereby, Ms. Scott stated she was unsure but noted the medication was a generic brand which typically had very little markup.

Ms. Scott reviewed a historical chart of emergency room utilization noting there was a higher utilization for 2021 when compared to prior years and stated three of the visits were COVID-19 related. She reviewed a historical chart of FHCP office visit utilization which reviewed weekday, weekend, extended hour, Doctor on Demand, education visits and nurse clinical visits which totaled an estimated 949 annualized visits for 2021. She discussed the Health Savings Account (HSA) incentive employee participation numbers.

Ms. Shanahan noted many employees typically utilize the incentive program in the last quarter of the year.

Ms. Scott reviewed how many individuals were utilizing and how many were meeting the deductible and out of pocket maximum.

Commissioner Selby inquired for 2021 the city had 500 members and if only 276 have utilized the plan, whereby, Ms. Scott explained there were 276 on the individual side of the plan that have utilized the plan. Commissioner Selby inquired if there 225 employees who were not utilizing the plan; whereby, Ms. Scott stated some were utilizing the plan but were at \$0 due to utilizing the \$0 medication plan and FHCP facilities where there would be no out of pocket charges.

Ms. Scott reviewed the family deductible and out of pocket maximum utilization charts.

Commissioner Kent inquired if the first slide that showed the monthly utilization chart included what the employee paid; whereby, Ms. Scott stated that slide showed how much FHCP paid towards the claims and the slides reviewing the out of pocket amounts showed how much the employees paid. Commissioner Kent inquired if FHCP was collecting the deductibles and out of pocket charges; whereby, Ms. Scott explained those charges were going to the facilities where the employee went for the service.

Ms. Scott discussed the competitive bid results from other potential insurance companies and noted FHCP had an increase but was at a lower rate. She explained the negotiation process and discussed the renewal options as the renewal increase was very high. She stated the one year renewal would have a 25 percent increase and the two year renewal would have a 15 percent increase the first year and the second year would be negotiated but the renewal percent would be capped out at 18 percent.

Ms. Shanahan stated the city budgeted for a ten percent increase, noting there would be about a \$50,000 deficit for the first nine months of the 2022 calendar year. She stated staff recommended the two year renewal option. She discussed the budget impact and how the \$50,000 would be covered for first nine months of the calendar year followed by the corrected budgeted amount in the 2022-2023 fiscal year. She informed the Commission the city did look into a self-insured plan but noted the city was not ready for that route yet.

Mayor Partington stated he was unsure if the self-insured plan was worth the risk at the time. He inquired if all the Commission agreed to the staff recommended two year renewal option with FHCP; whereby, the Commission agreed.

Ms. Whitley reviewed the current HSA funding model and noted staff did not have any recommended changes. She stated the union feedback was positive for the plan itself but negative on the increased rates for dependent coverage.

Commissioner Persis inquired if the 12 FHCP gym visits in one quarter was only allowed at gyms or if personal equipment would qualify; whereby, Ms. Whitley explained the forms were more flexible than in the past and a walk or fitness event would now qualify. Ms. Whitley stated the city did temporarily add COVID-19 incentives on the list.

Commissioner Selby inquired about the skin cancer screenings; whereby, Ms. Whitley stated the numbers typically came in at the end of the year and they did not have at the time.

Ms. Shanahan stated the screenings have helped as there have been employees in the past who passed away due to skin cancer.

Commissioner Selby inquired if employees were comfortable with the incentives or if there was feedback to change anything; whereby, Ms. Whitley stated it was positive feedback since staff changed the log to include walks and fitness activities.

Ms. Samantha Potts, Human Resources Manager, stated there were suggestions that were taken into consideration.

Ms. Scott reviewed the ancillary plan renewal percentages noting there were increases, explaining the city used Standard insurance company and the increase percentages noting it was the first rate raise in five years.

Mayor Partington thanked Ms. Scott for her work with the insurance negotiations.

III. ADJOURNMENT

The meeting was adjourned at 6:47 p.m.

Transcribed by: Taylor Lochert