

May 28, 2020

The City Council of the City of Idaho Falls met in Council Work Session, Thursday, May 28, 2020, in the Council Chambers in the City Annex Building located at 680 Park Avenue in Idaho Falls, Idaho at 6:00 p.m.

Call to Order and Roll Call:

There were present:

Mayor Rebecca L. Noah Casper  
Councilmember Michelle Ziel-Dingman (by WebEx)  
Councilmember Thomas Hally (by WebEx)  
Councilmember Jim Freeman (by WebEx)  
Councilmember Jim Francis (by WebEx)  
Councilmember Shelly Smede (by WebEx)  
Councilmember John Radford (joined by WebEx at 700 p.m.)

Also present:

Chris Fredericksen, Public Works Director  
Ryan Tew, Human Resources Director  
Eilene Horne, Human Resources Manager  
AJ Argyle, Insurance Broker  
Pamela Alexander, Municipal Services Director  
Mark Hagedorn, Controller  
Megan Ricks, Accountant  
Duane Nelson, Fire Chief (by WebEx)  
Eric Day, Fire Chief (by WebEx)  
Josh Roos, (by WebEx)  
Ed Morgan, Civic Center for the Performing Arts Manager  
Michael Kirkham, Assistant City Attorney  
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 6:02 p.m. with the following items:

Announcements, Opening Remarks:

Mayor Casper had no announcements.

Consideration of Sole Source Purchase:

Councilmember Freeman stated one (1) of the three (3) clarifiers at the Wastewater Treatment Plant (WWTP) has broken to the point of being unusable. He also stated there is only one (1) company in the world that makes this clarifier. He noted staff is not in favor of waiting to replace this clarifier in the event another clarifier fails. Director Fredericksen stated this is a redundant piece and prefers repairs to occur ASAP to stay in compliance with the discharge permit through the State. He noted this clarifier is approximately 47 years old and is at the end of service life. To the response of Mayor Casper, Director Fredericksen stated subsequent projects will be set up to replace these clarifiers with new mechanisms. It was then moved by Councilmember Freeman, seconded by Councilmember Dingman, to approve the sole source purchase of a drive assembly for the Wastewater Treatment Plant's final clarifier. Roll call as follows: Aye – Councilmembers Hally, Smede, Dingman, Freeman, Francis. Nay – none. Motion carried.

Presentation and Discussion of City Employees' Health Insurance Renewal, Fiscal Year 2020-2021:

Director Tew stated Blue Cross has increased the total cost for medical, dental, and, vision insurance for Program Year 2020-2021 by \$1,458,345, which is approximately 14.6% more than the previous year of 9.9%. If no changes are made to the current structure and plan designs, the City increase would be \$1,316,828 with the employee increase of \$141,517. Director Tew stated the two (2) tools available to adjust costs would be to change the premium ratio splits and, making changes to the plan. He reviewed the following possible scenarios, which are a combination of these two (2) tools, with general discussion throughout:

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Scenario 1 – current ratio split (Preferred Provider Organization (PPO)-89/11, Health Savings Account (HSA)-95/5); no plan changes; City increase = \$1,316,828; employee increase = \$141,517.

Scenario 1-1 – current ratio split (PPO-89/11, HSA-95/5); all plan changes; City increase = \$629,708; employee increase = \$61,263.

Scenario 2-2 – moderate ratio split (PPO-87/13, HSA-94/6); all plan changes; City increase = \$437,813; employee increase = \$253,159.

Scenario 3-3 – 50/50 increase split of Scenario 1 minus plan changes of \$767,000 (PPO-86/14, HSA-94/6); all plan changes; City increase = \$335,262; employee increase = \$355,709.

Plan Option changes include:

PPO 1 Individual out of pocket changed from \$1,750 to \$2,500; family changed from \$5,250 to \$7,500 (3% PPO decrease – \$268,492.82). No change to the medical deductible.

PPO 2 Prescription copays changed from three-tier system to six-tier system and \$250 deductible for name brand prescriptions (3.8% PPO decrease – \$340,090.01). Director Tew noted prescriptions are the highest plan expense.

PPO 3 Office visit copays changed to two-tier system for Choice Doctor/Preferred Network and Non-preferred Network doctors (1% PPO decrease – \$89,497.61)

HSA 4 Individual out of pocket changed from \$4,000 to \$4,800 and from \$8,000 to \$9,600 for family (2.8% HSA decrease – \$69,292.68)

Director Tew reviewed the individual scenarios with current, proposed, and, difference of costs for the City; number of employees on each plan (the majority of employees are on the Family plan); and, the proposed/difference of the monthly plan for employees.

Director Tew reviewed the increase of premiums for employees in the different grades. He stated 50% of employees are in grades 7-11 although there are several employees in grades 2, 3, and, 5. He noted as employees' wages increase the percentage of premiums decrease. He also noted this increase is only for premiums, this does not include the employees' use of the plan.

Mayor Casper stated there were several plan option changes, these four (4) plan options were chosen by the committee. Mr. Argyle concurred. He explained the following: Plan Option 1 – the out of pocket option was the biggest bang for the buck as only 13-17% of the employees are hitting the deductible and, hitting the family out of pocket maximum is rare. Plan Option 2 – the prescription utilization is at 31%, therefore a change is needed. Mr. Argyle believes employees will look for other alternatives for the prescription utilization. Plan Option 3 – most companies are changing the copay option. Plan Option 4 – the HSA out of pocket option was better than changing the deductible. Mr. Hagedorn stated an increase is needed with both the PPO and HSA to keep the same relationship.

Councilmember Dingman believes health care will only get more expensive. She also believes common sense should be used for any monthly employee change and that common sense should be used to apply the impact to the individual and/or families. She indicated she would support Scenario 3-3 as she believes this is very affordable health insurance. Councilmember Hally believes the utilization of health care services may increase with the Coronavirus (COVID-19). He indicated he would support Scenario 2-2. To the request of Mayor Casper, Director Tew stated any employee contracting COVID-19 could have extended family medical leave and two (2) weeks of City-paid leave. Mr. Kirkham indicated these leaves were required by Congress and will expire at year end. Director Tew noted several non-essential medical procedures have been delayed due to COVID-19. He believes these procedures will increase. Mr. Argyle stated there should be a decrease in overall experience although there are currently some large claims which will not help in the next year. He also stated all the large public entities in the area were compiled as one (1) large group that went out to bid to the national and local carriers. No one would bid the group as a whole due to the various experience. Some carriers bid each group individually, however, there were not more competitive quotes than Blue Cross. Councilmember Freeman believes the combination of Scenario 3-3 increases and the out of pocket maximums are too large for employees, he is in favor of Scenario 2-2. Councilmember Smede believes the City is paying an expedient amount of the percentage. She expressed her concern for the taxpayers and ratepayers. She also believes the increase is extremely reasonable, she is in favor of Scenario 3-3. Mr. Argyle stated other cities have a similar

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percentage. Mr. Hagedorn stated percentages would only be equal if the ratios are the same split. Director Tew stated the scenarios would shift more of the cost to the employee for the purpose of lowering the impact on the City's budget. He concurred the City's plan is comparable/on par with other cities. He believes the City loses the competitive advantage for recruiting as more of these costs are passed onto the employees. Mayor Casper believes this is a well-managed City. She also believes all cities are in a tough budget year. Director Tew reiterated the increase is higher, approximately 5% higher than other cities, due to the claims cost. Councilmember Francis recommended Scenario 2-2. He expressed his concern for Plan Option 3 and the choice of doctors. Mr. Hagedorn clarified the increase is only for a specialty doctor. To the response of Councilmember Radford, Mayor Casper stated the cost of service model includes personnel costs and is included in the Enterprise Fund budgets. Mr. Kirkham stated fees could not be legally adjusted to capture the General Fund employees. Councilmember Radford believes health care costs are a legislative issue. Mayor Casper questioned purchasing power and unemployment rates during recessions. Director Alexander believes the COVID-19 crisis is uncharted territory and other recessions have other reasons. She is not comfortable relying on past experiences of recessions for this particular case. Director Tew believes the economy cycles fluctuate due to health care and wages. Brief discussion followed regarding the HSA (Mr. Argyle noted approximately one-third of the employees are on HSA) and a network of the new community hospital. To the response of Councilmember Francis, Ms. Ricks stated if any of the four (4) options were eliminated the amounts to the City and the employees would increase. Following additional discussion, Scenario 3-3 will be used moving forward with the option of Scenario 2-2 if additional funding becomes available.

There being no further business, the meeting adjourned at 7:52 p.m.

s/ Kathy Hampton  
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CITY CLERK

s/ Rebecca L. Noah Casper  
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MAYOR