FINANCE COMMITTEE

Monday, November 23, 2020 3:30 PM

Administration Conference Room, City Hall

In light of public health orders from the Missouri Governor and Platte County related to the COVID-19 pandemic, and given the nature of the items to be considered at this particular meeting, the members of the Finance Committee will meet via telephone or video conference. Members of the public interested in this meeting are encouraged to listen in on the meeting via the following – Telephone: (312) 626-6799; Meeting ID: 898 6858 3641; Password: 801022 – rather than appear at City Hall (note: occupancy will be limited).

1. **Call to Order**
2. **Financial Updates**
3. **Action Items**
   A. Approve the minutes for the November 9, 2020, meeting
   B. Approve the employee health insurance renewal for 2021 with Blue Cross/Blue Shield (Administration)
4. **Non-Action Items**
5. **Unfinished Business (postponed from prior meetings)**
6. **Other Business**
7. **Adjourn**

Posted Date & Time: 11/20/20; 1:25 p.m. By: MM

Finance Committee Meeting
Monday, November 9, 2020 3:30 PM
Administration Conference Room, City Hall

Minutes

1. **Call to Order**

Chair Sportsman called the meeting to order at 3:31 p.m. A quorum was present.

Members Present: Chair Marc Sportsman, Vice Chair Dave Rittman, Nan Johnston, Tina Welch and Robert Lock

City Staff Present: City Administrator Joe Parente, Police Chief Kevin Chrisman, Public Works Director Alysen Abel, Finance/Human Resources Director Matthew Chapman, Community Development Director Stephen Lachky, Assistant to the City Administrator Anna Mitchell, Public Works Project Manager Chris Ashley and City Clerk Melissa McChesney

2. **Financial Updates**

A. **City Administrator Approvals**

City Administrator Joe Parente provided an overview of purchases approved within his authority.

B. **3rd Quarter 2020 Budget Variance Report**

City Administrator Joe Parente provided an overview of the third quarter 2020 budget variance report, noting that the information was based on data as of September 30.

3. **Action Items**

A. **Approve the minutes of the October 26, 2020, meeting**

Dave Rittman moved to approve the minutes of the October 26, 2020, meeting. Tina Welch seconded; motion passed 5-0.

B. **Renew a professional services agreement with the Platte County Citizen for newsletter creation, publishing and mailing services of the City's printed newsletters**

City Clerk Melissa McChesney stated that the agreement with The Platte County Citizen for the City's newsletters would expire on December 31 and recommended renewing the agreement. She provided overview of the services provided and explained that the budget had increased over the years due to a loss in ad revenue and the addition of several new addresses in Parkville.

Rittman moved to recommend that the Board of Aldermen renew the professional services agreement with The Platte County Citizen for newsletter creation, publishing, and mailing services for the City's printed newsletters. Robert Lock seconded; motion passed 5-0.

C. **Direct staff to approve a professional services agreement with Baker Tilly for a sewer allocation study**

Public Works Director Alysen Abel said that a study was conducted by Springsted in 2016 and the company merged in 2019 and became Baker Tilly. Staff contacted three firms and one did not submit a proposal because they were unable to complete the work. Baker Tilly provided the least expensive proposal and could complete the study in 6-8 weeks.

Discussion focused on the Board of Aldermen's ability to decide how much to transfer from the study's recommendation and the possibility that it would be more effective to hire separate staff to work only for the sewer to reduce the need to transfer from the Sewer Fund to the General Fund.

Rittman moved to direct staff to execute a professional services agreement with Baker Tilly for the sewer allocation study in the amount of $3,100. Welch seconded; motion passed 5-0.

4. Non-Action Items

A. **Quarterly Projects Update**

Assistant to the City Administrator Anna Mitchell provided an update on 2020 Capital Improvement Program projects, noting that six projects had not started but were still on track to be completed in 2020. Several projects that would be carried over to future years. Discussion focused on the current and future use of the train depot.

5. Unfinished Business (postponed from prior meetings)

6. Other Business

Vice Chair Rittman asked about the status of the property ownership questions for Pocket Park and City Administrator Joe Parente responded that staff was waiting on final information from the city attorney that would be provided to the adjoining property owners, as well as Dave Williams and Tom Hutsler.

Chair Sportsman discussed the accident that occurred the previous weekend in Pocket Park, noting that safety measures needed to be put in place as the first phase of improvements to the park. Safety measures he recommended including a new handrail with new steps, moving the Grigsby Statue, replacing the second tier flooring and adding bollards near Main Street.

Robert Lock asked if the residents of the Pinecrest subdivision would be notified of the curb work from the city administrator's approval and Public Works Director Alysen Abel responded that residents would be notified before work would start.

7. Adjourn

Chair Sportsman adjourned the meeting at 4:58 p.m.

Submitted by:

Melissa McChesney	Approval Date

City Clerk

CITY OF PARKVILLE
Policy Report

Date: November 5, 2020

Prepared By:
Matthew Chapman, Finance/HR Director

Reviewed By:
Joe Parente, City Administrator

ISSUE:
Approve the employee health insurance renewal for 2021 with Blue Cross/Blue Shield (Administration)

BACKGROUND:
The City currently offers five employee health benefit plans through Blue Cross/Blue Shield. The City's insurance broker, Bukaty Companies, recommends a January 1 renewal for the 20201 plan as the need to control costs by continuing to delay the implementation of the mandate for strictly age-related plans is no longer an option.

Bukaty Companies markets the City's health-insurance benefits to all available medical carriers in the area. Aetna is no longer insuring Non-Erisa groups, so they are no longer an option for the City's health insurance needs. Humana, United HealthCare and National General only offer ACA age-rated plans to groups our size and the rates were not competitive.

For the same five plans the City currently offers to its employees, BCBS proposed premium increases ranging from 4.6 percent to 23.8 percent with an average of 18.2 percent for the 2021 renewals. Bukay Companies, together with City staff, is recommending some changes in the plans offered.

The changes are proposed to help manage both current and future costs in providing health benefits to employees and their dependents. These changes will be detailed below. For 2021, staff recommends that the City and staff share the health insurance increase with the City absorbing a 10-percent increase and employees absorbing a 5.3-percent increase for plans insuring dependents. This increase would result in an approximate budget impact of $36,008 above the current funding level.

The City's Employee Health Insurance Committee met on Wednesday, October 28, 2020, to discuss the 2021 plan options. All City departments were represented. The committee recommended that the City renew coverage with BCBS and offer five plan options.

The five plans to be offered by BCBS are outlined in attachment 2. Plan 1 is the City's current base plan with BCBS. Plan 2 is a high-deductible plan that will become the base plan for 2021. For the base plan, the City will pay 100 percent of employee-only coverage and 87.5 percent of dependent coverage. New for 2021, the City's dollar contribution, to the base coverage for the individual and various base dependent plans, will be carried over to the other plans. These payment rates will create a level contribution from the City across all plans. The employee then will choose which plan best meets their needs. The same dollar contribution from the City will be made, for the level of dependent coverage, regardless of which plan they select. This modification in plan design was recommended by the City's insurance broker to address inequities in the prior plans, where there were unleveled contributions from the City across the different plans.

The five plans offered in 2021 provide a blend of benefit packages for the employee. The High-Deductible plan offers monthly premium savings for employees, but preserves the office visit and prescription drug copays. Plan 3 is a Spira Care HSA option that would replace the limited-network HSA, which had the least employee participation in 2020. Plan 4 is the $1,500 Spira Care option offered for the first time last year. While this plan saw a significant increase (23.8%), it was one of the most popular plans with staff. So the decision was made to keep the plan as an option. This plan offers $0 copays for office and urgent care visits, as well as monthly premiums lower than the base and high-deductible plans. Plan 5 is a Spira Care plan with higher deductibles and maximum out-of-pocket costs, but lower premiums. These options provide employees with lower cost alternatives to Plan 2, which is the City's base plan. The premium savings may be set aside, tax free, into a Flexible Spending Account (FSA) or an HSA to help employees cover additional costs associated with these reduced-benefit plans.

Staff prepared multiple scenarios on how to absorb the cost increase between the City and the employees, but are recommending that costs be shared in the manner detailed in Attachment 2. This would result in a 10-percent increase to the City, as proposed in the budget. The employer contribution in each of the five plan tiers would be the same based on the High Deductible option as a base plan. Because the City's contribution for the employee-only option of Plan 2 is higher than the employee-only premium for the Spira Care HSA and Spira Care $3,500 plan (due to lesser benefits), the balance will be conveyed to the employee as a contribution to either the FSA or HSA. This benefit only applies to the employee-only plans which carry the lowest premiums.

Additionally, Bukaty Companies marketed the City's dental and vision benefits. In 2020, dental coverage was switched from Delta Dental to BCBSKC Dental and the City was able to realize considerable cost savings. Delta Dental provided a quote for 2021 coverage, but the rates were 25 percent higher than BCBSKC across all coverage levels. It is the recommendation of staff to retain our dental coverage with BCBSKC for 2021.

The City switched vision coverage from Surency to BCBSKC in 2020. The City received a 0% increase for 2021. Staff recommends that the City remain with BCBSKC for vision coverage. The City does not participate in the cost of this coverage, so there is no related budget impact.

<u>BUDGET IMPACT</u>:
The City is currently projecting a 2021 budget impact of $415,139 for health insurance costs based on the renewal offer from BCBS, an approximate 17% increase over 2020 costs, or a difference of $36,008.

<u>ALTERNATIVES</u>:

1. Approve the health, dental and vision insurance renewal for 2021 with BCBS with the premium

plans, rates, and costs shares recommended by staff.

2. Approve the health, dental and vision insurance renewal for 2021 with BCBS subject to conditions requested by the Finance Committee.
3. Provide alternative direction to staff.

<u>STAFF RECOMMENDATION</u>:
Staff recommends approval of the health, dental and vision insurance renewal for 2021 with BCBS with the premium plans, rates, and costs shares attached using Option A where the cost increase would be shared with the High Deductible plan becoming the base plan and the dependent coverage based on 87.5% of those rates, hereto as Attachments 1 and 2 and incorporated by reference.

<u>POLICY</u>:
The Purchasing Policy, Resolution No. 17-016, requires Board of Aldermen approval for all purchases above $10,000 upon recommendation of the Finance Committee.

<u>SUGGESTED MOTION</u>:
I move to recommend that the Board of Aldermen approve the health, dental and vision insurance renewals for 2021 with Blue Cross/Blue Shield with the premium plans, rates, and costs shares, using Option A where the City and employees will share in the cost adjustments in health, dental and vision insurance premiums, attached hereto as Attachments 1 and 2 and incorporated by reference.

<u>ATTACHMENTS</u>:
1. Blue Cross Blue Shield Plan Options
2. Proposed 2021 Health Insurance Rates

City of Parkville

MEDICAL PROGRAM - January 1, 2021

Current Vs. Renewal

	BCBSKC		BCBSKC		BCBSKC		BCBSKC		BCBSKC	
	PCB PPO $1000 (OOPM $4000)		PCB PPO $3000 (OOPM $5000)		BSP Spira Care EPO $1500		BSP Spira Care EPO $3500		BSP H.S.A Spira Care EPO $3000	
BENEFITS	*Network*	*Non-Network*	*Network*	*Non-Network*	*Network*	*Non-Network*	*Network*	*Non-Network*	*Network*	*Non-Network*
CALENDAR YEAR DEDUCTIBLE										
· **Individual**	$1,000	$1,000	$3,000	$3,000	$1,500	N/A	$3,500	N/A	$3,000	N/A
· **Family**	$3,000	$3,000	$6,000	$6,000	$3,000	N/A	$7,000	N/A	$6,000	N/A
PHYSICIAN OFFICE VISITS & OTHER										
Primary Care Physician Office Visit	$30 Copay	Deductible; Co-Insurance	$40 Copay	Deductible; Co-Insurance	$0 Copay	Not Covered	$0 Copay (SCF)	Not Covered	**$60 agreed cost (SCF)**	Not Covered
Specialist Physician Office Visit	$30 Copay	Deductible; Co-Insurance	$40 Copay	Deductible; Co-Insurance	Deductible	Not Covered	Deductible	Not Covered	Deductible	Not Covered
Urgent Care Center Visit	$30 Copay	Deductible; Co-Insurance	$40 Copay	Deductible; Co-Insurance	$0 Copay	Not Covered	Deductible	Not Covered	Deductible	Not Covered
Emergency Room Visit	$100 Copay; Ded+Coins	$100 Copay; Ded+Coins	$100 Copay; Ded+Coins	$100 Copay; Ded+Coins	Deductible	Deductible	Deductible	Deductible	Deductible	Deductible
Lab Services	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	$0 Copay	Not Covered	Deductible	Not Covered	Deductible	Not Covered
X-Ray Services	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	$0 Copay	Not Covered	Deductible	Not Covered	Deductible	Not Covered
Surgery	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible	Not Covered	Deductible	Not Covered	Deductible	Not Covered
Inpatient/Outpatient Hospital Services	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible; Co-Insurance	Deductible	Not Covered	Deductible	Not Covered	Deductible	Not Covered
PLAN CO-INSURANCE (General)	80%	50%	80%	60%	100%	N/A	100%	N/A	100%	N/A
CALENDAR YEAR OUT-OF-POCKET MAX. *(Includes The Deductible, Medical & RX Copays)*										
· **Individual**	$4,000	$8,000	$5,000	$10,000	$1,500	N/A	$3,500	N/A	$3,000	N/A
· **Family**	$8,000	$16,000	$10,000	$20,000	$3,000	N/A	$7,000	N/A	$6,000	N/A
RETAIL PRESCRIPTION DRUGS COPAY *Mail Order - Please See Carrier/Vendor Detailed Summary of Benefits*	**Tier 1** - $15 Copay **Tier 2** - $70 Copay **Tier 3** - $110 Copay **Tier 4** - $200 Copay	**Tier 1** - $15 Copay+50% Coin **Tier 2** - $70 Copay+50% Coin **Tier 3** - $110 Copay+50% Coin **Tier 4** - $200 Copay+50% Coin	**Tier 1** - $15 Copay **Tier 2** - $70 Copay **Tier 3** - $110 Copay **Tier 4** - $200 Copay	**Tier 1** - $15 Copay+50% Coin **Tier 2** - $70 Copay+50% Coin **Tier 3** - $110 Copay+50% Coin **Tier 4** - $200 Copay+50% Coin	**Tier 1** - $15 Copay **Tier 2** - $50 Copay **Tier 3** - Deductible	Not Covered	**Tier 1** - $15 Copay **Tier 2** - $50 Copay **Tier 3** - Deductible	Not Covered	**Tier 1** - Deductible **Tier 2** - Deductible **Tier 3** - Deductible	Not Covered
Additional RX Information										

COST	PCB PPO $1000 Current	Census	PCB PPO $1000 Renewal	PCB PPO $3000 Current	Census	PCB PPO $3000 Renewal	Spira Care EPO $1500 Current	Census	Spira Care EPO $1500 Renewal	Spira Care EPO $3500 Old Plan	Census	Spira Care EPO $3500 Renewal	H.S.A Spira Care EPO $3000 Old Plan	Census	H.S.A Spira Care EPO $3000 Renewal
Employee Only	$425.54	9	$444.92	$356.28	2	$413.51	$329.87	0	$408.28	$319.16	3	$366.40	$324.51	3	$376.87
Employee Plus Spouse	$1,016.73	2	$1,063.99	$851.44	2	$988.24	$788.25	1	$975.68	$762.55	0	$875.49	$775.40	1	$900.50
Employee Plus Child(ren)	$956.04	0	$999.75	$800.39	1	$929.09	$741.13	3	$917.05	$717.21	0	$823.32	$728.99	0	$846.85
Employee Plus Family	$1,505.10	0	$1,573.44	$1,259.84	3	$1,462.47	$1,166.67	8	$1,444.15	$1,128.82	0	$1,295.77	$1,147.75	1	$1,332.80
Estimated Monthly Cost	**$5,863.32**		**$6,132.26**	**$6,995.35**		**$8,120.00**	**$12,345.00**		**$15,280.03**	**$957.48**		**$1,099.20**	**$2,896.68**		**$3,363.91**
Estimated Annual Cost	**$70,359.84**		**$73,587.12**	**$83,944.20**		**$97,440.00**	**$148,140.00**		**$183,360.36**	**$11,489.76**		**$13,190.40**	**$34,760.16**		**$40,366.92**
Increase/Decrease Over Current			**4.6%**			**16.1%**			**23.8%**			**14.8%**			**16.1%**

Current Monthly Cost of All Plans	**$29,057.83**
Current Annual Cost of All Plans	**$348,693.96**
Renewal Monthly Cost of All Plans	**$33,995.40**
Renewal Annual Cost of All Plans	**$407,944.80**

17% Increase

ADDITIONAL INFORMATION

This is an Overview of Benefits only, where this summary the contract differ, the contract will prevail.

Health Benefit Cost Share Options

2020 Rates

2020 City of Parkville Employee Health Benefit

	Option 1 - Base Plan (Base)					Option 2 - High Deductible (HD)				
	City		*Employee*		*Total*	*City*		*Employee*		*Total*
	$	%	$	%	$	$	%	$	%	$
Employee Only	$ 426	100%	$ -	0%	$ 426	$ 426	118%	$ (65)	-18%	$ 361
Employee + Spouse	$ 763	75%	$ 254	25%	$ 1,017	$ 749	88%	$ 102	12%	$ 851
Employee + Children	$ 656	75%	$ 218	25%	$ 874	$ 704	88%	$ 96	12%	$ 800
Employee + Family	$ 1,032	75%	$ 343	25%	$ 1,375	$ 1,109	88%	$ 151	12%	$ 1,260

	Option 3 - HSA					BCBS - (Spira Care $1,500)				
	City		*Employee*		*Total*	*City*		*Employee*		*Total*
	$	%	$	%	$	$	%	$	%	$
Employee Only	$ 426	129%	$ (95)	-29%	$ 331	$ 426	129%	$ (82)	-25%	$ 330
Employee + Spouse	$ 738	96%	$ 31	4%	$ 769	$ 749	95%	$ 39	5%	$ 788
Employee + Children	$ 694	96%	$ 29	4%	$ 723	$ 704	95%	$ 37	5%	$ 741
Employee + Family	$ 1,093	96%	$ 46	4%	$ 1,139	$ 1,109	95%	$ 58	5%	$ 1,167

Enrollment Levels	Base	HD	HSA	Spira
Employee Only	9	2	6	0
Employee + Spouse	2	2	1	1
Employee + Children	0	1	0	3
Employee + Family	0	3	1	8

2020 Total Cost		% Share
Total	$ 360,036	
City	**$ 340,836**	94.7%
Employee	$ 19,200	5.3%

2021 Rates

OPTION A HD as base rate and pay 87.5% for dependent coverage

2021 City of Parkville Employee Health Benefit

	BCBS - (Old Base Plan)					**Base Rate for Employees** **BCBS - (High Deductible)**				
	City		*Employee*		*Total*	*City*		*Employee*		*Total*
	$	%	$	%	$	$	%	$	%	$
Employee Only	**$ 414**	93.0%	$ 31	7.0%	$ 445	**$ 414**	100.1%	$ (0)	0%	$ 414
Employee + Spouse	**$ 865**	81.3%	$ 199	18.7%	$ 1,064	**$ 865**	87.5%	$ 124	12.5%	$ 988
Employee + Children	**$ 813**	81.3%	$ 187	18.7%	$ 1,000	**$ 813**	87.5%	$ 116	12.5%	$ 929
Employee + Family	**$ 1,280**	81.4%	$ 293	18.6%	$ 1,573	**$ 1,280**	87.5%	$ 182	12.4%	$ 1,462

	BCBS - (Spira Care HSA)					BCBS - (Spira Care $1,500)					BCBS - (Spira Care $3,500)				
	City		*Employee*		*Total*	*City*		*Employee*		*Total*	*City*		*Employee*		*Total*
	$	%	$	%	$	$	%	$	%	$	$	%	$	%	$
Employee Only	**$ 414**	109.8%	$ (37)	-9.8%	$ 377	**$ 414**	101.5%	$ (6)	-1.5%	$ 408	**$ 414**	113%	$ (48)	-13.0%	$ 366
Employee + Spouse	**$ 865**	96.0%	$ 36	4.0%	$ 901	**$ 865**	88.6%	$ 111	11.4%	$ 976	**$ 865**	99%	$ 11	1.2%	$ 875
Employee + Children	**$ 813**	95.0%	$ 34	5.0%	$ 847	**$ 813**	88.6%	$ 104	11.4%	$ 917	**$ 813**	99%	$ 10	1.3%	$ 823
Employee + Family	**$ 1,280**	96.0%	$ 53	4.0%	$ 1,333	**$ 1,280**	88.6%	$ 164	11.4%	$ 1,444	**$ 1,280**	99%	$ 16	1.2%	$ 1,296

Enrollment Levels	Base	HD	HSA	Spira
Employee Only	9	2	6	0
Employee + Spouse	2	2	1	1
Employee + Children	0	1	0	3
Employee + Family	0	3	1	8

2021 Total Cost		% Share	2021 Increase	
			$ Increase	%
Total	$ 415,139			
City	$ 376,844	90.8%	$ 36,008	10.0%
Employee	$ 38,295	9.2%	$ 19,095	5.3%