
MINUTES OF THE CITY COUNCIL, CITY OF CONWAY, ARKANSAS

Conway, Arkansas
Wednesday 5:30pm
December 4, 2013

On this date the City Council of the City of Conway, Arkansas met in special session. The following members being a quorum were present and acting: Alderman Hawkins, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, and Alderman Grimes. Also, present and acting: Mayor Tab Townsell, City Clerk Michael Garrett, and City Attorney Michael Murphy. Alderman Pruitt was not in attendance.

Call to Order: Mayor Tab Townsell

Roll Call: Michael O. Garrett, City Clerk/Treasurer

A. Personnel

1. Consideration of 2014 Health Benefit Selections.

Mayor Townsell stated there are 3 providers to look at tonight, our current provider Health Advantage (HA), Arkansas Municipal League (AML), and Core Source (CS). Lisa Williams, HR Director, explained our current plan, and the other options show the cost to each fund. Ms. Williams explained HA Option 1 keeps benefits the same with a 28% increase, HA Option 2 changes the benefits structure by increasing the deductible to 3 family members instead of 2, co-pay for a specialist increases to \$35.00, and increases the pharmacy benefits to \$10/\$30/\$50. Ms. Williams stated in addition to meeting the deductible, there is a \$200.00 charge upon hospital admission, and if an outpatient procedure is performed there will be a \$100.00 charge per procedure in addition to the deductible. Ms. Williams stated on all tiers shown, the cities percentage remain the same, but HA Option 2 would lower the overall increase to 18%. Ms. Williams explained HA Option 3 would increase the deductible to \$1,500.00 per person/\$4,500 per family; this would be a 15% increase. Ms. Williams stated HA Option 4 would increase the deductible to \$2,000.00 per person or \$6,000.00 per family; this would be an increase of 10%. Ms. Williams stated (AML) proposal would be a 5.1% overall premium increase, the structure here is somewhat different than our current insurance in that there is a \$500.00 deductible per person up to 12 members of the family. Ms. Williams stated in some ways this is a richer benefit, but different in that if an employee goes to the doctor for a consultation visit, they will only pay \$25.00; however if an employee visits the doctor and any type of lab work, x-ray, etc. is performed that creates an additional charge, then the \$500.00 deductible is effective immediately; this is true for each family member. Alderman Hawkins stated the AML plan includes pharmacy, which is the first time he has seen this; but it is not listed. Ms. Williams apologized for that not being listed, but stated it does include a pharmacy benefit, but does not include a vision benefit; our current plan offers an eye exam once every 2 years. The Mayor pointed out that the impact on the general fund is lower for the AML proposal than the others, and feels that the 5.1% increase is incorrect; he explained he will be looking at what will have least impact on the general fund. Ms. Williams stated the next proposal is Core Source (CS) which would be a self-insured plan; CS Option 3 has a deductible of \$1,500 per person/\$4,500 per family and mirrors the HA Options 3 & 4, the main difference being we would be self-insured. Alderman Ledbetter asked how the self-insured option works. Alderwoman Whitmore stated you have a 3rd party administrator who pays out your claims, so it is based on what is paid in and out. Alderwoman Mehl asked if we would be responsible for the difference of the premiums paid in and the

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expenses paid out. Alderwoman Whitmore stated not necessarily. Bob Bairdwell, Regional VP Core Source, was present to answer questions. Michael Keck, Regional Sales Director for Core Source, explained with self-funding, the money you allocate to your health plan go first to pay for administration of your health plan, cards, online capabilities, claims payments and processes, and PPO network access. Mr. Keck stated there is also re-insurance attached to this for specific coverage (for each individual up to a certain dollar amount) and aggregate coverage (for the entire group); in addition to that you pay into a fund where the claims are paid Mr. Keck stated our proposal shows the projected costs based on what is expected, claims history, and demographics of those in the plan; there are also maximum costs which again look at your claim history, and situations you are currently dealing with, to provide a maximum exposure, so you will know exactly what will be expected of you from your bottom line. Mr. Keck stated you will see all the information coming in from those claims, you will know exactly how the claims dollars are being spent, identify trends which will give you the opportunity to save money. Alderwoman Mehl expressed her concerns over privacy issues with this option. Mr. Keck assured council there is a business associate agreement that is required and that there are a limited number of individuals that would have access to this information; any information that goes out be delineated to the point you could not tell who the information is pertaining to. Alderwoman Whitmore asked about AML and their networks. Ms. Williams stated the cities that use them have positive things to say, and the networks are working. Alderwoman Mehl asked if Conway Regional Medical Center (CRMC) and most of Conway doctors are in the AML network. Alderman Hawkins stated no. The Mayor stated the hospital actually has been since 2007, but Bobby Riggs will not admit to that. Alderwoman Mehl and Alderwoman Smith shared their concern over CRMC, and many Conway doctors, not being in the AML network. The Mayor handed out to council, emails regarding access fees between AML and Physicians Hospital Organization, and urged them to read these emails. The Mayor suggested council look at the bottom line number, or look to raise revenues or make cuts to the 2014 budget. Alderwoman Smith asked what has happened over the last month, because she was under the impression that we were in great shape. The Mayor stated that is the cash flow reserve; the one time money we have set aside; there is a difference between ongoing operational revenue, and one time reserve revenue; our savings account is fat, our checking account is not, and he is not willing to authorize higher expenditures as other cities do. Alderman Hawkins stated he is ready to address revenues and has emails as well that lead him to believe there is no contract between AML and CRMC. The Mayor stated there have been 35 claims paid since July 1, 2013 for individuals under the AML plan. After a lengthy discussion in regards to raising revenues including raising franchise fees and business licensing, among other things Alderwoman Smith stated she is looking at HA Option 2. Alderman Hawkins urged council to look at Core Source, explaining you can see the cost is less expensive than the original bid; there is no reason to believe that they can come in with a better number. Mr. Hawkins stated the opportunity can be given to Bentley Pew, Health Advantage. There was discussion about possibly having the employees pay a greater percentage of the increase. The Mayor reiterated we are talking about the general fund, the street and sanitation funds do not have the stress on them that the general fund has. Alderman Jones motioned to select Health Advantage (HA) Option 2. Alderwoman Smith seconded the motion. Alderman Hawkins asked why we would not allow someone to bring us an option 2 proposal if it saves the city money. Alderman Jones asked when it would be delivered for us to see. Alderman Grimes stated we could save money by going with the Arkansas Municipal League plan. Alderman Hawkins disagreed. The Mayor stated council could look at another option if you so choose. Alderman Grimes stated the bigger issue here is if we want to go self-insured. Alderwoman Whitmore concurred. Mr. Pew stated the city needs to make sure they fully understand fully insured verses self insured. Mr. Bairdwell explained in looking at these

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programs, especially with the federal health care reform, we are looking at the industry turning self funded and going that direction, because that re-insurance industry, that catastrophic loss coverage that is there to help protect your plan from having those difficult years help level out the issue that exist; the PPAC regulations are geared to help plans like this get through those difficult times when you have large claims. Mr. Bairdwell stated self funding is there and is being used more and more every day. Alderman Jones suggested having the employee pay more of a percentage of the premium. Alderman Grimes stated he would like to have employee feedback before changing the split and reiterated we should make sure we are comfortable with self funded insurance. Alderman Grimes also stated we should start this process approximately August 2014 to determine which way we want to proceed. There was no further discussion. The motion passed 6 -1. Alderman Hawkins voted in opposition.

Old Business

New Business

Adjournment

PASSED this 4th day of December 2013

APPROVED:

Mayor Tab Townsell

City Clerk Michael O. Garrett