

1 **PROVIDENCE CITY COUNCIL MINUTES**

2 **June 15, 2010**

3 **Providence City Office Building**

4 **15 South Main Providence, UT**

5

6 Call to Order:

Mayor Liechty

7 Roll Call of City Council Members:

Mayor Liechty

8 Attendance:

D Astle, J Russell, D Low, B Bagley, D Calderwood

9 Pledge of Allegiance:

Mayor Liechty

10

11 **STUDY ITEM:**

12 The Providence City Council will discuss the 2011 insurance benefits package with the City Employees and Sue Luman and
13 Jen Luman from GBS Services.

14 R Liechty asked the audience to raise their hands if they would like to speak. He realizes that this could become emotional.
15 He asked Sue and Jen Luman to come up and explain the differences in the two insurance options.

16 S Luman passed out to the Council handouts explaining the two options available.

17 D Astle asked what the cost of each program for individual, family and double coverage.

18 J Russell said there are four different tiers for each option.

19 D Calderwood asked if Health Savings is considered option 5. This one has no co-pay. Option 3 is a Health Reimbursement
20 (traditional). This one has co-pays. If he took the health reimbursement he would pay anywhere from \$300 to \$500 more per
21 year as an employee.

22 S Luman explained the differences in the plans. She started with option 3, the Health Reimbursement Plan. This plan has co-
23 payments. It also has a \$2000 deductible. It has a \$5000 deductible per family. It also has a prescription card. There are
24 deductibles for prescriptions.

25 D Astle asked about the difference between the deductible and the out of pocket.

26 S Luman said after the deductible you pay 10% after you reach the \$2000 deductible. After you hit the out of pocket you
27 receive 100% paid.

28 D Astle asked if each individual has to meet the \$2000 deductible.

29 J Luman explained how the deductibles work.

30 D Astle asked if you can see any doctor you want.

31 S Luman said 98% of the Doctors in Cache Valley are with Altius.

32 D Astle asked if the premiums were based on our group coverage.

33 S Luman said we are rated on the same level as another group the same size as ours.

34 T Wennergren asked if you could have a flex plan or HSA with this plan.

35 S Luman said you can have a flex plan with this one.

36 Kristina Eck asked what the difference is with this plan and the plan we used to have.

37 S Bankhead said it will cost the employee approximately \$40 more for this plan.

38 S Luman explained to the employees what the difference in their premiums would be if the City kept the insurance they have.
39 It went up 15%.

40 R Eck said the employee will get a 15% increase if they go with option 3.

41 J Luman explained the Health Savings Plan, Option 5. There is a \$1500 deductible for individual and \$3000 for family. It
42 doesn't have to be distributed throughout the family. Everything that you pay out goes towards your deductible. Wellness
43 checks and anything preventive is paid for by the insurance company 100%.

44 S Luman explained how the fee schedule works for the Doctor's from the insurance company.

45 R Eck said if you take option 3 you pay out \$15. If you take option 5 you would have to pay \$100.

46 J Russell said ultimately the plan comes down to taking care of the short term vs. the long term.

47 S Luman said on plan 3 you can put away an amount of money to get reimbursed but you lose the money at the end of the
48 year. On plan 5 if you don't spend the money by the end of the year it rolls over.

49 K Eck asked if the money is pre-taxed if it comes out of your paycheck.

50 J Luman said if you take it out of your paycheck you also don't have to pay social security or Medicare. Taking it out of your
51 paycheck is a better option.

52 S Luman said the limit with an HSA is \$3,050 a year for single or \$6,150 per year for family. With this account you can put
53 money away. You can also use this money for dental and vision. If you leave the money until your 65 you can use the money
54 for whatever you want. You will just pay taxes on it.

1 S Bankhead asked if someone has met their \$250 deductible on the old plan do they need to meet the remaining deductible on
2 the new plan.
3 S Luman said you will not lose the deductible that you have already spent you will just have to reach \$1500.
4 K Eck said starting in January you will start over.
5 S Luman said you always start over with your deductible in January.
6 Danny Wisner said we get a higher deductible, try to put some in savings and pay for prescriptions 100%. This is a lot to take
7 in.
8 S Luman said you will need to shop around for a pharmacy. She also suggests that you negotiate with the Doctor on
9 payments.
10 J Luman said the contracted rates are always similar with a pharmacy but the cash price is usually less.
11 S Luman said that is why they proposed two plans. They asked the Council to please let the employee chose the plan that will
12 work the best for them.
13 R Stapley gave S Luman a copy of a medical bill and asked her to explain the differences.
14 S Luman explained what the difference is with the allowable and the contracted amount on a medical bill. The Insurance
15 Company contracts the amount.
16 R Stapley said even though I reached my deductible on this plan I will have to meet the new deductible on the new plan.
17 Sheri Ward said she would never be able to save any money with the \$650 she would have to spend on prescriptions
18 compared to \$60 which she pays now if she went with the HSA.
19 J Russell said he has no money in his HSA. The good thing about it is the tax savings.
20 S Luman said you don't have to do the banking part of it. She recommends we use Health Equity through Altius.
21 S Bankhead asked what was found out with the HSA if the employee dies.
22 S Hansen asked if you could roll it into a 401K.
23 S Luman said you can't roll it over but the money can be used for paying your Medicare premiums after you turn 65.
24 D Wisner asked how much it cost for an employee each month.
25 S Bankhead said the City pays 100% of the employee premium.
26 R Stapley said that the Council offered an incentive at the last meeting to take the HSA option. Is that still offered?
27 D Astle said that he proposes that the HSA option be given a \$110 per employee for anyone who takes this option.
28 S Hansen asked until you meet the \$3000 you basically don't have any insurance.
29 S Luman said that is correct.
30 D Astle said there are pros and cons to both options.
31 J Russell asked about pre-existing conditions.
32 J Luman said it does not apply to anyone that has been on the insurance for the last nine months.

33
34 **ACTION ITEM:**

35 The Providence City Council will consider for adoption the 2011 Insurance Benefits Package.

36 **Motion to discuss the 2011 Insurance: J Russell, B Bagley second**

37 D Low suggested allowing the employee to choose the option that will work best for them and giving the employee the
38 percentage they save.

39 S Luman said you can only give the same amount to each employee per the IRS with option 5. This is only with the HSA.
40 There is no rule with the other insurance.

41 D Astle said if 5 people chose option 5 we could give them \$1000.

42 D Astle asked if the City put the money into the HSA account what would happen to their taxes.

43 S Bankhead said wouldn't you have to show that on your W2's.

44 J Luman said she didn't think you did.

45 S Luman said on the Health Reimbursement account she would recommend putting it into a cafeteria plan.

46 R Eck said let us know what the maximum benefit will be.

47 D Calderwood suggested the Council consider returning the savings back to the employee.

48 **Motion that the employees have a choice between both plans: D Calderwood, D Low second**

49 S Hansen asked how the savings will be passed on to the employees.

50 R Liechty said it will be put into a HSA or a flex plan.

51 D Astle said the employees will chose between 3 and 5. The Council will talk about redistribution at a later time.

52 R Eck said the employee needs to know the savings that they will receive.

53 J Russell said if you're talking HSA you know you will pay out \$3000.

54 R Liechty said he does believe the Council will pay back any savings that the employee receives.

55 D Low said worse case scenario is \$500.

56 **Vote: Yea: B Bagley, D Low, D Astle, D Calderwood, J Russell**

57 **Nay: None**

58 **Abstain: None**

1 **Excused: None**
2 R Eck asked if the City will still pay for our life insurance premiums.
3 The Council gave S Bankhead the go ahead to pay for the life insurance premiums.
4 **Motion to go into Executive Session for pending litigation and property acquisition: J Russell, D Astle second**
5 **Vote: Yea: B Bagley, D Low, D Astle, D Calderwood, J Russell**
6 **Nay: None**
7 **Abstain: None**
8 **Excused: None**
9

10 **Motion to close the Executive Session: J Russell, D Astle**
11 **Vote: Yea: B Bagley, D Low, D Astle, D Calderwood, J Russell**
12 **Nay: None**
13 **Abstain: None**
14 **Excused: None**
15

16 J Russell asked if the Council would base it on savings only, or if it is the savings between 3 and 5.
17 D Calderwood explained for a single the difference is the difference in dollars to the City. He suggested every employee gets
18 something. D Calderwood felt it would be simpler if the amount was set.
19 R Liechty felt some of the employees may be thinking that they are getting something more if they take the health savings
20 account. He felt that it needs to be stressed that next year there may not be a choice.
21 R Liechty has asked to talk to the Mayors about combining individual cities to get a bigger group rate.
22 The Splash pad is coming along. The hole is cut, the grass has been removed, the sidewalk cut in.
23 D Astle felt the contractor needed a bond.
24 The sign ordinance will be going to Planning Commission shortly.

25 **Motion to adjourn – B Bagley, D Calderwood, second**
26 **Vote: Yea: B Bagley, D Low, D Astle, D Calderwood, J Russell**
27 **Nay: None**
28 **Abstain: None**
29 **Excused: None**
30

31 Meeting adjourned at 8:40
32 Minutes taken and prepared by Terri Lewis
33
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35 _____
36 Ronald Liechty, Mayor

Skarlet Bankhead, City Recorder