

**HEALTHCARE & RETIREMENT BENEFITS TASK FORCE
MEETING AGENDA*
MONDAY, FEBRUARY 3, 2014
2:00 P.M.
MEETING ROOM B, MUNICIPAL PLAZA**

A MEETING OF THE HEALTHCARE & RETIREMENT BENEFITS TASK FORCE WILL BE HELD AT MUNICIPAL PLAZA, PLAZA ROOM B, SAN ANTONIO, TEXAS 78205 ON MONDAY, FEBRUARY 3, 2014 AT 2 P.M., TO CONSIDER THE FOLLOWING MATTERS:

*-*Agenda Subject to Change -*

Item 1: Finalize Summary of Task Force Recommendations (1 hour)

- A) Confirm appropriate categorization of recommendations.
- B) Consolidate individual recommendations under each of the categories into a comprehensive recommendation

Item 2: Discuss Proposed Outline for Presentation to Mayor and City Council (1 hour)

DISABILITY ACCESS STATEMENT

This meeting is accessible to disabled persons. City Hall and Municipal Plaza are wheelchair accessible. The accessible entrance for City Hall is located at 100 Military Plaza. Accessible parking is also located at City Hall, 100 Military Plaza. To arrange for special assistance to attend this meeting, please call the Disability Access Office at 207-7243. Requests for interpreter for the hearing impaired must be received at least 48 hours prior to the meeting by calling 207-7245 V/TTY for assistance.

City of San Antonio

HEALTHCARE & RETIREMENT BENEFITS TASK FORCE Recommendations Summary

February 3, 2014 Task Force Meeting

City of San Antonio Healthcare and Retirements Benefits Task Force Recommendations for Mayor and Council Consideration

Overview

This report provides a summary of recommendations made by the Healthcare and Retirements Benefits Task Force. Recommendations are organized into the following Topics and Categories:

Policy and Budget

Pension

Uniform Pre-Fund Healthcare

Healthcare

- (1) Adequacy of Benefits or Benefits Design
- (2) Premium Contribution Levels
- (3) Wellness Strategy
- (4) Maintain or Negotiate to Remove Uniform Healthcare Plan Design and Healthcare Premiums as part of the Collective Bargaining Agreements
- (5) Continue Annual Analysis of Stop Loss Insurance
- (6) Regular Dependent Audits
- (7) Other Healthcare Recommendations

Submitted by:

W. Reed Williams, Task Force Chair

Celina Burns

Community Business Leader

Rebecca Waldman

City of San Antonio Civilian Retiree Representative

Jerry Clancy

Police and Fire Uniform Retiree Representative

Ogden Chamberlain

Service Employees International Union (SEIU) Representative

Buddy Morris

Community Business Leader with Healthcare Expertise

Warren Schott

Community Business Leader with Pension Expertise

Ed White

Community Business Leader

Randy McGraw

San Antonio Police Officers Association (SAPOA) Representative

Rosemary Calvillo

Community Business Leader with Healthcare Expertise

Lt. Jerry Cortes

San Antonio Professional Firefighters Association (SAPFFA) Representative

Sam Dawson

Community Business Leader with Pension Expertise

Sheryl Sculley

City Manager

City of San Antonio

Healthcare and Retirements Benefits Task Force

Recommendations for Mayor and Council Consideration

Topic: Policy and Budget

Recommendation	Task Force Member
1. Public Safety budget as a % of the General Fund	
a. Utilize the Bartell Model to develop a financial plan to obtain the target ratio to be established by Council between Public Safety expenses and General Fund revenues	Reed Williams
b. I recommend that the Public Safety Budget not exceed 60 percent of the total General Fund Budget and develop a policy and guidelines to maintain proper “healthy city” guidelines.	Sam Dawson
c. Consider a policy recommendation that public safety budget growth cannot exceed general fund revenue growth in a given year.	Sheryl Sculley
d. Establish guidelines for the amount of the public safety budget as a percentage of the general fund.	Sheryl Sculley
e. Recommend to the City Council that Public Safety in total, not just salaries, does not exceed a percentage of General Fund Revenues.	Reed Williams
2. Create an ongoing legacy cost task force to continue to study and recommend strategies to reduce the costs for pension and healthcare for civilian and uniform employees.	Sheryl Sculley
3. There was a large growth in public safety personnel between 2006 and 2011. That growth should be adjusted so that future trends do not incorporate one-time personnel increases.	Warren Schott
4. Recent charts provided by staff segregating costs of public safety indicate that in addition to health care there are other areas of the public safety budget that are increasing faster than General Revenues. Management should implement cost-controls so those expenses do not grow faster than General Revenues.	Warren Schott

City of San Antonio

Healthcare and Retirements Benefits Task Force

Recommendations for Mayor and Council Consideration

Topic: Policy and Budget - *Continued*

Recommendation	Task Force Member
5. City Council and the community should discuss what level of staffing is required to best protect its citizens. In recent Council surveys, public safety is the number one priority and being a large percentage of the budget reflects that priority. If a reduction in personnel is considered, then community should understand effect on response time and service.	Warren Schott
6. I recommend that Wage rates, salaries and specialty pay established in the Collective Bargaining Agreement should include appropriate “stop-gaps” to ensure personnel costs, pension plan contributions, and pre-paid healthcare contributions do not grow at a rate faster than the City revenue.	Sam Dawson
7. The City should create a formal strategy and policy for Total Compensation for all classes of employees. Total Compensation Statements should be considered for all employees.	Randy McGraw
8. Maintaining the City’s excellent bond rating should be a top priority for a future task force and collective bargaining session’s discussions. By doing so, this provides an independent and objective view of the City's financial well being and allows the City to finance its priorities, infrastructure, public safety equipment and vehicles at the lowest rates possible.	Ed White
9. Comprehensive compensation study that includes both civilian and uniform employees	Task Force Recommendation at January 27 Meeting

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Recommendations for Mayor and Council Consideration

Topic: Pension

Recommendation	Task Force Member
10. I recommend a tiered pension plan program that could establish varying contribution rates and healthcare benefits. Different contribution rates and/or “base plans” should be established.	Sam Dawson
11. Develop a more balanced approach for making contributions to the pension fund and pre-paid healthcare plan. Contribution rates should not be independent of portfolio growth rates.	Sam Dawson
12. The report (by Shawn Ury) clearly shows that Pension and Prefund Healthcare are NOT driving the cost of “Public Safety” in the budget and should be removed from any further discussion.	Jerry Cortes

Topic: Uniform Pre-Fund Uniform Healthcare

Recommendation	Task Force Member
13. Eliminate pre-funded employee healthcare.	Sam Dawson
14. Study the possibility of an alternative to the current uniform pre-paid healthcare program. One possibility could be for the City to purchase an insurance policy for eligible uniform employees at retirement until age 65 and a supplemental Policy after age 65.	Reed Williams
<i>Note: Recommendation #12 also applies to this topic.</i>	

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Healthcare and Retirements Benefits Task Force

Recommendations for Mayor and Council Consideration

Topic: Healthcare
Category 1: Adequacy of Benefits or Benefits Design

Recommendation	Task Force Member
15. Reduce the “richness” of the insurance plan for public safety employee dependents.	Sam Dawson
16. Adjust adequacy of Benefits to match that of peers and civilian employees.	Buddy Morris
17. Consumer Driven Health Plan (CDHP) and Health Savings Account (HSA)	
a. Offer a Consumer Driven Healthcare Plan option for both civilian and uniform employees, but provide at least one other affordable option for those who want more traditional coverage.	Rebecca Waldman
b. Both civilian and public safety policies should provide for consumer-driven healthcare options	Sam Dawson
c. Consider converting the uniform/non-civilian plan to a consumer-driven plan commensurate with the civilian City of San Antonio associates. Optimally, the plan would include an HSA	Celina Burns
d. Expand the city's offering of Consumer Driven Healthcare Plans and Health Savings Accounts to uniform employees.	Sheryl Sculley
e. The City should consider contributions to employee accounts to promote Consumerism	Randy McGraw
18. Plan design changes for civilian and uniform employees - offer equal medical plan design/options (co-pays, deductibles, out of pocket expenses, out of network costs, etc.).Provide same consumer-driven healthcare options	Rosemary Calvillo
19. Cost sharing premium strategy employer/employee split - 1 to 3 years (i.e.). Year 1 - 85/15 split; Year 3 – 80/20 split.	Rosemary Calvillo

**City of San Antonio
Healthcare and Retirements Benefits Task Force
Recommendations for Mayor and Council Consideration**

**Topic: Healthcare
Category 1: Adequacy of Benefits or Benefits Design - *continued***

Recommendation	Task Force Member
20. Charge more for spouses (if they are employed and their employer offers health insurance).	Rosemary Calvillo
21. Continue to offer Out of Network benefits at a reduced rate of coverage.	Rebecca Waldman
22. Increase the City's percentage contribution toward current civilian retiree health benefits. Current City contribution for retirees is an average of 70% as opposed to an average of 80% for pre-2009 active civilian employees.	Rebecca Waldman
23. Adopt a spousal surcharge for spouses who have alternate coverage options.	Rebecca Waldman
24. The City should investigate private exchanges with insured risk characteristics and consider a defined contribution approach as opposed to a defined benefit approach	Randy McGraw
25. Develop policies to reduce uniform dependent ratios such as: A) Requiring retired uniform employees who after retirement obtain other employment to utilize that employer's healthcare plan, and B) Requiring working spouses of active and retired employees to utilize healthcare from the spouse's employer.	Sheryl Sculley
26. Add a health plan benefit eligibility requirement that precludes dependent spouses who are eligible for benefits as an active employee through their respective employer to be eligible for coverage as a dependent spouse under the City of San Antonio plan.	Celina Burns
27. Evaluate an option of "dependents/employer option first" policy.	Sam Dawson

**City of San Antonio
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Recommendations for Mayor and Council Consideration**

**Topic: Healthcare
Category 2: Premium Contribution Levels**

Recommendation	Task Force Member
28. Adjust contribution levels to match peers and civilian employees.	Buddy Morris
29. Place a cap on the annual increase in the premiums current civilian retirees can be charged, possibly tied to the Consumer Price Index for healthcare services.	Rebecca Waldman
30. Phase-in, if necessary, the same healthcare plan options and benefit tiers for active uniform employees as are provided to active civilians and civilian retirees. This would include deductibles and out of pockets as well as the same premiums for both uniform and civilian employees and their dependents.	Rebecca Waldman
31. Adjust healthcare benefits for newly hired uniform employees while remaining competitive with other Texas cities.	Rebecca Waldman
32. Civilian and public safety active healthcare policies, costs, and plans should be the same.	Sam Dawson
33. Public safety employees should pay a more equitable percentage of premiums, deductibles, and out of pocket expenses.	Sam Dawson
34. Implement a plan for active uniform employees to contribute to their cost for healthcare; different tiers of payment could be considered depending on employee tenure.	Sheryl Sculley
35. Align active uniform employee healthcare benefit plans with civilian healthcare benefit plans. All new uniform hires should pay the same premiums, out-of-pocket maximums, and deductibles as civilian employees hired after January 2009.	Sheryl Sculley

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Healthcare and Retirements Benefits Task Force

Recommendations for Mayor and Council Consideration

Topic: Healthcare
Category 3: Wellness Strategy

Recommendation	Task Force Member
36. Implement a rigorous wellness program that rewards employees for participation and better health metrics.	Buddy Morris
37. Implement a smoking cessation program with premium contribution incentives for all civilian and uniform employees.	Celina Burns
38. Implement a wellness program with fitness testing incentives for all civilian and uniform employees.	Celina Burns
39. Provide wellness services to both uniform and civilian employees as well as all retirees.	Rebecca Waldman
40. Require annual fitness testing for uniform employees as well as civilian employees who are required to perform physical activities. Provide appropriate support to meet fitness goals.	Rebecca Waldman
41. Charge a tobacco rate to employees.	Rosemary Calvillo
42. The City should re-design its wellness programs and incentives or dis-incentives to drive true behavioral and discretionary decisions regarding the consumption of health care.	Randy McGraw
43. The City should implement better measurement tools to actually gauge the effectiveness of its various programs and incentives with respect to wellness, absenteeism, productivity and the return on investment of these programs.	Randy McGraw
44. The City should target high cost and chronic conditions for more affective risk avoidance and control.	Randy McGraw
45. Expand the city's offering of wellness programs to uniform employees.	Sheryl Sculley

**City of San Antonio
Healthcare and Retirements Benefits Task Force
Recommendations for Mayor and Council Consideration**

Topic: Healthcare

Category 4: Maintain or Negotiate to Remove Uniform Healthcare Plan Design and Healthcare Premiums as part of the Collective Bargaining Agreements

Recommendation	Task Force Member
46. Do not remove active healthcare from the Collective Bargaining Agreement. I recommend that this committee direct the city to make healthcare a priority in the next round of collective bargaining. We should recommend that the city fully cooperate with the unions and provide all available financial and health insurance related information requested by fire and police during contract negotiations, so long as providing the information does not violate medical or privacy laws. In this way both sides can understand the issue and come to a negotiated resolution of the concerns raised by healthcare costs.	Jerry Cortes
47. Every benefit under discussion in the committee has been negotiated over the past 37 years through the collective bargaining and approved by the city manager and sitting city council members. That's where these discussions should be, not at this committee.	Jerry Clancy
48. Remove healthcare from the CBA.	Buddy Morris
49. Remove healthcare benefits from the Police and Fire Collective Bargaining Agreements.	Rebecca Waldman
50. I would recommend that healthcare benefits and policies be removed from the Police and Fire Collective Bargaining Agreements.	Sam Dawson
51. With the rising cost of health care, the parties should pay particular attention to addressing health care costs increases, keeping in mind that fire and police have unique health care needs. Consumer-driven strategies, wellness programs, and other creative health care containment options should be considered. Shorter term or flexibility in adjusting health care expenses should be considered as part of the new CBA.	Warren Schott

**City of San Antonio
Healthcare and Retirements Benefits Task Force
Recommendations for Mayor and Council Consideration**

**Topic: Healthcare
Category 5: Continue Annual Analysis of Stop Loss Insurance**

Recommendation	Task Force Member
52. Initiate an RFP bid process for medical stop-loss coverage for all plans in force.	Celina Burns
53. Purchase stop/loss policy to cover high cost claims.	Rebecca Waldman
54. Purchase stop loss policy.	Rosemary Calvillo
55. The City should consider purchasing reinsurance to protect the plans from catastrophic losses.	Randy McGraw

**Topic: Healthcare
Category 6: Regular Dependent Audits**

Recommendation	Task Force Member
56. Implement dependent audits for all City of SA employees.	Buddy Morris
57. Conduct periodic dependent eligible audits for all civilian and all segments of non-civilian/ uniform City of San Antonio employees.	Celina Burns
58. Undertake periodic dependent audits of uniform, civilian, and retiree dependents.	Rebecca Waldman
59. Eliminate the “no dependents pay” philosophy.	Sam Dawson
60. Perform dependent coverage audits.	Sam Dawson
61. Conduct a dependent eligibility verification audit and confirm that every dependent that’s on the plan is truly eligible to be on the plan. For new hires they would need to submit proof before dependents are enrolled in the plan.	Rosemary Calvillo

**City of San Antonio
Healthcare and Retirements Benefits Task Force
Recommendations for Mayor and Council Consideration**

**Topic: Healthcare
Category 7: Other Healthcare Recommendations**

Recommendation	Task Force Member
<p>62. Communication: Regardless of the exact message, education and communication will be key in getting employees to change their mindset (get buy-in).</p> <p>a) Explain that the City is committed to providing employees with quality benefit programs that support the needs of the employee and their family. The ongoing strategy and commitment is to: 1) offer comprehensive insurance coverage and 2) make every effort to minimize the rising costs of healthcare.</p> <p>b) The City is self-funded, which means the City accepts the financial responsibility for claim payments, as well as management of the plan to include the Health Care Reform Law enacted in 2010 and that this comes from the same budget that's used for salary increases, bonuses, etc. As the cost of health care goes up, there's less to be spent on the extras, just like their family budgets.</p> <p>c) Why are premiums increasing? Explain the increased use of health insurance, escalating prescription cost, medical inflation, and the cost of new health care technology which impact the growing cost of providing group health benefits. Other factors include plan designs, plan coverage, experience rating, medical inflation, Heath Care Reform, etc.</p> <p>d) FAQs are good. These can be written or done as a video presentation. Videos can be posted to the online enrollment site for employees to use.</p> <p>e) Onsite group meetings to include spouses of employees. This is helpful in keeping the rumors and misinformation to a minimum.</p>	<p>Rosemary Calvillo</p>

**City of San Antonio
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Recommendations for Mayor and Council Consideration**

**Topic: Healthcare
Category 7: Other Healthcare Recommendations - *Continued***

Recommendation	Task Force Member
63. Provide healthcare education to all employees and retirees to help them become more savvy healthcare consumers in an effort to reduce individual and City costs.	Rebecca Waldman
64. Coordinate with University Health System (UHS) to access healthcare services provided to Bexar County employees and their dependents through UHS's network of health centers, including low cost co-pays and discounted prescriptions, and access to onsite labs and imaging services.	Rebecca Waldman
65. The City should improve the tools, education and engagement of plan members to enable them to make better consumption and lifestyle decisions.	Randy McGraw