



MURRAY CITY MUNICIPAL COUNCIL COUNCIL INITIATIVE WORKSHOP

A Murray City Council Initiative Workshop was held on Tuesday, May 14, 2013 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Brett Hales	Council Chairman
Dave Nicponski	Council Vice Chairman
Darren Stam	Council Member
Jim Brass	Council Member
Jared Shaver	Council Member

Others in Attendance:

Frank Nakamura	City Attorney	Janet M. Lopez	Council Staff
Jan Wells	Mayor's office	Mike Terry	Human Resources

Mr. Hales called the Council Initiative Workshop to order at 4:30 p.m. and welcomed those in attendance.

Minutes:

There was no approval of minutes.

Discussion Item

Medical and Dental Coverage for City Council Members- Brett Hales and Mike Terry

Mr. Hales stated this was an idea that he has been thinking about for about seven months. He has had conversations about insurance coverage with Department heads, as well as some of his toughest, most critical residents. He has also spoken with Mr. Zollinger, and has discussed City Council work as a service. There is a lot of time put into the Council Member job. Mr. Hales has researched the idea, with the help of Ms. Lopez and Mr. Terry, with support from the administration.

Mr. Hales said that he first had to make sure that the Council Members would qualify for the insurance coverage, and that was confirmed.

Mr. Terry said that in order to be eligible to participate in PEHP (Public Employees Health Plan) Health Insurance, based on the contract Murray has with them, the rules are that an employee must work 20 hours a week; and/or be an elected official that qualifies with the Utah Retirement System. The

Council Members are all enrolled with Utah Retirement System and all qualify for that based on their salaries; therefore the Council Members are also eligible to enroll in PEHP Health insurance, if the Council chooses to do that and fund that also.

Mr. Shaver asked about the last line on the handout. Mr. Terry clarified that the reason that is in there is that some Cities allow different family members to get on the insurance but pay the premium for certain members. This creates a problem because it dilutes the pool, which usually results in the sickest people joining and the healthiest not joining. The standard they came up with was that the City must pay 100% of the single coverage premium, or 50% of the other plans, so the City is invested into this employee. If a variety of plans are offered; such as two party and family plans, the City must pay at least 50% of the premium.

Murray City currently pays 85% of the premium, but could go as low as 50%.

Mr. Shaver asked if the Council makes the decision to pay the 85% or any other amount of the premium. Mr. Terry said that was correct as long as the City paid the minimum 50% allowed. Mr. Terry said that he wouldn't recommend a different formula, but to stick with the same 85% that Murray pays for all of the employees. Mr. Shaver agreed it would be best not to change the percentage, but just to decide to do it or not. Mr. Terry said that would be his opinion also.

Mr. Nicponski asked about a retiree insurance plan and how that would work if he were to drop that plan and get on this one. Would he be able to take this plan with him if he were to leave the Council, he asked. Mr. Terry said that COBRA insurance would be available for up to 18 months, and would terminate after that. Mr. Stam said that COBRA involves paying 100% of the premium. Mr. Terry said that is correct, and it would only last for 18 months. Mr. Stam commented that with Obamacare, it should be available to take with you and create your own but he is unsure of whether or not that will really happen.

Mr. Nicponski asked about Medicare. Mr. Terry said that Medicare has a 65 age requirement, unlike social security that starts at an earlier age.

Mr. Shaver asked Mr. Brass about his health insurance. Mr. Brass said he has Altius, and it is a group of two. Mr. Stam said he receives insurance through his wife's employment. Mr. Hales commented that he receives insurance through Cyprus Credit Union. Mr. Nicponski said that he has Select Med insurance.

Mr. Terry commented that Mr. Nakamura said it might create problems if the Council decided to do a different plan than the 85% of the premium being paid for by the City. Mr. Nakamura said that the definition of eligible employees would include the Council Members also, so it would be the same percentage share.

Mr. Shaver asked if there was a challenge of having dual insurance. Mr. Terry said that PEHP would be the primary insurance for the employee and the spouse's insurance would be the secondary insurance. The opposite would be the case for the spouse.

Mr. Stam said that his past experience with dual insurance was that the secondary would pay the deductible for the primary insurance, and vice versa. Insurance companies are not allowing that anymore.

Mr. Terry recommended looking at the cost of paying two premiums also, and deciding if that was cost effective.

Mr. Zollinger said that an opt- out payment has been discussed. That would pay the employee an additional \$1200 per year, or \$100 per month if they did not take the insurance. Mr. Stam said he was going to ask about that. Mr. Zollinger said he supports that because the employee is still getting their insurance, and saving the City money at the same time.

Mr. Stam used to work for a company, but didn't take the insurance because he received insurance from his wife. He went to his supervisor and asked that he be paid in wages what he was saving on insurance costs. He received a raise equal to that amount. This would permit those to take insurance that want it but those that don't, would be paid out. This would allow for all the benefits to be the same.

Mr. Zollinger said that gets tricky to make it exactly even, depending on what level of plan the Council Member chose. It would differ between single, two-party and family plans. He said it may be better to choose a certain dollar amount that would be paid out.

Mr. Shaver asked about participation in the other Cities, and it appears to be just the family plan. Mr. Nicponski asked if there is an opt-out plan for all the employees. Mr. Zollinger said currently there is not and they don't receive any extra compensation. It has been a discussion whether or not to offer it to the employees stated Mr. Terry. Mr. Zollinger said he believes it would be a good thing.

Mr. Nakamura said the provision states that "those employees that do not have other health coverage in place" needs to be addressed. Mr. Hales asked if that is a PEHP rule; it doesn't seem to be happening in the City or other places.

Mr. Zollinger said there are a few employees with dual coverage, and thought the opt-out option would be a savings to the City. He said there are examples of two people employed by the City from the same family and the City pays two family premiums. Mr. Terry said it may be hard to enforce not knowing the employee's spouse insurance coverage. Mr. Terry said obviously, the City would be aware of a spouse within the City, and believes they have one couple in that situation.

Mr. Shaver asked if that would mean a questionnaire about his spouse's insurance coverage. Mr. Zollinger said that PEHP would know if they were the primary or secondary insurance. Mr. Terry said that there could be questions if a spouse had the same policy and wanted the spouse employer to pick it up. Mr. Hales said in his experience the insurer has covered both.

Mr. Brass said that when you check into a hospital, you are asked if there are two types of insurance. Mr. Terry said he would check with PEHP on that issue. Mr. Stam questioned if they really want to ask PEHP about their enforcement of that issue.

Mr. Zollinger said that the opt-out plan would still offer the employees insurance, but a little compensation also, while saving the City money.

Mr. Terry said he questions whether that above comment means other PEHP coverage only. Mr. Shaver said that it might imply that the City cannot offer any medial plan other than PEHP. For example, Medicare would be another plan. Mr. Terry said it might mean the City itself doesn't offer any other medical coverage. Mr. Hales believes that is what it means also. Mr. Nakamura said that he would talk to PEHP tomorrow and clarify that rule.

Mr. Brass said he would be interested to look at the coverage.

Mr. Terry said that there are two networks. Advantage care is primarily the IHC (Intermountain Health Care) network. The Summit care network involves such hospitals as St. Marks, Jordan Valley, Pioneer Valley, and the University of Utah. The plans are identical, with the exception of the facilities and providers. Office visits are \$20, Specialists are \$30, Urgent Care is \$50 and the Emergency Room is \$75. Deductibles are not applied to office visits. For hospitalizations, surgeries, etc. the deductible is \$500 per individual and \$1000 per family. After the deductible is met, expenses are paid at 80/20. The out of pocket maximum is \$4000.

Mr. Brass asked about pre-existing conditions. Mr. Terry said as long as there is not a lapse in coverage, there would be no penalty for pre-existing conditions. Mr. Terry said that the break in coverage cannot be longer than 63 days.

Mr. Terry said that starting in 2014 there would be no pre-existing conditions under healthcare reform.

Referring to research on surrounding cities, Mr. Shaver said it was interesting to look at the salary comparison. Mr. Hales said the differences between the cities are amazing.

Mr. Terry said the employees get a steal on insurance. Sometimes he hears complaints, but they really don't know what the rest of the world pays, he commented.

Mr. Brass said that he pays \$700 per month with Altius for essentially the same coverage. Mr. Stam said his insurance was as high as \$1,200 per month. Mr. Brass commented that was for two-party insurance, not single coverage.

Mr. Shaver said it is an issue that should be addressed. Mr. Brass said he would like to proceed with this, as well as Mr. Nicponski.

Mr. Stam said that his one question would be if the timing is good for this. If you look at the total compensation right now, it equals about a 60-70% raise.

Mr. Shaver said that he asked Jackie Sadler, the MCEA President, if she had a problem considering the Council Members as part of the employee base, and she answered absolutely not.

Mr. Hales also has talked to several employees and they had no problems with it either. Mr. Stam said he doesn't believe the Department heads would have an issue, but there are some employees everywhere known as the "grumblers" that might. Mr. Hales agreed and said there would always be a few "grumblers."

Mr. Brass said this is not a pay increase, but just receiving a benefit that the entire City is already receiving.

Mr. Stam asked about the opt-out and asked if that is something that would be done to equalize the compensation. Mr. Brass said that is a topic to be discussed next week.

Mr. Shaver asked if this is something that would begin in July of this year. Mr. Zollinger confirmed that it was and a funding mechanism of \$40,000 to \$60,000 would be required. Ms. Lopez stated that the total amount would be \$64,000 if all of the Council Members were to take the family insurance.

Mr. Hales said that he doesn't feel like the Council is asking for something that they don't qualify for, considering the number of hours that they put in. He has had this conversation with Mr. Stam many times about the hours worked, especially with Mr. Stam's efforts with UTOPIA. Mr. Hales said there may be a few unhappy people but believes the majority would be supportive of this benefit because of the hours the Council Members put in. He said that the City makes sure the money is there for those other deserving employees.

Mr. Zollinger stated that whenever something new is introduced, initially it has to be worked into the budget.

Mr. Hales said that the Council saved \$60,000 in salary, and would have liked to discuss benefits for the Council Members at that time.

Mr. Stam added that the benefit will increase the number of people interested in running for Council positions. This benefit might be enough to get more people interested in serving.

Mr. Brass asked if this should be added to the compensation discussion next week.

Mr. Hales said Open Enrollment ends at the end of the month. Mr. Terry said this would be the best time to add the Council Members.

Mr. Hales thanked everyone and adjourned the meeting at 4:52 p.m.

Kellie Challburg
Council Office Administrator II

