

**AUDIT/BIDS/INSURANCE COMMITTEE MEETING
THURSDAY, MAY 15, 2014, 5:15 P.M.
COUNCIL CONFERENCE ROOM—2ND FLOOR, CITY HALL**

The Audit/Bids/Insurance Committee met on Thursday, May 15, 2014, at 5:15 p.m. in the Council Conference Room, 2nd Floor City Hall, Gastonia, North Carolina.

PRESENT: Councilman Jim Gallagher
Mayor Pro Tem Brenda Craig

ABSENT: Chairman Dave Kirlin

Councilman Gallagher opened the meeting and thanked everyone for coming.

ITEM 1: Review of Insurance Proposals (Health, Dental, Life, Supplemental):

Councilman Gallagher recognized Ms. Judy Smith, Assistant Director of Human Resources, for staff's presentation.

Health Insurance: Ms. Smith advised the City's health insurance is currently self-funded with Blue Cross Blue Shield of North Carolina serving as the Plan Administrator. Blue Cross Blue Shield of North Carolina's renewal reflects a 4% increase in the administration fee. The current rate is \$24.42 per policy per month, and the proposed rate is \$25.40 per policy per month. The proposed annual increase equates to \$11,207.28 (953 X .98 X 12). The total annual premium is approximately \$290,475. The City has had one other increase in the premiums since July 1, 2010. In July, 2012, there was a 2.52% increase.

Staff recommends renewing the health insurance with Blue Cross Blue Shield of NC for fiscal year 2014/2015.

Committee Recommendation: The Committee voted unanimously (2-0) to renew health insurance with Blue Cross Blue Shield of NC and recommend to full Council for approval for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Stop Loss Coverage: Ms. Smith stated the City's stop loss insurance is currently with Gerber through SA Benefit Services. The current deductible is \$175,000 with a \$20,000 aggregated specific deductible. The renewal reflects no change in premiums. The current rate is \$12.36 per individual policy per month and \$30.12 per policy per month for employees and retirees with dependent coverage. The annual premium is approximately \$195,805.

Staff recommends renewing the contract for the stop loss coverage with Gerber/SA Benefit Services.

Committee Recommendation: The Committee voted unanimously (2-0) to place stop loss coverage with SA Benefits/Gerber Life Insurance and recommend to full Council for approval for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Health Savings Account: Ms. Smith advised that in July 2013, the City provided a \$550 payment into the Health Savings Account (HSA) of all eligible employees and retirees covered by the City's health insurance program. Employees not eligible for a federally designated HSA also received the same dollar amount. Also, it was determined that an additional \$200 would be provided to employees who meet the standards of the City's wellness incentive program. The additional \$200 will be given in July 2014 for those employees who met those requirements. Since employees have until June 30th to satisfy requirements for the incentive, it is not known how many will earn the additional benefit.

Staff recommends contributing \$550 into the HSA of each eligible employee and retiree who participates in the City's health insurance program in July 2014. Employees not eligible for a federally designated HSA would receive the same dollar amount. An additional \$200 would be added if an employee meets the standards of the City's wellness incentive program.

Committee Recommendation: The Committee voted unanimously (2-0) to recommend contributing \$550 into the HSA for each eligible employee and retiree who participates in the City's health insurance program. Employees not eligible for an HSA would receive \$550. An additional \$200 would be provided to employees who meet the requirements of the City's wellness incentive program for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Payment in Lieu of Insurance for Employees/Retirees Who Waive Coverage: Eligible employees and retirees who waived the health insurance coverage received a payment in lieu of health insurance of \$1,000 (\$500 paid in July 2013 and \$500 paid in January 2014).

Staff recommends eligible employees and retirees that waive the health insurance program offered by the City receive \$1,000 payment in lieu of health insurance again in fiscal year 2014/2015. Staff recommends the payment be divided into two payments of \$500 and issued in July 2014 and January 2015.

Committee Recommendation: The Committee voted unanimously (2-0) to provide a \$1,000 payment in lieu of health insurance to eligible employees and retirees who waive the City's health insurance program, consisting of a \$500 payment in July, 2014 and another payment of \$500 in January, 2015, and that the word "stipend" be replaced with "payment in lieu of health insurance."

Necessary Council Action: Accept or reject the Committee's recommendations.

Dental Insurance. The City's dental insurance is currently self-funded with Delta Dental of North Carolina serving as the Plan Administrator. Delta Dental of North Carolina's renewal reflects a 4.18% increase in the administration fee but is agreeing to hold that rate for 2 years. The current rate is \$2.87 per policy per month and the proposed rate is \$2.99 per employee per month. The proposed annual increase equates to \$1,146.24 (796 X .12 X 12). The total annual premium will be approximately \$28,560.50.

Staff recommends renewing the self-funded dental plan and continuing to utilize Delta Dental of North Carolina as the Plan Administrator for the next 2 fiscal years. Staff recommends both City and Employee funding to remain the same.

Committee Recommendation: The Committee voted unanimously (2-0) to recommend renewal with Delta Dental for fiscal year 2014/2015 and 2015/2016.

Necessary Council Action: Accept or reject the Committee's recommendations.

Employee Health Clinic/Health Fair: The Employee Health Clinic is currently operated by Carolinas HealthCare System. The renewal from Carolinas HealthCare System reflects no change in premiums. The current cost of the clinic including the health fair is approximately \$178,000.

Staff recommends awarding the contract for the Employee Health Clinic (including the services needed at the Health Fair) to Carolinas HealthCare System.

Committee Recommendation: The Committee voted unanimously (2-0) to award the contract for the Employee Health Clinic (including services at the Health Fair) to Carolinas Healthcare System for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Employee Assistance Program (EAP): The current EAP is provided through McLaughlin Young. Their renewal reflects no change in premiums. The current premium is based on utilization. We anticipate the total cost to be \$16,500 for 2014 and for 2015.

Staff recommends renewing the contract for the Employee Assistance Program with McLaughlin Young.

Committee Recommendation: The Committee voted unanimously (2-0) to renew the contract for the Employee Assistance Program with McLaughlin Young for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Life Insurance: Ms. Smith stated that life insurance is currently with Assurant Employee Benefits through Employee Benefit Advisors. The renewal from Assurant reflects no change in premiums for the City or for employees with dependent life insurance. The current premium is .39/\$1,000 for life insurance and .03/\$1,000 for AD&D coverage. This equates to approximately \$221,225 per year.

Staff recommends renewing the contract for the life insurance with Assurant Employee Benefit through Employee Benefit Advisors.

Committee Recommendation: The Committee voted unanimously (2-0) to place life insurance coverage with EBA/Assurant for approval for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Supplemental Insurance: Ms. Smith advised that supplemental insurances are currently offered through Pierce Group Benefits. This is a voluntary benefit for employees, and there is no charge to the City of Gastonia. The renewal reflects no change in premiums for employees with supplemental coverages.

Staff recommends renewing the contract for the supplemental insurances with Pierce Group Benefits.

Committee Recommendation: The Committee voted unanimously (2-0) to place supplemental insurance coverage with Pierce Group and recommend to full Council for approval for fiscal year 2014/2015.

Necessary Council Action: Accept or reject the Committee's recommendations.

Change to Insurance requirements for vendors: Ms. Smith advised it recently came to staff's attention that the current policy on insurance requirements for vendors does not address the issue of non-profit organizations that utilize City facilities. Currently, there has been a verbal understanding that non-profit organizations or individuals who utilize a City facility are not required to provide proof of insurance unless they are expecting 1,000 or more participants or the event will involve serving alcohol. The revision to the written policy will reflect how the City has actually been handling the insurance requirements for non-profit organizations and individuals.

Committee Recommendation: The Committee voted unanimously (2-0) to approve the revision to the Summary of Liability Insurance Requirements for Vendors, Contractors, and Organizations Sponsoring Special Events.

Necessary Council Action: Accept or reject the Committee's recommendations.

ITEM 2: Other Related Matters:

With no other items to discuss, the meeting was adjourned at 6:17 p.m.