

January 10, 2023 Ad Hoc Meeting - Employee Benefits and Wage Review Ad Hoc Committee

Ad Hoc Meeting – Employee Benefits and Wage Review – January 10, 2023 AT 4:30 P.M.

Members Present:

Mark Jantzer, Stephan Podrygula, Scott Burlingame, Harold Stewart, Lisa Jundt, Derek Hackett, Travis Seifert, Laurie Davis, Kevin Ternes, Dallas Varty

Members Absent:

Terri Phillion, Margie Zietz

Also Present:

Mikayla McWilliams (City Clerk)

The meeting was called to order by Chairman Mark Jantzer at 4:30 pm. Alderman Jantzer mentioned the layout of the upcoming meetings and agenda items. City Manager, Harold Stewart, introduced Katie Veidel from Brown & Brown to discuss the options of benefits and the current benefits for the City of Minot.

Katie discussed the health insurance components such as deductibles, copays, coinsurance, out of pocket maximums, and pharmacy. The services that make up the City of Minot's Health Plan and the voluntary benefit of an FSA account. She discussed the option of a high deductible plan and pairing it with the use of a health savings account. With the health savings plan, the employer can contribute funds into the account and the account is pre-taxed and not a use or lose account.

Katie then discussed the funding arrangement for employers. They include fully insured, self-funded without stop-loss, and self-funded with stop-loss. The City of Minot is funded by the self-funded with stop loss plan. This plan pays the claims and an administrative fee but has the stop-loss protection. The City of Minot has an individual stop-loss of \$100,000 and an aggregate stop-loss of \$6.1 million per year. Katie spoke about the differences between fully insured and self-funding.

Brown & Brown is able to find predictability by client size and using the HCAT method, which is the High Case Analysis Tool. The tool uses things like geography, age, gender, prior fees, risk adjustments, etc. to analysis the information.

Funding levels which include but are not limited to are administrative fees, stop loss premiums, expected claims expense, taxes/fees, broker fees, other programs & fees, and other expenses. Brown & Brown helps to set funding levels. Katie discussed the benefits of self-funding especially the benefit of the surplus funds remaining with the City of Minot.

Katie also talked about the other plans the City of Minot has such as the dental plan, vision plan, FSA account, EAP (Employee Assistance Program), and other insurances such as Life, Accidental Death & Dismemberment, and long-term disability. Employees also have the ability to use AFLAC for other voluntary benefits.

City Manager, Harold Stewart, asked Katie about the process of possibly changing providers and or plans. Katie discussed that the key factors are developing an RFP and considering administrative fees, stop-loss costs, and claims expenses. Brown & Brown would look for discount guarantees and incurred caps. There are also non-financial costs which mainly would be disruptions such as in/out of network changes, different service coverage, and changes in pharmacy fees. The employer would have to weigh the cost savings against the disruptions.

Chairman Jantzer asked what Brown & Brown would recommended for an RFP timeline. Katie said doing an RFP yearly would make it so carriers would not want to quote or reply to the RFP. Brown & Brown would recommended doing RFP's every 3-5 years. The City of Minot did an RFP in 2022 for their current coverage.

Alderman Burlingame asked when the last RFP was done prior to the done in 2022. HR Director, Lisa Jundt, stated an RFP had not been done in over 10 years. Alderman Burlingame then asked about the risks of changing coverages/carriers. It would be a heavy workload on the HR Department if there is a lot of disruptions, it is a risk to

employee morale, and word of mouth discussions if coverage is lacking or has too many disruptions. Alderman Burlingame also inquired if the EAP portion could be separated and on an individual RFP. Katie replied it would be possible to separate EAP.

It was also asked if there are other Municipal or non-private insured plans available to the City of Minot. Katie mentioned there is a NDPERS plan and an NDFIT plan. Alderman Podrygula wanted to know what the downsides of being self-funded are. There is the risk of paying claims (the City of Minot has a stop-loss), there is more administrative work on the city end, and HR has ACA reporting.

Committee Member, Travis Seifert, asked Katie her opinion on the City of Minot's health plan verse other entities. Katie said in her opinion the employees have a very rich plan and over the last few years it is a well performing plan. Committee Member, Derek Hackett, inquired more about the high deductible plan organizational impacts. Katie stated entities who have dual choice, which would be a low deductible and high deductible plan choice have a smoother transition then if there were no choice and an entity would just move to a high deductible plan only. She also mentioned it goes smoother for high deductible plans if an employer contributes to the health savings accounts.

The next meeting will be Tuesday, January 24, 2023 at 12:00 pm. There being no further business, the meeting adjourned at 5:34 pm.