

**March 28, 2023 Ad Hoc Meeting - Employee Benefits and Wage Review Ad Hoc Committee**

**Ad Hoc Meeting – Employee Benefits and Wage Review – March 28, 2023 AT 12:00 P.M.**

Members Present:

Mark Jantzer, Scott Burlingame, Stephan Podrygula, Lisa Jundt, Derek Hackett, Travis Seifert, Harold Stewart, Kevin Ternes, Margie Zietz

Members Absent:

Laurie Davis, Terri Phillion, Dallas Varty

Also Present:

Mikayla McWilliams (City Clerk)

The meeting was called to order by Chairman Mark Jantzer at 12:01 pm. The committee began with the Gallagher Pay Plan and Overtime discussions. Harold Stewart, City Manager, motioned a recommendation to compare at the 60<sup>th</sup> percentile on the next study instead of the 50<sup>th</sup> percentile. Kevin Ternes seconded and the motion carried with a unanimous vote in favor of the motion.

Harold discussed how this change would make the City of Minot more competitive with pay but he is unsure of the costs. Alderman Burlingame agreed that this motion would allow for the city to be more competitive with the cost of living.

Harold Stewart motioned a recommendation to be the City of Minot completing a comprehensive wage study every 3 years. Alderman Burlingame seconded and the motion carried with a unanimous vote in favor of the motion.

Harold mentioned there is a cost to doing the comprehensive wage study and if the city does it every three years the cost can have less of a financial impact. Margie asked when the last study was completed. It was completed in 2022 and the next study will be if the motion passes in 2025. Kevin Ternes inquired if the city still participates in an annual study and Lisa stated the HR Department does an annual study but it is less comprehensive. The three year study would be more specific, encompass more jobs, and include the job descriptions.

Katie Veidel and Tammy Terras were present at the meeting from Brown & Brown. Katie presented on short term disability insurance. She talked about what short term disability was and what the covered benefits are. She reminded the committee about the 3 options she had previously presented. She discussed the elimination periods for each one, the length it will pay out, the maximum benefit, and the weekly benefit percentage.

Other things to consider would be no pre-existing conditions, the option of Rehabilitation Services, the child birth benefit, the taxability, the roll over to long term disability, and how this short term disability plan could pay out more than once a year. There was discussion on a slide about how some companies have dealt with short term disability and sick leave banks and possibly moving to a PTO system. An employee has the option to add a personal supplemental insurance or use PTO for the other 40%. Harold also explained about the PTO recommendations including the supplement of hours would be PTO until a current employee would reach only 80 remaining PTO hours at which that time the employee could use the frozen sick leave.

Katie also went through the claim process by discussing what information is needed for a claim, how long the process could take, and the process of determining if the benefits are eligible. Lastly, she had slides of frequently asked questions, which the slides are attached to the agenda.

Questions from the committee included:

*What is the meaning of the employee having a 20% or more loss in weekly earnings due to the same sickness or injury?* If an employee is only able to work part-time for example due to medical reasons, if that employee is out 50% of the time that 50% could be covered by short term disability but could not exceed 100% of earnings.

*Does this short term plan include coverage on mental health issues?* Yes, but Katie will do some checking on the intentional self-inflicted injuries that are not covered.

*Can the city still offer the AFLAC Policy?* Yes, an employee can also pay for a short term disability plan through AFLAC but the benefit to pay out cannot exceed 100% of wages.

*It takes 5 days to file a claim?* Yes, it takes 5 days from the time Unum receives the information to the approval process but if a claim is not filed right away due to unforeseen issues the payment will be retroactive to the date of the incident or illness.

*Can another person file a claim on behalf of the employee?* Yes, a medical directive can be in place which would allow this process but also at the time of application to the insurance employees can name authorized contacts.

*For the rehab services, who pays for the rehab?* It would be run through the insurance of the employee but not all the rehab services plans will require medical supervision.

*An employee would have to use PTO until they get to 80 hours of PTO at which time the frozen sick bank would be available?* Yes, but there are options to discuss.

*If an employee goes on STD for mental health issues will that transfer to LTD if it reaches 26 weeks?* Katie is going to do some checking on this question.

*What is the definition of a physician with this plan? Would it include a nurse practitioner?* Katie mentioned it was someone with a medical license but will double check with the plan.

*What happens if the employee has the ability to work but has to take numerous days off for an illness throughout a period of time?* They would be eligible for partial benefit for the days the employee is unable to work. Katie used the example of chemotherapy.

*With the rehab services benefit option an employee can move from 60% payment to 70% payment, does that raise the maximum benefit up 10%?* Yes, it would then become \$1,650 per week instead of the \$1,500.

*Is an employee eligible for social security disability?* No, most employees are not after a certain period of time because employees do not pay into social security. The path for employees would be STD to LTD to Pension/Retirement.

*If an employee goes on STD or LTD do they still have to pay into pension/retirement?* No, because it would be the insurance company paying the employee and nothing would be run through payroll.

*What happens if a physician states an injury is only partially work related?* There would need to be a coordination of benefits with WSI and STD but the benefit cannot exceed 100%.

*What is the recourse if a claim is not excepted?* There is an appeal process with the carrier, a description of the denial reason would be given, and an employee could use PTO/Sick. Katie will get more information on the process and the percentage of claims Unum denies.

Unum is known as one of the best policies. Alderman Jantzer was wondering if there was a study showing the probability of an employee coming back to work after being out for a long period of time.

Harold Stewart, City Manager, did a brief summary on the changes to the PTO recommendations from the management team. The updated recommendations include:

1. Looking at the average amount of Sick Leave used over the last several years employees use an average of 7 sick days per year. Taking this into account Management recommends building 7 days of sick leave into the PTO accrual instead of 5 days.
2. Management recommends the 1-5 Year employees only have a Mandatory Use of PTO equivalent to 1 week of work per year. This will allow employees to build up their PTO more quickly. In addition, any new employee will not be required to use any PTO their first full year of employment as they are usually being trained and not able to use PTO.
3. Management agree that only the 2912 Fire personnel and non-administrative Police Personnel have holidays built into the accrual.
4. Management agrees that since non-administrative Police employees work 10 hour shifts that they, and other organizational employees regularly scheduled 10 hour shifts, receive 10 hours of holiday pay. Non-administrative Police employees and 2912 Fire personnel have the holidays built into the accrual, 100 hours and 120 hours respectively.
5. In the Paid Holiday section of the policy insert: On years more than 10 paid holidays are observed general employees with holidays built into the accrual rate receive 8 hours per additional day observed, non-administrative Police staff and other regularly scheduled 10 hour shift workers will receive 10 hours, and fire personnel on the 2912 schedule receive 12 hours of Holiday pay. These additional hours for the non-administrative Police employees and 2912 Fire personnel will be added into the accrual for the years applicable.
6. Given the amount of financial commitment Management is already recommending regarding PTO and providing Short Term Disability coverage for all employees, management does not recommend any changes to the already recommended 80 hour PTO minimum before providing access to any Frozen Sick Leave available to an employee.

7. Management recommends using the 1.5 conversion factor instead of the 1.33 originally proposed given Fire employees have been using the 1.5 factor already. It is also recommended a conversion factor of 1.07 be used for non-administrative Police personnel.

Margie gave the committee a handout from NDPERS about using sick leave to purchase extra retirement time.

The next meeting will be Tuesday, April 4, 2023 at 12:00 pm. There being no further business, the meeting adjourned at 1:28 pm.

Katie from Brown and Brown was able to get answers and clarification to some of the questions above so they are as follows:

1. Mental Health Services
  - There are no restrictions on the short term disability policy regarding mental health services.
  - Long term disability does have a 24 month limitation
  - Substance abuse including drug/alcohol use is a covered benefit so long as the employee is not able to work (i.e. must meet the definition of a disability)
  - Intentionally self-inflicted injuries are excluded. If an individual has an intentionally self-inflicted injuries, as a result of a mental health condition, it will depend on how it is coded– the injury may be the result of the mental health condition which is not intentional.
2. Partial Disability
  - Benefits are available for a partial disability; total disability is not required.
  - The benefit is proportionate to earnings loss. For example, if someone can only work half time so they have a 50% loss of earnings they would receive 50% of their Total Disability benefit.
3. Appeals
  - UNUM has a separate appeals division in claims, so any claim that is appealed gets reviewed by a fresh team, not biased by or working with the original team.
  - You will have 180 days to appeal, in writing, to Unum. In your letter to Unum, you should include a specific explanation of why you disagree with the claim decision. This information will help us to respond quickly and directly to your concerns. All appeals are reviewed and evaluated by an independent team of claim professionals who are given access to all original claim information. Decisions to reverse or uphold the original claim decision, or to require additional investigation, are typically made within 45 days of the appeal.
4. Do you have any statistics on what percent of claims are denied under STD and LTD?
  - a. UNUM didn't provide stats regarding this but they shared it's a very small percentage, usually due to someone submitting a claim for an occupational injury which is a Worker's Comp claim not a STD claim.
5. What is the average claim incurrence for disability policies?
  - STD incidence ranges from 5 to 10 claims per 100 covered employees per year depending on industry. Municipalities would be in the 5 to 6 range.
  - LTD incidence is much lower at about 0.3 per 100 employees per year.
6. Do you have any statistics on how long most individuals stay on LTD or how long most members utilize LTD benefits?
  - This varies a lot by industry and by individual client depending on their ability and willingness to allow for restricted duty and transitional work programs.
  - For municipalities probably about 25% of LTD claims close because the employee returns to work.
  - About 30% of claims last longer than 2 years after the elimination period.
7. How long does the Long Term Disability benefit last?
  - If the member is less than age 62 when they become disabled, the benefit goes until the member reaches Social Security Normal Retirement Age.

**MAXIMUM PERIOD OF PAYMENT:**

| <u>Age at Disability</u> | <u>Maximum Period of Payment</u>         |
|--------------------------|--|
| Less than Age 62         | To Social Security Normal Retirement Age |
| Age 62                   | 60 months                                |
| Age 63                   | 48 months                                |
| Age 64                   | 42 months                                |
| Age 65                   | 36 months                                |
| Age 66                   | 30 months                                |
| Age 67                   | 24 months                                |
| Age 68                   | 18 months                                |
| Age 69 or older          | 12 months                                |

| <u>Year of Birth</u> | <u>Social Security Normal Retirement Age</u> |
|----------------------|--|
| 1937 or before       | 65 years                                     |
| 1938                 | 65 years 2 months                            |
| 1939                 | 65 years 4 months                            |
| 1940                 | 65 years 6 months                            |
| 1941                 | 65 years 8 months                            |
| 1942                 | 65 years 10 months                           |
| 1943-1954            | 66 years                                     |
| 1955                 | 66 years 2 months                            |
| 1956                 | 66 years 4 months                            |
| 1957                 | 66 years 6 months                            |
| 1958                 | 66 years 8 months                            |
| 1959                 | 66 years 10 months                           |
| 1960 and after       | 67 years                                     |

No premium payments are required for your coverage while you are receiving payments under this plan.

- Prior to social security normal retirement age, LTD benefits offset dollar for dollar with SSDI benefits received.
  - The same chart above applies to all members, regardless if they are eligible for social security benefits.
8. If someone goes out on a worker's comp claim, but it is deemed as only partially related to work, I assume the worker's comp benefits would coordinate with the STD policy? (Example given was carpal tunnel)
- UNUM share that injuries or illness are either deemed work related or not and therefore, there isn't consideration for a "shared claim cause" it is either paid by WSI/workers compensation OR the STD policy.
9. To be eligible for a claim, you must be under the treatment of a "physician". What provider types would "physician" extend to:
- The definition of Physician in the STD contract will be:

**PHYSICIAN means:**

- a person performing tasks that are within the limits of his or her medical license; and
- a person who is licensed to practice medicine and prescribe and administer drugs or to perform surgery; or
- a person with a doctoral degree in Psychology (Ph.D. or Psy.D.) whose primary practice is treating patients; or
- a person who is a legally qualified medical practitioner according to the laws and regulations of the governing jurisdiction.

Unum will not recognize you, or your spouse, children, parents or siblings as a physician for a claim that you send to us.

Harold also updated the PTO accruals and sent them out to all city employees:

| General 80 Hour Per Pay Period Employees |         |        |                |            |               |
|--|---------|--------|----------------|------------|---------------|
|  | Monthly | Annual | Per Pay Period | Carry Over | Mandatory Use |
| 0-1 year                                 | 14.69   | 176    | 6.78           | 300        | N/A           |
| 1-5 years                                | 14.69   | 176    | 6.78           | 300        | 40            |
| 5-10 years                               | 16.69   | 200    | 7.70           | 324        | 80            |
| 10-15 years                              | 18.69   | 224    | 8.63           | 348        | 80            |
| 15+ years                                | 20.69   | 248    | 9.55           | 372        | 80            |

| Non-Administrative Police Employees |         |        |                |            |               |
|-------------------------------------|---------|--------|----------------|------------|---------------|
|                                     | Monthly | Annual | Per Pay Period | Carry Over | Mandatory Use |
| 0-1 year                            | 24.06   | 289    | 11.10          | 321        | N/A           |
| 1-5 years                           | 24.06   | 289    | 11.10          | 321        | 43            |
| 5-10 years                          | 26.20   | 314    | 12.09          | 347        | 86            |
| 10-15 years                         | 28.34   | 340    | 13.08          | 372        | 86            |
| 15+ years                           | 30.48   | 366    | 14.07          | 398        | 86            |

| Fire Department 2912 Employees |         |        |                |            |               |
|--------------------------------|---------|--------|----------------|------------|---------------|
|                                | Monthly | Annual | Per Pay Period | Carry Over | Mandatory Use |
| 0-1 year                       | 32.00   | 384    | 14.77          | 450        | N/A           |
| 1-5 years                      | 32.00   | 384    | 14.77          | 450        | 60            |
| 5-10 years                     | 35.00   | 420    | 16.15          | 486        | 120           |
| 10-15 years                    | 38.00   | 456    | 17.54          | 522        | 120           |
| 15+ years                      | 41.00   | 492    | 18.92          | 558        | 120           |

| Discretionary Pay Combo |                             |        |                   |                             |        |                   |                            |           |
|-------------------------|-----------------------------|--------|-------------------|-----------------------------|--------|-------------------|----------------------------|-----------|
|                         | 40 hrs-<br>Monthly<br>Hours | Annual | Per Pay<br>Period | 24 hrs-<br>Monthly<br>Hours | Annual | Per Pay<br>Period | Annual<br>Mandatory<br>Use | Carryover |
| 0-1 year                | 18.03                       | 216    | 8.32              | 16.69                       | 200    | 7.70              | N/A                        | 300       |
| 1-5 years               | 18.03                       | 216    | 8.32              | 16.69                       | 200    | 7.70              | 40                         | 300       |
| 5-10 years              | 20.03                       | 240    | 9.24              | 18.69                       | 224    | 8.63              | 80                         | 324       |
| 10-15 years             | 22.03                       | 264    | 10.17             | 20.69                       | 248    | 9.55              | 80                         | 348       |
| 15+ years               | 24.03                       | 288    | 11.09             | 22.69                       | 272    | 10.47             | 80                         | 372       |