



CITY OF GERMANTOWN TENNESSEE

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Personnel Advisory Commission

Thursday, April 27, 2017 - 5:30 p.m.

Administrative Conference Room

1930 S. Germantown Road

MEMBERS PRESENT: Claire Shapiro, Chairman; Mark Devine; Mark Holland; David Jackson; Sammy Jobe; Ronald Pokrandt; Alderman Dean Massey; Steve Wilensky, HR Director

MEMBERS ABSENT: Mike Stavropoulos

PRESENT NON MEMBERS: Sharon Hailey

Call to Order

Claire Shapiro called the meeting to order at 5:33 p.m.

Establishment of a quorum

Only one commission member not present.

Consideration of the Minutes

Minutes from the March 30 meeting were accepted as presented.

Updates

Benefits: Calendar year 2018

Steve Wilensky presented current plan with potential areas of change and requested feedback and suggestions from commission members.

Dental: Currently calendar maximum is \$1000 with preventative screenings/cleanings charged against the maximum. Possible options include an increase to \$1250 to not charging preventative screenings against annual maximum. Commission members agreed that preventative appointments should be encouraged and not charged against maximum, but recommend leaving maximum at \$1000.

Dental premiums are currently a flat rate for all dependents, not per person. Suggested options 3-tier plan to include employee only, employee+1 and family, or 4-tier plan to include employee only,

employee+spouse, employee+child and family. Members recommend mirroring medical premiums to avoid confusion and to review cost impact of changes. It was also recommended that changes be implemented with an “active enrollment” in which all employees must sign up again.

Vision: Currently exams are covered at up to \$60 every 24 months. Contacts, frames & lenses are also on 24-month cycle. Members discussed whether this was in line with other plans. Some are on 12-month cycles, some on 24-month. It was reiterated that Lasik surgery will not be covered.

ER visits: Current plan costs employees \$200 per visit unless they are admitted. Possible options to encourage “frequent fliers” to seek alternatives for non-emergencies include raising cost per visit so first visit remains at \$200, 2nd will be \$250, 3rd will be \$500. Members suggested a review of current numbers, but that the impact would likely be minimal. Some suggested tabling this particular change in favor of changes with greater cost impact in the interest of maintaining employee satisfaction. Others suggested that if “frequent fliers” are outliers, an increase to \$500 would not impact the majority of employees and should be pursued.

Annual deductible: Current plan has \$350 annual deductible. Suggestions include a gradual increase over multiple years (to \$500 ea for FY18 and/or the addition of a second, higher deductible tier available at a cheaper rate to the employee. Concerns to consider include whether higher deductible plans mean employees delay seeking care and whether there are limits within the plan to how much change is allowed.

Premiums: Last premium increase was 2014 for active employees and 2010 for retirees. Calculations using the CPI from the year of the changes suggest the need for a 9.7% increase for active employees and 23% increase for retirees. Members agree that an increase is needed. It was suggested that gradual increases and establishing a trend of regular increases would prevent the need for big changes after years of no change. Changes can also be calculated based on comparisons to average medical trends and overall city costs. This information can also be used in employee education. It is also worth noting and reminding employees that with premiums being pre-tax, actual cost difference to employee is not as great as it appears. \$10 pre-tax, may only be \$7 after tax.

Annual out-of-pocket: Current plan is \$12,700, with the last increase in 2015. Consensus of commission members was to not make any changes as it is low on the priority list and can create a hardship for families.

Tobacco surcharge: Additional costs for smokers is increasingly common, most only use honor system to determine eligibility. Suggestions include giving employees warning period of 6 or 12 months and encouraging taking that period to participate in nicotine cessation program before higher rates take effect, clearly indicating that the City’s objective is to help them be healthier. Employees must be non-users or cessation participants to be eligible for the lower rate. Commission members advised that it must be administered as a reward for non-smokers/nicotine users, rather than a punishment. It was agreed that based on the proven negative health effects of nicotine use, it makes sense that participants that cost the plan more as a result should be asked to contribute more.

Out-of-network: Currently employees pay 35% for out-of-network costs. Members recommend getting a cost report from the TPA , but anticipate that most employees are staying in-network and therefore don't recommend a change as the cost impact would be minor.

Prescriptions: Prescription costs for the City are increasing. Generics are currently at 81-82%, but the goal is to get to 90%. Steve Wilensky will be watching demos for 3 companies that offer services to evaluate efficacy of drugs and case management in an effort to keep costs down. Members agreed that coverage for prescriptions for medications that are available over-the-counter should be eliminated and recommended moving to a 3 or 4-tier plan (generic, brand, preferred, specialty).

It was stressed again that education is key in presenting changes to employees and internal and external information should be presented to support understanding of why changes are necessary and how they compare with current market. Changes must be decided before October to give required 60-days prior notice to employees for plan effective date of January 1, 2018.

Wellness Initiative:

Steve Wilensky announced that the City of Germantown was recognized as a CEO Culture of Health today.

Adjourn

May meeting date TBD. The meeting was adjourned at 6:53 p.m.