Labor Management Benefits Committee Meeting Minutes

September 17, 2024

Zoom Meeting

Compiled by Maria Xiong

LMBC Members Present:

Tom Armstrong – Present
Jamie Doscher – Absent
Blake Dye – Present
Vince Elmore -- Present
Kim Epling – Present
Margaret Evans – Absent
Leslie Goodlow – Absent
David Jackson for Casey Hettman – Present
Claire Houston – Present
Rob Hutchens – Present
Lex Jakusovszky – Absent
Michele Juon – Present
Nick Kreimeier – Present
Isaac Mclennan – Present
Nicole Powell – Present
Robert Martineau for Jenny Scott – Present
Amy Tuttle -- Present
Carolyn Welch – Present
Rachel Whiteside – Present
Ron Zito -- Present

Facilitator:
Meredith Holley

Consulting team:
Jennifer Weddle (AON)
Megan Poppe (AON)

City Staff:
Michelle Taylor
Santos Aguilar
Heather Holz
Maria Xiong

Rachel Whiteside called meeting to order 1:02PM. Meeting minutes for July 16, 2024, and August 20th, 2024, were approved. Rachel transitioned over to Meredith Holley for introductions and agenda items.

1. Welcome and Structure

Meredith Holley began the conversation with the topic of consent: if conversations or questions tread into personal areas you are not comfortable with, you have permission to say that and decline to answer. She then moved to power dynamics: power dynamics and hierarchies (for example, cultural dynamics based on sex, race, age, physical or mental ability, or workplace dynamics like seniority, hierarchy, educational background, and experience) exist in groups, and it is always helpful to identify them explicitly so that we make thoughtful and intentional choices without letting those dynamics take over. The third point was gut-brain connection: to use our full brains, which include the neurons throughout our bodies, we need to be safe and care for our bodies. Take breaks when you need, drink water, eat food, and care for yourself.

Meredith then moved to introductions asking for people to share their name, pronouns, title and first job.

2. Values Discussion

Meredith started off by stating there were many commonalities brought forth in conversations with Labor and Management in the pre-meetings. One common goal was maintaining high quality healthcare plans. Meredith developed a list based off the feedback and presented the values discussion list, expanding the conversation to cover each topic: Quality (may have different meanings), Consistency/Stability, Community bears the burden versus person with higher health needs, Equity related to benefits (e.g. Pay, hours, status), Planned maintenance, Retaining employees and core services, Variety with transparency, Ability to have voice, Options, Buffer time to making decision.

In summary, quality can have various interpretations, emphasizing consistency and stability to ensure predictability for both employees and management. It addresses equity by acknowledging the disparity in costs borne by the community versus individuals with higher health needs, while also relating to other benefits like pay and status. Planned maintenance is important for anticipating needs and facilitating effective management planning. There is a shared focus on employee retention, balancing the pursuit of risky City projects with the need to maintain high benefits and core services. Additionally, offering variety with transparency is essential, allowing individuals to understand their options clearly and providing adequate time for decision-making. Finally, empowering individuals with a voice and options enhances their engagement in the process.

Meredith then shifted to the committee for group discussion to determine if these were correct and if any more should be added. Ron Zito commented that a shared value to highlight is plan design changes and how they can be shared across all populations versus higher utilizers bearing the burden. Issac McLennan commented on the quality component and shared there's an importance of maintaining current level of benefits.

Meredith called out what she feels is the core tension which is wanting high quality health care and maintaining what is already present but the City is facing high increases. Committee members feel there's room in the budget to keep plans intact. Meredith mentioned comments made during the Labor meeting that there's frustration over not having someone from the City's Budget Office representing their perspective and sharing what the increase amount is going into future plan years. Rachel stated not having the number early enough doesn't give the committee time. Meredith asked if there is someone who can represent the budget voice and Michelle T. responded they were working to add them to the October meeting.

The conversation shifted back to committee members and Isaac asked whether the LMBC serves a purpose if the people who control the budget are not at the table. Additionally, Isaac added that the committee reviews potential changes but ultimately the Bureau of Human Resources takes whatever recommendation they want to Council. Carolyn Welch added she considers benefits to be the second most important component of City employment, behind pay. Ron commented that the committee needs to come together, review the plan design, and look at what is needed to fulfill the obligation Council directed of this group. Rob Hutchens commented about the disconnect at the City level trying to fix a bigger budget problem that is not the committee's to fix. Rob added the City has a huge budget and spends plenty of money in other areas. Nick Kreimeier commented maintaining base level benefits is priority. Carolyn Welch stated the City does not provide transparency like the bottom-line cost and lacking budget information makes decision making challenging.

A question was asked if the City negotiates with the insurance company. Michelle Taylor responded yes, the City and Aon (consulting partners) actively negotiate however, Kaiser and MODA are very different. Michelle explained Kaiser is a fully insured plan, so they determine the rate and share it with the City in December. AON does gather data throughout the plan year and with information they track, they use it to leverage the conversations for a fair renewal. MODA is self-insured, so the rate is a combination of administrative fees and claims. Typically, the administrative fee is locked in a determined period and makes up a very small portion of the overall plan costs. The bulk of the self-funded premium is due to participant claims, which are harder to predict and there's no negotiation besides what occurs between Moda and the provider networks. The ultimate goal is to estimate the premium to be the same amount the City is paying out in claims.

Rob Martineau commented that his preference is quality from a values perspective. Rob M. wants information, not time to make decision and prefers a strong focus to reach a consensus instead of having to present information to City Council that diverts the attention. He believes if the information is present and clear, they can make decisions quickly, as seen with the surcharge letter of agreement. Rob M. stated the City's strategy should be to preserve and increase level of benefits, rather than to just be marginally better than the next employer. He'd like to see the focus being on coming up with a consensus recommendation for Council. Rachel expressed interest in exploring other options that have not been discussed.

Meredith asked if there was anyone present who could represent any current negotiations happening between the City and vendor partners. Megan Poppe with Aon Consulting shared that negotiations are ongoing, supported by year-long information gathering focused on services and access. Aon actively collects feedback to leverage their discussion while also reviewing other counterparts for comparison and opportunities, with an emphasis on balancing stability and sustainability. To that effort, Aon explores creative solutions to reduce City and member costs that ultimately improve benefits available to plan participants.

3. Background of LMBC

In response to feedback shared within the Labor meeting with Meredith related to how management representatives are chosen, Michelle T. attached a document titled "LMBC overview and committee selection" in the email communication sent to LMBC on 9/16/2024. Michelle T. stated the group is currently comprised of 20 members, with the potential for more in the future when bargained into new collective bargaining agreements. The committee is currently comprised of 10 labor chosen representatives and 10 management chosen representatives. As the City shifts to service areas, there are currently two service areas underrepresented on this group so any additional committee openings on the management side will prioritize folks from the public safety group and the budget and finance group. The last couple of management representatives have been chosen from the City's Path to Leadership Program. Typically, when someone expresses interest, Michelle T. reaches out directly to share more information on the committee and time commitment. There are expectations with Management that information be shared with their workgroups so there's a shared responsibility to ensure employees are informed.

Michelle T. also created and emailed the committee a document titled "LMBC List of definitions and acronyms." This is designed to be a living, breathing document which is updated along the way. It can also be used as a tool when onboarding new members. Isaac indicated this was a helpful tool and would have been useful from day one. Members were encouraged to email additional items they'd like added to this document.

4. Update

Michelle Taylor started this topic with some historical information stating in the previous year's budget, a 5% increase was projected. For many years, this projection had been sufficient considering lower healthcare cost increases and adequate excess reserves which could be used to buy down the occasional large increase to keep us within the 5%. Currently, costs are exceeding the projected amount so the Bureau of Human Resources has been working with the City Budget Office and Deputy City Administrators to determine what this increase amount will be for the 2025-26 fiscal year. Michelle T. stated she's hoping to have updated figure as soon as possible. A member asked for clarification for the acronym CBO, in which it was explained as the City Budget Office. Michelle T. will add this to the previously referenced document.

Meredith asked some clarifying questions related to the reserve and how it was built up. Meredith also wanted to know if it's only applicable to the CityCore plan. Michelle T. confirmed the reserves are specified to self-funded plans (CityCore). The City is self-funded for our non-Kaiser plans which means the City is responsible for the payment of claims through a third party administrator. Claims history is monitored and reviewed throughout the year. The City sets an actuarial target level which is currently 150% of the Risk Based Capital (RBC) based on the $1.2M stop loss level. The City's practice when amounts are above 175% RBC, excess reserve dollars are utilized to reduce or buy-down to overall premium rate. When the levels fall below the 125% RBC, the City should build back up reserve levels to ensure plans are solvent and able to pay claims. Until a year or two ago, the City was consistently above the 175% RBC, so there was an ability to use reserves to buy down self-funded plan rates. The City is currently at a dangerously low level of around 100% RBC and needs to create a strategy to build reserves back up and there is no longer the ability to use the reserves to buy-down future increases.

Meredith stated there was feedback shared related to whether the City would benefit by connecting with other employer groups or even the State plan to see if there's benefit to joining forces. Michelle T. responded the City is a large employer and we have good purchasing power currently. If joining with other groups, there could be an ability to negotiate lower administrative fees; however, most costs within a self-funded plan come from claims. There could be opportunities for greater effectiveness with the City's existing fully insured plan. Michelle T. commented that many smaller cities and counties band together with CityCounty Insurance Services (CIS) to leverage their collective pool for better purchasing options. Michelle shared it's important to consider how joining other groups impacts our control over plan designs. As shared in previous comparisons of other groups, some employers have chosen the Moda Synergy network which excludes Providence and is narrower than the City's current offering. The details will be key in any decision moving forward.

In response to feedback received during the Labor and Management sessions with Meredith, Michelle T. created a spreadsheet titled "LMBC rate history document" and shared it with the committee in an earlier email. This document was displayed and reviewed during the meeting. The committee discussion shifted to information shared in this document. Claire Houston asked for information on when the shift to Kaiser being more expensive occurred. Michelle T. responded she believes the shift would have occurred within the last five years or so. Paul Cone stated they've heard Kaiser has historically been favored by people who have larger families to insure due to the lower costs for services. Paul also asked if there was a specific enrollment target for the City in which Michelle T. responded we always want a balance which spreads the risk. Michelle T. stated the approximate makeup of enrollment is approximately 65% in self-funded and 35% in the fully insured plan.

Rob Martineau shifted the conversation to the previous plan year and asked what plans and numbers were considered in the overall blended budget cost to get to 8%. Meredith asked a clarifying question to ensure folks new this meant premium cost. In response to Rob M., Michelle T. clarified the Kaiser renewal for 2024-25 came back at 14% and the self-funded plan renewal was approximately 12%. Collectively, the committee was asked to get the overall increase to the City at 8%. The Committee moved forward changes to the self-funded plan valued at 1.5%. Michelle T. mentioned there were two additional one-time, one-year fixes to bridge the gap and preserve benefit levels. The City put forth approximately $1.2M in one time funding, in addition to an employee surcharge of $25 per enrolled employee, per month to bridge the additional gap of $1.8M.

5. Tangible considerations regarding plan options

The conversation shifted to what other creative solutions are out there which could help the City with the historically high increases. One idea thrown out there was the potential for an onsite or near-site clinic. Michelle T. stated the initial expense for onsite service could be high, but there could be savings in the long run. Another consideration thrown out was expanded virtual options. There was additional emphasis on spreading the costs around and Michelle T. reminded members how little co-pay changes impact costs to premium, as discussed during the recommendations for the 2024-25 plan year.

Rob Martineau requests more information be shared on the preventive care initiative and whether these efforts have been successful. Michelle T. responded the City has about 95% participation in employees receiving a qualified exam every two years but would take this away and share more with the committee as soon as possible. Michele Juon emphasized how difficult it is to get into primary care and there's generally not an emphasis on wellness. Claire wondered if having more virtual visits could be more costly in the long run if it delays other care, such as labwork, which could only be done through on onsite visit. Rachel Whiteside asked what data is available around how challenging is it to get into a primary care.

The discussion moved to costs and employee premium share. Michelle T. reminded the group of how premium share splits are generally embedded within collective bargaining agreements and this group wouldn't have the ability to change the existing 95/5% split between City and employee. Rob M. commented he believes members are satisfied with the 5% employee contribution.

Meredith asked the committee what leverage does the City have to mitigate increases. Meredith indicated there is some vagueness on what the problem is, how the problem is framed, and a majority of committee members not accepting the problem the group is facing. Michelle T. stated the LMBC is responsible for reviewing the renewal amount (to be later presented by Aon) and the budget amount (to be shared soon) and will need to provide recommendation to council to bridge the gap. In the meantime, discussions should be occurring related to values even when some numbers are not yet available. Michelle T. reminded folks the employee one-time surcharge was approved as a runway, so the committee had ample time for additional discussions ahead of the needed recommendations for 2025-26. Tom Armstrong wanted to clarify the one-time City contribution and employee surcharge will also need to be made up for 2025-26. Tom believes there could be twice as much of a decrease needed to make up for two years. Michelle T. confirmed the 4% was subsidized as one-time funds and is partially why Aon states our projected increase will be much higher than in previous years.

Nick Kreimeier stated we're facing a structural issue. The committee is trying to address the budget gap by choosing from options A, B, or C under the self-funded plan. In contrast, for Kaiser, the decision was simply a Yes or No. Meredith stated this conversation is a response to how the conversation went last time and it appears many committee members feel they need to be more informed and provided a broad range of options. Michelle T. stated we can start early by better understanding where the committee is open to changes and which topics are less favored. At this point, Michelle T. stated it's clear changes are needed so we're creating additional space for members to provide input in what data is needed and what changes may be tolerable.

Nick suggested City employees get surveyed so they can share feedback on what's important. Michelle T. asked for clarification as to who would be doing this survey work and folks responded it could be a collective effort.

Rachel Whiteside stated she recognizes the challenges with working with Kaiser and how their plan design works. Rachel suggested LMBC come up with a fair plan design recognizing fair out of pocket member costs and see if Kaiser could quote an LMBC created package. Michelle stated this would be discussed with Aon who could have conversations with Kaiser over any parameters. There could be additional discussion in a future meeting. Michelle Taylor emphasized the differences between self-insured plan design versus fully insured plan. Megan Poppe added that due to the City's size, Kaiser can offer more customization options. Currently, the City has a specific customization in place. Because they are insured, they must adhere to state regulations. For instance, last year, Kaiser renewed at 14%. The negotiation was collaborative, but the results did not align with the budget. This information was communicated to leadership to encourage a concession on the renewal and to work together on proposing plan adjustments.

Rachel Whiteside would like to see how the committee's considerations and adopted plan enhancements have yielded savings. Would there be room for an evaluation and report the information back to the committee. Rachel would like to see the analysis per member per month (PMPM) costs based on employee headcount to assess actual savings. It's important to recognize these savings are often influenced by benefit utilization. This analysis could help us identify areas for better education or determine if certain plans should be dropped due to lack of interest from our plan participants.

Meredith began to list out a number of take aways including looking at State plans, figuring out what other plan designs are offered through Kaiser, coordinate with other entities to see if purchasing power increases, evaluate primary care initiative, look at onsite/near-site options, revisiting options presented last year, and surveying the City for thoughts on benefit offerings.

Rob Martineau state the current Primary Care Initiative feels more like a stick than a carrot since not completing changes the premium share to 90/10 versus the 95/5. Rob would like to know what could be done using more of a carrot approach to encourage positive choices.

Michele Juon would like to know more about internal offerings the City could leverage. Programs such as CityStrong, HealthyFoundations, EAP, etc. Isaac indicated the committee is only aware of ideas when brought forth via this committee. Are there other resources such as conferences that could be attended by members.

Claire Houston asked if the new City government structure will impact how decisions are made. Michelle T. indicated the process itself is the same but going into 2025 there will be 13 elected officials to get up to speed. There will be a need for onboarding and education, as we don't know the incoming official's background and familiarity with current City processes. Meredith wanted to clarify LMBC votes on recommendations which move forward to Council. Ultimately Council is the final decision maker. Michelle T. confirmed she's unaware of any changes to the decision making process.

Other Business – None

Public Comment – None

Next Meeting – October 15, 2024. The meeting will begin at 1:00 PM and will be scheduled to go until 4:00 PM. This meeting will be held via Zoom. Details available upon request or via the meeting invite. Meeting was adjourned at 4:00p.m.