

## COUNCIL MINUTES

September 24, 2015

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on September 24, 2015 at 7:31 a.m.

### COUNCIL PRESENT

John Giles  
Alex Finter  
David Luna  
Dave Richins  
Kevin Thompson

### COUNCIL ABSENT

Christopher Glover  
Dennis Kavanaugh

### OFFICERS PRESENT

Christopher Brady  
Jim Smith  
Dee Ann Mickelsen

Mayor Giles excused Vice Mayor Kavanaugh and Councilmember Glover from the entire meeting.

#### 1. Review items on the agenda for the September 28, 2015 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items deleted from the consent agenda: None

#### 2-a. Hear a presentation and discuss an update on the 2016 Employee Benefits Program.

Human Resources Director Gary Manning displayed a PowerPoint presentation (**See Attachment 1**) and provided a short synopsis of certain changes that will occur in the 2016 Employee Benefits Program.

Mr. Manning reviewed a chart of the current benefit plan (See Page 2 of Attachment 1) and stated that all of the primary benefit offerings are funded through a variety of sources. He stated that such contributions are derived from the City, employee and retiree premiums, Arizona State Retirement System subsidies and Trust fund investments.

Mr. Manning reported that with respect to the City's medical plan, employees have not seen an increase in premiums for three years. He noted, however, that for 2016, active medical plan costs are anticipated to increase by 6.4% overall, with the City's contribution expected to rise by approximately \$1.4 million. He said that this will result in a rate increase for City employees. He added that there would be no rate increases for City or retiree contributions.

Mr. Manning highlighted a chart titled "Medical Plan Rates for 2016" (See Page 4 of Attachment 1), which illustrates the proposed contribution increases for the Choice 80% Plan and Copay Plan.

Mr. Manning, in addition, explained that last year, the City contracted with Delta Dental of Arizona to administer dental claims. He stated that employees were encouraged to utilize dentists within the network in order to receive greater discounts than those whose dentists were not members of the system. He indicated that he was happy to report a 90% to 95% utilization of in-network dentists and added that there would be no rate increases for City or employee/retiree contributions.

Mr. Manning further remarked that concerning the Vision Plan, after a competitive bid process this year, the City has elected to stay with its current carrier, VSP. He stated that there would be a slight increase in premiums ranging from \$0.47 to \$1.69 per month, depending upon the plan/tier.

Mr. Manning also reported that with regard to the Short Term Disability Plans, Hartford Life and Accident Insurance Company has been selected as the City's new carrier for 2016. He commented that as a result of the City's competitive bid process, employees who participate in the program will see an estimated 30% reduction in premium costs.

Mr. Manning briefly discussed additional changes to the Employee Benefits Program due to health care compliance requirements. (See Page 6 of Attachment 1) He pointed out that currently, the City has an in-state medical plan for employees who reside in Arizona and an out-of-state medical plan for those employees whose dependents live out of state. He explained that the claims for the two plans are processed by different entities, resulting in the City paying two separate administrative fees.

Mr. Manning stated that in 2016, the claims for the above-referenced dependents would be processed through the out-of-state medical plan. He commented that there would be no service disruptions; the dependents would be allowed to go to the same doctors; and that a different medical card would be issued to those individuals, instructing medical providers to process any claims through Blue Cross Blue Shield.

Mr. Manning provided a short synopsis of the Open Enrollment process and the Health and Wellness Fair for 2015, which will take place on October 13<sup>th</sup>. (See Page 7 of Attachment 1)

Mayor Giles thanked Mr. Manning for the presentation.

2-b. Information pertaining to the current Job Order Contracting projects.

This item was not discussed by the Council.

3. Acknowledge receipt of minutes of various boards and committees.

3-a. Parks and Recreation Advisory Board meeting held on May 13, 2015.

3-b. Transportation Advisory Board meeting held on June 16, 2015.

It was moved by Councilmember Luna, seconded by Councilmember Richins, that receipt of the above-listed minutes be acknowledged.

Councilmember Richins stated that the above-referenced minutes were from meetings that were held several months ago. He asked that the minutes from board and committee meetings be submitted to the Council for acknowledgement in a timely manner.

Mayor Giles called for the vote.

Mayor Giles declared the motion carried unanimously by those voting.

4. Hear reports on meetings and/or conferences attended.

Councilmember Luna: 2015 Fallen Fire Fighter Memorial Event

Councilmember Richins: United Foodbank Tour

Mayor Giles: Paz de Cristo Breakfast

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Monday, September 28, 2015, 5:15 p.m. – Study Session

Monday, September 28, 2015, 5:45 p.m. – Regular Council Meeting

Friday, October 2, 2015, 7:30 a.m. – Vice Mayor Kavanaugh will host “Coffee with the Councilmember” at the Arizona Museum of Natural History

A brief video was played highlighting the Central Main Light Rail Extension.

6. Adjournment.

Without objection, the Study Session adjourned at 7:47 a.m.

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JOHN GILES, MAYOR

ATTEST:

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DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 24<sup>th</sup> day of September, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

pag  
(attachment – 1)

# 2016 EMPLOYEE BENEFITS PROGRAM

CITY COUNCIL PRESENTATION  
September 24, 2015

# Current Benefit Plan Overview

- ❑ **The City provides five main insurance related employee benefits**
  - ❑ Medical – 3 PPO plan designs
  - ❑ Dental – 3 PPO plan designs
  - ❑ Vision – choice of 2 plan designs (fully insured)
  - ❑ Group Basic and Supplemental Term Life/Basic AD&D (fully insured)
  - ❑ Voluntary Short Term Disability (fully insured)
- ❑ **All Benefit programs funded through the Employee Benefit Trust Fund**
  - ❑ Contributions from the City
  - ❑ Employee and retiree premiums
  - ❑ State retirement system subsidies
  - ❑ Trust investment income

# Medical Plan Updates for 2016

## ☐ **Active Medical Plans**

- ☐ Active medical plan costs anticipated to increase approximately 6.4% overall

- ☐ City contribution increase: approximately \$1.4 million

## ☐ **Retiree Medical Plans**

- ☐ No rate increases for City or retiree contributions

# Medical Plan Rates for 2016

## ACTIVE MEDICAL PLAN RATES – MONTHLY

BASIC 50% PLAN	2016		
	City Contribution	EE Contribution	EE Difference vs 2015
Single	\$422	\$0	<b>\$0</b>
Family	\$942	\$0	<b>\$0</b>

CHOICE 80% PLAN	2016		
	City Contribution	EE Contribution	EE Difference vs 2015
Single	\$422	\$106	<b>+\$6</b>
Family	\$942	\$235	<b>+\$13</b>

COPAY PLAN	2016		
	City Contribution	EE Contribution	EE Difference vs 2015
Single	\$422	\$159	<b>+\$22</b>
Family	\$942	\$478	<b>+\$29</b>



## Other Health Plan Updates for 2016

### ❑ Dental Plans

- ❑ No rate increases for City or employee/retiree contributions

### ❑ Vision Plans

- ❑ RFP award to incumbent carrier – VSP
- ❑ Employee/retiree increases: \$0.47 to \$1.69 per month (depending upon plan/tier)

### ❑ Short Term Disability Plans

- ❑ New Carrier! – Hartford Life and Accident Insurance Company

- ❑ Significant rate **reductions** (30%+)

- ❑ *New!* 07- day elimination period (previously 14 days)

# Health Plan Document Change Highlights for 2016

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## ❑ **Health Care Reform (ACA) Compliance**

- ❑ Increased out-of-pocket maximums for medical and prescription drug benefits
- ❑ Additional preventive care at 100% - certain prescription drugs and over-the-counter medications (with Rx)

## ❑ **Cost Containment/Enhancements**

- ❑ Annual visit limitations on certain rehabilitation therapies (up to 90 combined visits)
- ❑ Moving members with out-of-state dependents into Out-of-State Medical Plans' administration

# Open Enrollment/Health & Wellness Fair 2015

## ☐ Open Enrollment (passive)

- ☐ Online eBenMesa October 5 - October 19, 2015

## ☐ Health and Wellness Benefits Fair – October 13 9:30 am to 2:30 pm – Mesa Convention Center

- ☐ Flu Shots – Mesa Fire Department and Health and Wellness Center administered

- ☐ Multiple wellness events, demonstrations and all health plan vendors