

City of Coral Gables City Commission Meeting
Agenda Item H-1
April 8, 2014
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Jim Cason

Vice Mayor William H. Kerdyk, Jr.

Commissioner Pat Keon

Commissioner Vince Lago

Commissioner Frank Quesada

City Staff

City Manager, Patrick Salerno

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Public Speaker(s)

Bob Shafer, Health Insurance Consultant

Roger Serola, Chairman, Insurance Advisory Committee

Agenda Item H-1 [Start: 11:08:35 a.m.]

Resolution authorizing the renewal of the medical insurance plan with Humana as outlined in the presentation to the Insurance Advisory Committee for an additional one-year term, effective July 1, 2014; further authorizing the renewal of the Florida Combined Life dental plan for an additional one-year term, effective July 1, 2014; and the Standard Insurance Company Life/AD&D plan for an additional two-year term, effective July 1, 2014.

Mayor Cason: We are going to move since this is related to one of the earlier ones, H-1 and then we are going to do I-1.

City Attorney Leen: Thank you Mr. Mayor.

Ms. Jaramillo-Velez: H-1 is a resolution authorizing the renewals for the group health, our dental plans. Pretty much what we have is a....

Mayor Cason: Just one second, I forgot. The last one was a resolution, so could I have a motion?
OK – Commissioner Quesada

Commissioner Lago: Second.

Mayor Cason: City Clerk

Vice Mayor Kerdyk: Yes

Commissioner Lago: Yes

Commissioner Quesada: Yes

Commissioner Keon: Yes

Mayor Cason: Yes

(Vote: 5-0 – Agenda Item H-4)

Mayor Cason: Thank you sorry.

Ms. Jaramillo-Velez: Like I was saying, it's a resolution authorizing the renewal of the group health insurance, the dental plans. Pretty much what we have is the group health is increasing 7.03 percent. I know initially Mr. Shafer is here with us, our consultant, the initial ratings were 11.29, we got them to decrease to us to 7.03, which I believe that 4 percent of it includes some affordable health care acts reforms and the other ones don't have any additional costs.

Vice Mayor Kerdyk: Bob and maybe Roger too, Roger is the head of the Insurance, our committee, maybe they can both come up and talk to us a little bit about.

Mr. Bob Shafer: As was mentioned, the initial renewal with the Humana program came in a little over 11 percent and we worked with them as we do every year in trying to bring that number down to something that's workable. You have three programs; you have your gated HMO, your open access and your Point of Service plans, and they are all performing very well. We are still running at kind of higher levels on the larger claims, if you will, and that's something we are working on. Remember when I was here with you last year, our claims were running at over 100 percent, which is not a good situation to be in. The good news is its turning and it's going in the right direction, but we are still at probably mid 90's, which is still got some work to go to. We brought the number down to 7.03 (percent).

Mayor Cason: What was it last year by the way?

Mr. Shafer: Over 9 percent.

Mayor Cason: OK.

Mr. Shafer: But a key component to this year of the 7.03 (percent) 3.16 of that is just health care reform fees. You are going to pay that whether it's Humana or somebody else, they've got to pay it.

Commissioner Lago: So what you're saying is that the real increase is really about 4 percent.

Mr. Shafer: Exactly.

Commissioner Lago: So that's all due to Obama Reform.

Mr. Shafer: If you could carve that out, but you can't because you've got to pay it, but if you carve it out you could see what the medical portion of that is around a little less than 4 percent, which in my world is spectacular. All the plans of health care reform is compliant now have to be in your size category these changes had to be made for plans renewing after January 1st, so we met with the Insurance Advisory Committee. Mr. Serola is the Chairman of that, they affirmed that unanimously. We also have a dental plan out there, the Florida Combined Life; it's a voluntary dental plan that's no increase at all for the next 12 months. The life insurance is through Standard Insurance, there is no increase there, in fact that rate is guaranteed for another two years. So we are in a good position, all of each of these are renewing on July 1st.

Mayor Cason: Commissioner Keon, a year ago I guess....

Commissioner Keon: Yes, I was actually going to ask about that again.

Mayor Cason:...raised an issue of and I wanted to get your input on this, of the wellness programs. From what you've seen on the big cases that have led to 7 percent, is any of that stuff that could have been prevented or if somebody gets cancer or a heart attack? How much from your experience does a wellness program help with the problem we are facing?

Mr. Shafer: It helps it's a long term help. Of the ones we are talking about now, the larger ones, I look at them and 4 of the 5 cancers and so of that situation a wellness situation, a wellness initiative probably wouldn't be as impactful. However, there are many that are underneath that, that you want to kind of stop those, if you will, or get them involved in proper treatments. So wellness would be important in that regard. I'd like to bring that up. I really see this year really

as being a very active year. Health care reform has taken a lot of energy from everybody this last year. You're kind of getting past that now because of the requirements on July 1st, but there's a lot of issues on the table, even things like private exchanges something to look at in that regard. From benefit enrollment, electronic benefit enrollment, things that maybe you have to invest in, but they will end up saving money in the long haul. The wellness program is another situation where you could invest in that and it will save over time.

Commissioner Keon: Yes, it was a year ago, I think that was our first meeting that I asked about this, about this wellness program and we have been talking about it pretty regularly over the last year, but there hasn't been any movement to actually look at this now. I know that Baptist Health Systems through Doctors Hospital has spoken with us about it, we also have the University of Miami also that's very close to us and so the two groups we could talk to about it...

Mayor Cason: Gables Hospital.

Commissioner Keon: Gables Hospital – I know Doctors has a very well established wellness program and a lot of the issues, you talk about heart disease, a lot of that is related to smoking and diet. So although we are not going to say you are going to prevent heart attack, you are going to instill some better health habits that hopefully you may see a reduction in the number of heart attacks, and particularly also in controlling chronic diseases like high blood pressure, I mean like diabetes and those types of things. You can really – wellness programs have a tremendous impact on, so I really I think that it's something that we really seriously need to look at is those established wellness programs that maybe we can talk to the different hospitals within our community and how they can provide us with the best wellness program for our employees that help them on a regular basis. We know if somebody is struggling with high blood pressure, you know having that sort of a regular program where they go in and they can talk to somebody and they are followed or whatever, we know the data tells us that it improves those risks. We know that the better our workforce feels the healthier our workforce is, not only do we help reduce maybe our premiums, but we also reduce the amount of time people are away from work and we increase the productivity of the workforce. So I think there is nothing but good things to come from it, and one of the reasons I had spoken of Baptist is because I know that they are in network as a provider under our insurance. So want to make sure that whatever, whoever we establish a wellness program with is an in network provider for us, OK? So I don't know how we move this forward, do we do it by directing you to please look into one and whatever, I don't know, how do we...?

Mayor Cason: One of the things – we also have to “lead the horse to water”, so it might be worthwhile to have a survey of our employees and see whether they'd be interested in

participating, if they are not then, and then of course there is going to be a cost and we have to look at that as well.

Commissioner Keon: Right.

Ms. Jaramillo-Velez: I know that Humana has some wellness programs, maybe not as detailed as...

Commissioner Keon: That isn't the type of – I've had Humana myself for a long time so I know, but their wellness program consists of an online sort of encouraging you to watch your intake, encouraging you to do whatever. It is not a place-based wellness program, where people are actually followed by a provider or whatever else...

Mr. Shafer: They are starting to expand on that, so that is something we could look at though.

Commissioner Keon: But we also know that the benefit to – the people that are doing these wellness programs are also benefiting from them. I mean there is whatever the hospital is or wherever you place your wellness program with you are directing care and services into that institution, so they benefit from it also. So it's not just the cost to us is usually not that great because the benefit comes on the other side, and most of the benefits are covered through health insurance....

Mr. Shafer: And health care reform is encouraging exactly what you are talking about.

Commissioner Keon: Absolutely – so this is – I mean it is well in our best interest to do this and I would like to make a motion to direct the City to look into wellness programs, I'm not going to tell you who it needs to be with, you will make that decision and come back to us and report and let us make that decision, but I'd like to direct, I'd like the Commission to direct the staff to look into a wellness program, a place-based wellness program, not an online one.

Mayor Cason: Anybody disagree.

Commissioner Lago: I'll second the motion.

Mayor Cason: Commissioner Keon makes the motion, Commissioner Lago seconds it.

City Clerk

Commissioner Lago: Yes

Commissioner Quesada: Yes
Commissioner Keon: Yes
Vice Mayor Kerdyk: Yes
Mayor Cason: Yes
(Vote: 5-0)

Mayor Cason: And also we need a motion on H-1, on this resolution, so.

Commissioner Keon: I'll move it.

Mayor Cason: Commissioner Keon makes the motion, Vice Mayor seconds it.

City Clerk

Commissioner Quesada: Yes
Commissioner Keon: Yes
Vice Mayor Kerdyk: Yes
Commissioner Lago: Yes
Mayor Cason: Yes
(Vote: 5-0)

Mayor Cason: Roger, do you have anything you want to say at all?

Vice Mayor Kerdyk: He's our Chairman for many, many years – Roger....

Commissioner Lago: Thank you Roger.

Mr. Roger Serola: Roger Serola, I've chaired the Insurance Committee for about 10 years. As we have a new Commission, I'd like to just bring you up to date on a couple of items and I'll get out. We were with Aetna for years and years and years, all they did was increase the premiums. Thanks to Bob Shafer and a lot of work by the committee at that time. We interviewed various health insurance companies and over a week, maybe not a week of interviews Humana was selected, and I believe that they've done a lot for the City and I'm not proposing Humana or anybody else, but we have started some type of health care wellness, but the Personnel Department had been very good in getting the people to feel that they are part of the City by in their health care. What I mean is, if the City cares about them, we are not just increasing their premiums. It's important that we have two consultants; Bob Shafer has done a good job in health insurance and Gallagher and Associates has done a great job in the property and casualty. The \$400,000 reduction that we received this year didn't just come about. Yes, the bids were brought

in by Gallagher who is on a paid consultant basis; however there were language problems in the bids and conditions that were caught by our consultant and ironed out before, shortly before this meeting to make the policies that we're accepting what we want them to be. Without having this consultant available, this is something that could be missed. As I reach 10 years and I'm ready to retire myself, it's important that this new Commission understand what these consultants do for you it's not just the pricing factor. I would be afraid...a consultant as we have with Gallagher to pay them on a fee basis without having an independent....I was very disappointed when we had a meeting last week that Mr. Abella did not reveal these contract problems and was brought up by our consultant. So as we go forward, I'd like to again thank them for their work and then try to say that the Insurance Committee is an important committee, it needs to be staffed by people that have a little bit of understanding of the business.

Mayor Cason: Well, we're glad you're there.

Vice Mayor Kerdyk: Thank you very much Roger.

[End: 11:23:03 a.m.]