

CITY OF GILBERT
MINUTES OF CITY COUNCIL WORK SESSION MEETING
TUESDAY, DECEMBER 12, 2017
COUNCIL CHAMBERS

Mayor Milos called the Work Session to order at 5:32 p.m.

Present: Mayor Milos, Councilors Robich and Pontinen.

Absent: Councilor Bol with notice.

Staff Present: City Attorney Joe Leoni and City Clerk/Treasurer Debra Sakrison.

The public audience included Mike Lewis and Travis from Reliable Insurance Agency, AFSCME Representative Amanda Metsa, AFSCME Union Members Terah Trucano-Rinerson, Trudy Salo, Jacob Bradach, James Gunderson, Bruce Halik, Kevin Klander, Sam Lautigar and Tim Shopp.

Councilor Robich stated she was approached by the Chief of Police to look at different health insurance options as a cost saving measure. Mike Lewis and Travis from Reliable Insurance Agency were present to answer questions about the proposed insurance policy.

Metsa questioned, when did the City start seeking new plans? Response, it was approximately July 2017. The insurance proposal was received the end of November 2017. Lewis researched the current plan and sought a comparable plan option.

Metsa, the contract addresses establishing a committee to look into cost saving measures. A committee should be established for this purpose.

Metsa, was anyone in the union contacted to form a committee? Response, no. Metsa, we are in the first year of a three year contract. The contract states we can take re-bids but not seek a new plan.

Metsa asked if this is the City's position that this is a comparable plan? The response was yes.

Metsa, there are changes to aggregate value of the proposed plan.

City increase to VEBA.

Metsa questioned out of network deductibles, how is City going to make up for these changes?

Lewis, for networks in Minnesota 97% of doctors and providers are in network and 100% of hospitals are in network. It's very unlikely on a national level with the network being one of the largest networks that services would be considered out of network. Emergency services are considered in network. The deductible would apply to services out of network. Per Lewis, these are the lowest out of network rates that we have to deal with and this was the most comparable plan to the current plan. Any provider that takes Blue Cross Blue Shield would be in network (the provider would need to be an Aware Network provider to be considered in network). Rare situations would be out of network, it's not impossible to be out of network.

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Metsa questioned the proposal of 50% coinsurance after the \$20,000 deductible is met. The coinsurance is changing from the current plan to the proposed plan.

Response, the current plan is looking at Northeast Service Cooperative (NESC) large group, the plans we are looking at now are considered small group plans, meaning employers with 50 or less employees. The current plan is a large group plan due to being a part of the NESC.

It was questioned if more than one insurance agency was contacted. The response was that Reliable Insurance Agency was the only agency contacted.

Metsa, the premiums are age based. The majority of the cost savings come from premium savings. The premiums increase with age. Per Lewis, he cannot tell what premiums will be in 2, 4 or 6 years. Rates change every quarter. Premium rates are not based on usage. The current insurance policy is not age based. Discussion about rates, how they are calculated based on age including families and children. What has this plan's rate done historically?

Mayor Milos, no one is moving forward with anything right now, this is just discussion. The City can save money but it can't be at an expense to the employees. This is all very preliminary.

Metsa, the Union was informed a decision would be made tonight. She reiterated that the contract can open to re-bid but not negotiate.

Mayor Milos, no one is rushing into a decision. Moving forward, let's discuss options, something that will benefit the City financially and keep employees whole.

Discussion, Sakrison questioned, why were we told the paperwork needed to be completed by December 20, 2017? Robich's response, in order to get the January 1, 2018 renewal the paperwork needs to be completed. It was questioned if there will a decision be made tonight? Robich's response, not necessarily. We are having an informational meeting tonight and this could have gone differently had the City Council been made aware of the renewal at the time the renewal was submitted.

Metsa, reiterated that the contract can open to re-bid the same plan. Clarification made by Metsa, the Union is not interested in discussing changes because we have met already, negotiated on these plans and have agreed to them. Typically, if you re-bid plans you re-bid with as many agencies as possible.

Lewis was given a summary of benefits of the current plan. Lewis looked into different insurance companies and Blue Cross was the best fit as far as trying to keep the benefits the most similar as the current plan and also benefit the City. Small group rates do not change.

Metsa, every bargaining unit in the City was under the impression the City was acting tonight.

Mayor Milos, nothing is going to be rushed, there is no reason to rush. The opposition and fear of change is understood. If a decision was made tonight, all you would need to do is grieve it and it would be tied up anyways. Mayor Milos apologized if it was the understanding this was going to be

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pushed through tonight. The City Council thought they had a great idea and wanted to present it to the Union. We can get a commission together and start meeting to get things figured out. The intent is to benefit the City and keep the employees whole. Keep in mind that Robich was asked to seek insurance options.

Metsa, AFSCME would need to vote to appoint Union Members to an insurance committee.

Metsa, the response was a legal one. The Union felt that the decision was being forced upon them.

Mayor Milos, if the Union felt that this was being forced upon them there needed to be a conversation. Robich spoke with Terah. There is a very real possibility that we would have to lay people off. We will be doing a fiscal audit and find out what we need to do to save money.

Metsa referenced a letter that was sent to the Union stating we meet one of these three times or we cede our right to have any say.

Mayor Milos, the meeting was proposed and the Union was not interested. The City Council still planned to meet, it didn't mean that the City Council was going to make a decision. The Union should appoint an insurance committee. The City Council will do the same starting in January – meetings will be held during the day.

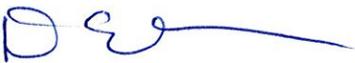
Mayor Milos confirmed the City will not be changing insurance for 2018.

The Work Session closed at 6:10 p.m.



Debra Sakrison, City Clerk

ATTEST:



D. Elizabeth Milos, Mayor