We Are Columbia

COLUMBIA CITY COUNCIL MEETING AGENDA
TUESDAY, AUGUST 7, 2018

The Columbia City Council will conduct a Work Session on Tuesday, August 7, 2018 at 2:00 a.m. in the Mayor's Conference Room at City Hall, 1737 Main Street, 2nd Floor, Columbia, SC 29201.

Prior to entering the meeting please turn all electronic communication devices to the silent, vibrate or off position. All presenters are asked to speak directly into the microphone for recording purposes.

CALL TO ORDER

INVOCATION

CITY COUNCIL DISCUSSION

1. Update from the Central Midlands Regional Transit Authority (The COMET) - Mr. John C. Andoh, CCTM, CPM, Executive Director / CEO

2. Healthcare Update - Ms. Pamela Benjamin, CPM, Chief of Staff / Director of Human Resources

ADJOURNMENT

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MEETING DATE:	**August 7, 2018**
DEPARTMENT:	**City Clerk**
FROM:	***Erika Moore, City Clerk***
SUBJECT:	**Update from the Central Midlands Regional Transit Authority (The COMET) - Mr. John C. Andoh, CCTM, CPM, Executive Director / CEO**
FINANCIAL IMPACT:	
STRATEGIC GOALS:	**Collaborate and partner with entities**

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MEETING DATE:	**August 7, 2018**
DEPARTMENT:	**Human Resources**
FROM:	***Pam Benjamin,***
SUBJECT:	**Healthcare Update - Ms. Pamela Benjamin, CPM, Chief of Staff / Director of Human Resources**
FINANCIAL IMPACT:	
STRATEGIC GOALS:	**Foster a healthy quality of life, Provide high quality municipal services**

ATTACHMENTS:

- State Health Plan Council Presentation 8-7-18 Final (PDF)

City of Columbia
Health Care Update
Work Session
August 7, 2018

We Are Columbia

Why?

* The City of Columbia has had the fortune to be self-insured for health care benefits for over 30 years which, in the past, has proved to be a beneficial strategy to manage health care cost and allowed us the flexibility to offer rich benefits and financial options for employees and retirees.

* Nationally, health care cost has increased significantly. In addition, the changes in health care due to the Affordable Care Act and changes in governmental accounting reporting standards, resulted in the City needing to make some difficult decisions related to providing health care benefits.

* Health care claims were projected to grow to $32 million in FY 18/19 and forecasted to grow 5-15% per year. In addition, the City was facing an OPEB liability of between 2x – 4x higher and by Fiscal Year 2047, the liability was projected to exceed $1 billion. The growing cost of paying health care claims combined with increased liability accounted for the majority of the growth in the City's operating budget annually.

* Based on these factors, the ability to sustain our current health plan without significant reductions in the benefit or eliminations of coverage and potentially both was imminent.

Options

* Options that were explored to maintain our own self-insurance plan included phased in premium increases, plan design changes and an introduction of a spousal surcharge for active employees.

* For retirees, the options considered included a complete change in plans, dropping spousal coverage, changing eligibility and eliminating coverage for some retiree populations. In addition, the option of not providing retiree insurance coverage to future hires was given strong consideration.

* Based on all of the options available and current considerations, becoming a member of the State Health Plan is a viable option that allows the City of Columbia to continue to provide comparable insurance coverage to all eligible active employees, retirees and their dependents.

State Health Plan Considerations

- Similar network and comparable benefits
- Recruiting & Retention Tool
- Potential savings for City Of Columbia
- Continues coverage for all populations
  - active employees/dependents
  - pre-65 retirees/dependents
  - post-65 retirees/dependent
- Cost will be incurred during the transition
- Locked in for 4 years
- Less flexibility to manage plan

- Lose benefit of being self-insured
- Individual participants may see changes in experience
- Less rich benefit
- 2 plans offered – Standard & Savings

What?

* The State Insurance Benefits program offers a variety of coverages to active employees, retirees, survivors and their dependents.
* The plan covers almost 500,000 lives and has a membership 709 entities that includes all state agencies, school districts and many local subdivisions such as municipalities, counties, special purpose districts and other organizations specified in statute.
* Since 1985, the General Assembly has extended voluntary participation in the state insurance benefits program to certain local subdivisions.

Participation Requirements

The local subdivision must offer its eligible individuals the entire package of state insurance benefits and allow individual employees to refuse all or any part of the benefits package. All eligible individuals must have the opportunity to enroll in, and select the level of coverage desired in, any of the coverages provided in the state insurance benefits program, which are listed in the chart below.

Full-time employees	Retirees and survivors[2]	COBRA participants
Health	Health	Health
Dental	Dental	Dental
Dental Plus	Dental Plus	Dental Plus
State Vision Plan	State Vision Plan	State Vision Plan
Basic Life	Vision Care Discount Program[3]	Vision Care Discount Program[3]
Optional Life		MoneyPlus[4]
Dependent Life		
Basic Long Term Disability		
Supplemental Long Term Disability[1]		
MoneyPlus		
Vision Care Discount Program[3]		

[1]Available to active permanent full-time employees
[2]Some benefits are subject to conversion or continuation at retirement.
[3]The Vision Care Discount Program is a discount plan, not insurance coverage, so enrollment is not necessary.
[4]The MoneyPlus Medical Spending Account is available to COBRA participants subject to limitations.

Draft - not for distribution

Attachment: State Health Plan Council Presentation 8-7-18 Final (4505 : Healthcare Update)

How?

* To get started the City of Columbia was required to submit an application for enrollment in the state health insurance program
* Application must be made and approved 120 days before the date coverage takes effect
* Once the decision to participate in the state health insurance plan is approved by council and our application is approved by PEBA, the City will become a part of the State of South Carolina Group Health Benefits plan and related group programs.
* Information will be sent to active, retiree and COBRA participants and the educational process will begin starting in September
* Open Enrollment will occur in October for plan year starting January 1, 2019

Eligibility

An individual may be an eligible employee if:

* A permanent City employee working at least 30 hours per week*

An individual may be eligible for health, dental and vision coverage in retirement if:

* He retires from an employer that participates in the state insurance program;
* He is eligible to retire when he leaves employment; and
* His last five years of employment were served consecutively in a full-time, permanent position with an employer that participates in the state insurance program (current employees who have worked for the City for the last 5 years will meet this requirement).

* Communication will be sent out to all employees and retirees informing them that we are moving to the State Health Plan. With help of PEBA's Field Services Division, we will be conducting meetings for employees and retirees to educate them on the State Health Plan and choices available to them.

* Eligibility will be subject to guidelines

Premiums

* Transitioning to the State Health Plan and no longer maintaining our own self insured insurance plan, will change how we manage the cost of health care and the OPEB liability.

* Active employee premiums are set by PEBA but retiree premiums can be determined by the local subdivision. Local subdivisions have the option to pass all cost for retiree coverage onto the participant.

* The City will be covering the funded rate for pre-65 as we do for funded employees. Allowing pre-65 retiree premiums to be equal to active employees.

* The City will also continue to supplement post -65 as we do currently to reduce the cost incurred by post-65 retirees.

Active Employees

Comparison of Premiums

PEBA/State Health Plan		
	Standard Plan	Savings Plan
Enrollee Only	97.68	9.70
Enrollee/spouse	253.36	77.40
Enrollee/child	143.86	20.48
Full Family	306.56	113.00

City of Columbia*			
	Buy Up	Core	Base
Enrollee Only	132.50	70.00	20.00
Enrollee/spouse	361.00	236.00	101.00
Enrollee/child	230.00	147.00	63.00
Full Family	523.00	357.00	153.00

*Proposed 2019 Premiums

Comparison of Health Plans

PEBA			
	Standard	Savings	
Deductible	$ 445.00	$ 3,600.00	
Coinsurance	20%	20%	
Coinsurance Max	$ 2,540.00	$ 2,400.00	
PCP Copay	$ 12.00	20%	
RX	9/38/63	20%	

City of Columbia			
	Buy Up	Core	Base
Deductible	$ 2,500.00	$ 1,500.00	$ 1,000.00
Coinsurance	30%	20%	20%
Coinsurance Max	$ 7,150.00	$ 6,250.00	$ 4,500.00
PCP Copay	$ 35.00	$ 35.00	$ 35.00
RX	10/40/60/150	10/35/55/135	10/30/50/125

*Proposed 2019 Plan Design Changes

Premiums are estimates and subject to change

Retirees

Retiree - Pre-65 (Proposed)

PEBA/State Plan		
	Standard Plan	Savings Plan
Enrollee Only	97.68	9.70
Enrollee/spouse	253.36	77.40
Enrollee/child	143.86	20.48
Full Family	306.56	113.00

*City of Columbia Retiree premiums were undetermined for 2019 pending Council decision.

Retiree – Post 65 (Proposed)

PEBA/State Plan	
	Medicare Sup
Enrollee Only	207.62
Enrollee/spouse	544.79

City of Columbia*		
Sr. Sup	Rx Plan	Total
82.76	133.62	216.38
203.02	304.74	507.76

*2018 Premiums

Premiums are estimates and subject to change

Next Steps?

* Council vote on joining the State Health Plan during the August 14, 2018 council meeting
* Determine if the City maintain the Wellness Incentive Program
* Close or modify the services provided at the Employee Health Center

QUESTIONS?