

**8/10/16
Special
City Council Meeting**

**Handouts received after
agenda posted**



Employee / Retiree Health Benefits

August 10, 2016

CalPERS

- ▶ April 2001 – Council adopted resolution to join Public Employee’s Medical and Hospital Care Act (PEMHCA) with CalPERS
- ▶ Health insurance coverage available to all active and retired employees through CalPERS

CalPERS Continued

- ▶ Lemoore CalPERS healthcare premiums have increased each year between 5% and 18% (in last 10 years)
- ▶ Administrative fee is \$125 per employee and retiree (approximately \$10,000/annually)
- ▶ Administrative fee will increase to \$128 in 2017



Employee Health Benefits Committee

- ▶ Comprised of representatives from the City's three bargaining units
- ▶ Discussed various medical plans available
- ▶ Discussed terminating CalPERS health benefits based on new 2017 CalPERS rates



Employee Health Benefits Committee

- ▶ Discussed joining the Public Agency Coalition Enterprise (PACE) Joint Powers Authority
- ▶ Committee recommendation to terminate CalPERS Health Benefits Program and join PACE
- ▶ Meetings facilitated by City's health insurance broker
- ▶ Estimated savings of \$35,000/year



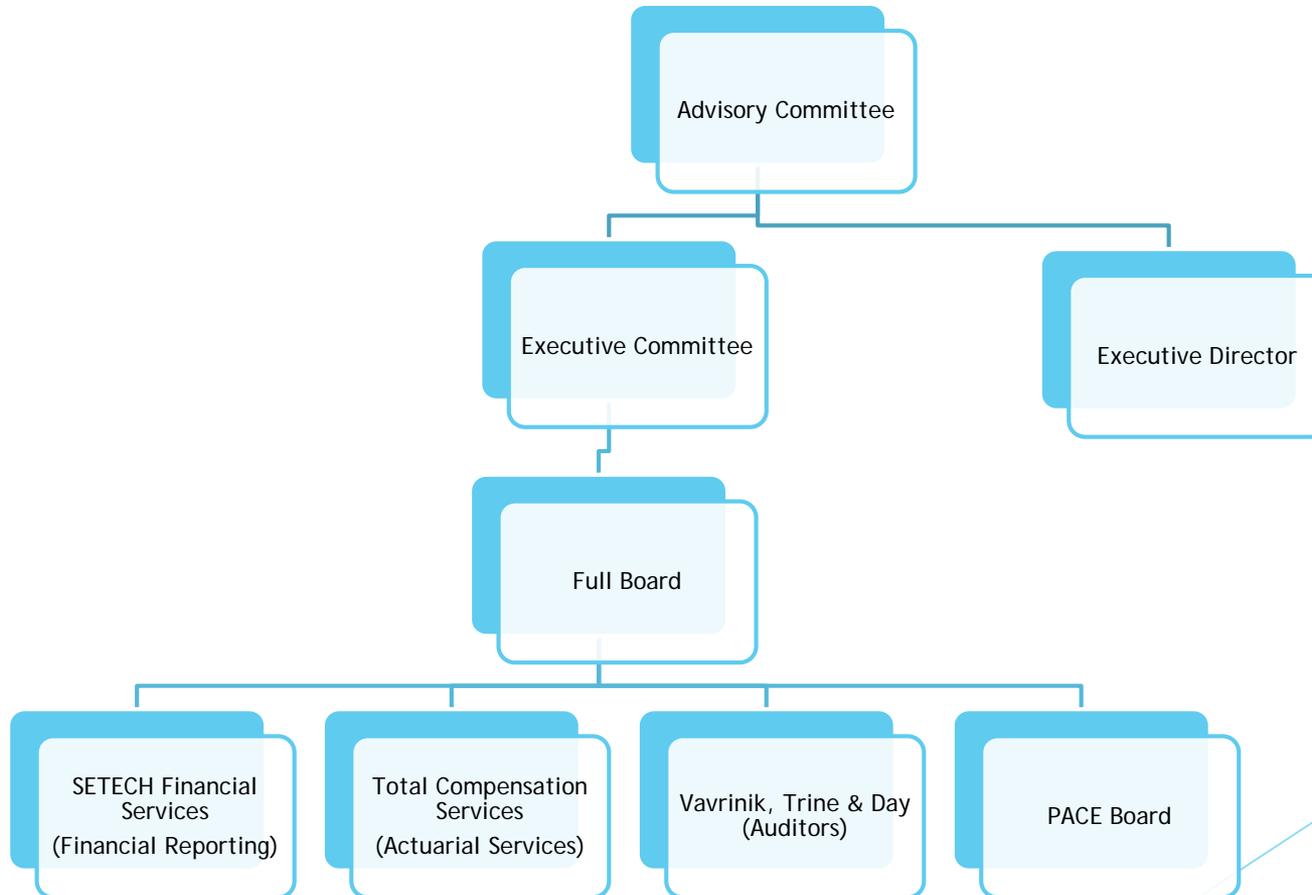
Municipalities, Colleges, Schools Insurance Group (MCSIG)/Public Agency Coalition Enterprise (PACE)

- ▶ Serving California Public Entities since 1982
- ▶ Providing services to 40+ employer groups
- ▶ Representation on the PACE JPA Board
- ▶ Eligibility, billing and on-line open enrollment through BenefitBridge

PACE JPA

- ▶ The Public Agency Coalition Enterprise (PACE) is a Joint Powers Authority, under the MCSIG umbrella. MCSIG was established in 1982.
- ▶ This JPA was created to operate and maintain health benefit programs that will mutually benefit the members using the principals of collectively pooled underwriting, risk sharing shared expenses, health management and cost containment purposes.
- ▶ PACE JPA is for counties, special districts and municipalities.

MCSIG Layers of Protection





PACE/MCSIG Multi-Year Rate Renewal History

Year	PPO	EPO	<u>PersChoice</u>
2010-11	-4.36%		9.41%
2011-12	1.00%		1.91%
2012-13	8.27%		16.19%
2013-14	9.08%	New plan added	-1.34%
2014-16 (18 month)	2.00%	2.00%	2.34%
2016	5.00%	5.00%	21.26%
2017 - illustrative	6.00%	6.00%	2.75%
Average Renewal	3.60% (7.5 years)	3.71% (3.5 years)	7.79% (7 years)



PACE Rates

Rate Comparison - HMO

	Subs	Current	Renewal	Proposed	Proposed
		Blue Shield	Blue Shield	PACE EPO 15	PACE EPO 25
		Rate	Rate	Rate	Rate
Employee	6	\$654.87	\$778.45	\$562.96	\$548.89
Employee + 1	3	\$1,309.74	\$1,556.90	\$1,125.93	\$1,097.77
Employee + Family	4	\$1,702.66	\$2,023.97	\$1,463.71	\$1,427.10
Estimated Total Monthly Premium		\$14,669.08	\$17,437.28	\$12,610.39	\$12,295.05
Estimated Total Annual Premium		\$176,028.96	\$209,247.36	\$151,324.68	\$147,540.60
% Change over Estimated Renewal Monthly			18.87%	-27.68%	-29.49%
\$ Change over Estimated Renewal Annual			\$33,218.40	(\$57,922.68)	(\$61,706.76)

	Subs	Current	Renewal	Proposed	Proposed
		HealthNet SmartCare	HealthNet SmartCare	PACE EPO 15	PACE EPO 25
		Rate	Rate	Rate	Rate
Employee	4	\$596.98	\$537.20	\$562.96	\$548.89
Employee + 1	5	\$1,193.96	\$1,074.40	\$1,125.93	\$1,097.77
Employee + Family	4	\$1,552.15	\$1,396.72	\$1,463.71	\$1,427.10
Estimated Total Monthly Premium		\$14,566.32	\$13,107.68	\$13,736.33	\$13,392.81
Estimated Total Annual Premium		\$174,795.84	\$157,292.16	\$164,835.96	\$160,713.72
% Change over Estimated Renewal Monthly			-10.01%	4.80%	2.18%
\$ Change over Estimated Renewal Annual			(\$17,503.68)	\$7,543.80	\$3,421.56

	Subs	Current	Renewal	Proposed	Proposed
		United Healthcare	United Healthcare	PACE EPO 15	PACE EPO 25
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Employee + 1	8	\$987.98	\$1,099.52	\$1,125.93	\$1,097.77
Employee + Family	13	\$1,284.37	\$1,429.38	\$1,463.71	\$1,427.10
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Estimated Total Annual Premium		\$378,198.12	\$420,896.88	\$431,005.32	\$420,227.04
% Change over Estimated Renewal Monthly			11.29%	2.40%	-0.16%
\$ Change over Estimated Renewal Annual			\$42,698.76	\$10,108.44	(\$669.84)

Rate Comparison - PPO

	Subs	Current	Renewal	Proposed
		PERS Select	PERS Select	PACE 500/30/20
		Rate	Rate	Rate
Employee	0	\$625.20	\$633.46	\$513.60
Employee + 1 Dependent	4	\$1,250.40	\$1,266.92	\$1,027.20
Employee + Family	2	\$1,625.52	\$1,647.00	\$1,335.36
Estimated Total Monthly Premium		\$8,252.64	\$8,361.68	\$6,779.52
Estimated Total Annual Premium		\$99,031.68	\$100,340.16	\$81,354.24
% Change over Estimated Renewal Monthly			1.32%	-18.92%
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Employee + 1 Dependent	3	\$1,367.42	\$1,428.86	\$1,027.20
Employee + Family	0	\$1,777.65	\$1,857.52	\$1,335.36
Estimated Total Monthly Premium		\$4,102.26	\$4,286.58	\$3,081.60
Estimated Total Annual Premium		\$49,227.12	\$51,438.96	\$36,979.20
% Change over Estimated Renewal Monthly			4.49%	-28.11%
\$ Change over Estimated Renewal Annual			\$2,211.84	(\$14,459.76)

	Subs	Current	Renewal	Proposed
		PORAC	PORAC	PACE 500/30/20
		Rate	Rate	Rate
Employee	1	\$699.00	\$699.00	\$513.60
Employee + 1 Dependent	1	\$1,399.00	\$1,467.00	\$1,027.20
Employee + Family	2	\$1,789.00	\$1,876.00	\$1,335.36
Estimated Total Monthly Premium		\$5,676.00	\$5,918.00	\$4,211.52
Estimated Total Annual Premium		\$68,112.00	\$71,016.00	\$50,538.24
% Change over Estimated Renewal Monthly			4.26%	-28.84%
\$ Change over Estimated Renewal Annual			\$71,016.00	(\$20,477.76)



MCSIG JPA - Benefits

- ▶ Plans Available
 - 10+ plan options available (*Employee Benefits Committee recommends 3*)
- ▶ Premium Costs of the Plans
 - Competitive rates including health insurance, premier services, extensive wellness and life insurance
- ▶ Benefits to Employees
- ▶ Benefits to Retirees
 - Early Retirees enjoy the same rates as the actives
 - Medicare Retirees have access to 20+ benefit options
- ▶ Benefits to the City
 - Participation in a stable group with great benefits, while continuing local representation and local control



Embracing Wellness

- ▶ Flu Shot Clinics - onsite
- ▶ Health Assessments - onsite
- ▶ Healthy Lifestyle Program
 - Cash Rewards up to \$500 annually
- ▶ WellSteps - online tracking of wellness
- ▶ WellSuite
- ▶ Local Health classes - 50% to 100% subsidy
- ▶ Chronic Condition graduation bonus \$200
- ▶ Gym Membership Discounts
- ▶ Weight Loss Subsidies

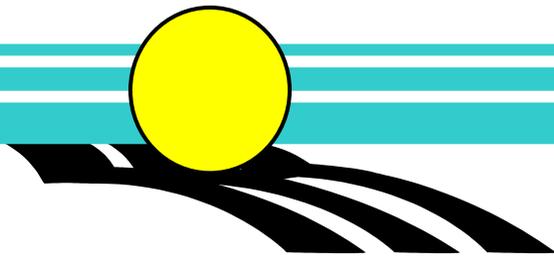


Value Added Services – MCSIG/PACE

- ▶ Bridge Health Surgery Management Program (better than 100% coverage/shared savings rebates \$500-\$4,500)
- ▶ Anthem Programs
 - ▶ 360 ConditionCare - chronic illness management
 - ▶ Nurseline available 24/7
 - ▶ Live Health Online available 24/7
- ▶ TelaDoc Telemedicine - available 24/7
- ▶ CastLight Health - mobile phone/tablet access 24/7
- ▶ COBRA Services - local customer service representatives



Questions?



LEMOORE
CALIFORNIA

LEMOORE CITY COUNCIL
COUNCIL CHAMBER
429 C STREET
August 10, 2016

SPECIAL MEETING AGENDA

Please silence all electronic devices as a courtesy to those in attendance. Thank you.

6:00 pm SPECIAL SESSION

- a. **CALL TO ORDER**
- b. **PLEDGE OF ALLEGIANCE**
- c. **INVOCATION**

PUBLIC COMMENT

This time is reserved for members of the audience to address the City Council on items of interest that are not on the Agenda and are within the subject matter jurisdiction of the Council. It is recommended that speakers limit their comments to 3 minutes each and it is requested that no comments be made during this period on items on the Agenda. Members of the public wishing to address the Council on items on the Agenda should notify the Mayor when that Agenda item is called. The Council is prohibited by law from taking any action on matters discussed that are not on the Agenda, and no adverse conclusions should be drawn if the Council does not respond to public comment at this time. Speakers are asked to please use the microphone, and provide their name. Prior to addressing the Council, any handouts to be provided to City Clerk who will distribute to Council and appropriate staff.

NEW BUSINESS – Section 1

- 1-1 Approval to Terminate CalPERS Health Contract Agreement to Participate in the Public Employee Medical and Hospital Care Act – Resolution 2016-24 (Venegas)**

ADJOURNMENT

PUBLIC NOTIFICATION

I, Mary J. Venegas, City Clerk for the City of Lemoore, declare under penalty of perjury that I posted the above City Council Agenda for the special meeting of August 10, 2016 at City Hall, 119 Fox Street, Lemoore, CA on August 9, 2016.

//s//
Mary J. Venegas
City Clerk

Mayor
Lois Wynne
Mayor Pro Tem
Jeff Chedester
Council Members
Eddie Neal
Ray Madrigal
William Siegel



**Office of the
City Clerk**

119 Fox Street
Lemoore, CA 93245
Phone (559) 924-6700
FAX (559) 924-9003

Staff Report

ITEM 1-1

To: Lemoore City Council
From: Janie Venegas, Human Resources Manager
Date: August 8, 2016 Meeting Date: August 10, 2016
Subject: Approval to Terminate CalPERS Health Contract Agreement to Participate in the Public Employee Medical and Hospital Care Act – Resolution 2016-24

Proposed Motion:

Adopt Resolution 2016-24 declaring intent to terminate participation from the Public Employees' Medical and Hospital Care Act (PEMHCA) effective December 31, 2016.

Subject/Discussion:

In April 2001, the City Council adopted a resolution to provide health insurance coverage under the Public Employees' Medical and Hospital Care Act (PEMHCA) to all active and retired employees through CalPERS Healthcare (Exhibit A). At the same meeting, City Council also adopted a resolution to add coverage for City Elected Officials and establish a fixed employer contribution at an amount equal to or greater than that prescribed in Government Code 228 (B) for health benefits for City Council members under the CalPERS Health Benefits Program (Exhibit B). All employees and elected officials, except for the Police Sergeants bargaining unit, will continue to receive a 70% employer/30% employee) split for health insurance premiums. Sergeants will continue to receive 80% employer/20% employee premium split.

CalPERS Healthcare premiums for employees have increased each year, between 5% to 18% based upon the employee-selected plan. In addition to premium increases (paid by the employer and employee), participating organizations in PEMHCA are subject to an annual administrative fee. Currently, this fee is \$125 per employee and retiree (approximately \$10,000/annually). This fee will increase to \$128 in 2017. The administrative fee is calculated on total active and total retired health premiums each month.

As City staff continue to explore strategies to control health insurance costs, staff is recommending to exit PEMHCA to provide the City with more price stability with healthcare options for its employees and retirees.

Should Council decide to terminate healthcare through CalPERS, the approved resolution must be filed with CalPERS no later than Monday, August 15, 2016 by 5:00 p.m. Once filed, the election to terminate is irrevocable and termination is effective at the end of the

current contract year, ending December 31, 2016. It is CalPERS procedure that the City cannot participate with PEMHCA again within five years of termination.

After exiting CalPers Health, staff will pursue joining the Public Agency Coalition Enterprise (PACE), which is a medical purchasing Joint Powers Authority comprised of other public agencies in California to help with price stability and better cost control and increased employee satisfaction through improved customer service. PACE premiums for employees have increased approximately 3% each year vs the 5-18% premium increase with CalPERS.

PACE plans and premiums will be effective January 1, 2017. For a smoother transition for benefit participants, a benefit and provider comparison will be provided to attempt to limit disruption as much as possible.

Reviewing the City's Health Insurance programs is the first step to conducting a comprehensive insurance review and in looking for cost savings options. Future Council agenda items may include reviewing retiree health care benefits and employer contributions for employees that do not utilize the health insurance benefit.

Financial Consideration(s):

Staff estimates there will be approximately \$35,000 in annual savings, which includes the elimination of the administrative fee and the reduced premiums in the new program.

Alternatives or Pros/Cons:

The major advantage to exiting CalPERS healthcare is that the City has more control over costs and flexibility in benefit offerings for employees, such as access to an employee wellness program.

If an employee retires and opts to continue healthcare through the City, CalPERS deducts the cost of healthcare, less the PEMHCA fees, from the retirement check. The PEMHCA fee is then charged to the City. For example, if the monthly cost of healthcare to an employee is \$500, and the associated PEMHCA fee is \$125, \$375 is deducted from the retirement check and \$125 is charged to the City. This PEMHCA fee cannot be negotiated, reduced, or eliminated.

Pros:

- Not limited to only CalPers Healthcare.
- A wellness component that will include items such as on-site health assessments, gym membership discounts, weight loss subsidies.
- Higher control over rate structure
- Flexibility in plan year and anniversary dates
- Eliminates AB2544 and PEMCHA Section 22892 (c) requirements, which requires a minimum contributing by the City for employee healthcare.
- Ability to separate active and early retiree rates.

Cons:

- Changes a long-standing healthcare partnership.

Committee/Commission/Board Recommendation:

The Employee Health Benefits Committee, comprised of representatives from the City’s three bargaining units (Police Sergeants, Police Officers Association, and General Association of Service Employees Unit) met during several meetings to review the various medical plans available, such as Preferred Provider Plans (PPO), Health Maintenance Organizations (HMO), Exclusive Provider Organizations (EPO), and High Deductible Health Plans (HDHP) with Health Summary Accounts. The possibility of terminating CalPERS health benefits, based on the new 2017 CalPERS rates, as well as the Public Agency Coalition Enterprise (PACE) Joint Powers Authority was discussed in depth.

On August 3, 2016, the Employee Health Benefits Committee made a recommendation to terminate CalPERS Health Benefits Program and join the Public Agency Coalition Enterprise.

These meetings were facilitated by the City’s health insurance broker, Keenan & Associates (recently hired per Council action in June 2016).

Staff Recommendation:

It is recommended that the City Council adopt the resolution with intent to terminate participation from the Public Employees' Medical and Hospital Care Act (PEMHCA) effective December 31, 2016.

Attachments:

- Resolution 2016-24
 - Ordinance
 - Map
 - Other Benefits Comparison
Exhibit A & B
-

Review:

- Finance 08/09/16
- City Attorney 08/09/16
- City Manager 08/09/16
- City Clerk 08/09/16

Date:

RESOLUTION 2016-24

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMOORE
ELECTING TO CEASE TO BE SUBJECT TO THE
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

WHEREAS, Government Code Section 22938 provides that a local agency which has elected to be subject to the Public Employees' Medical and Hospital Care Act ("Act") may cease to be subject by proper application by the local agency; and

WHEREAS, the City of Lemoore, hereinafter referred to as Public Agency, is a contracting agency which previously elected to be subject to the provisions of the Act; and

WHEREAS, the City Council, after negotiation with the relevant representative employee associations, agrees that the City should cease to be subject to the Act; and

WHEREAS, the City Council has carefully considered all of the available facts, circumstances, and options in reaching the decisions described herein.

NOW, THEREFORE, be it resolved by the City Council of the City of Lemoore as follows:

1. Pursuant to Government Code Section 22938, Public Agency hereby elects to cease to be subject to the provisions of the Act effective December 31, 2016.

The foregoing Resolution was approved and adopted at a special meeting of the City Council of the City of Lemoore held on the 10th day of August, by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

APPROVED:

Lois Wynne, Mayor
City of Lemoore

ATTEST:

Mary J. Venegas, City Clerk
City of Lemoore

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EXHIBIT A

RESOLUTION #2001-13

**RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LEMOORE ELECTING TO BE SUBJECT TO
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE
ACT AND FIXING THE EMPLOYER'S CONTRIBUTION
AT AN AMOUNT AT OR GREATER THAN THAT
PRESCRIBED BY SECTION 22825 OF THE GOVERNMENT CODE**

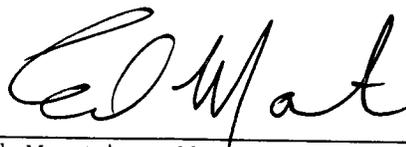
- WHEREAS, (1) Government Code Section 22850 provides the benefits of the Public Employees' Medical and Hospital Care Act to employees of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Section 22825.6 of the Act provides that a local contracting agency shall fix the amount of the employer's contribution; and
- WHEREAS, (3) The City of Lemoore, hereinafter referred to as Public Agency, is a local agency contracting with the Public Employees' Retirement System; and
- WHEREAS, (4) The Public Agency desires to obtain for its employees and annuitants the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; and
- WHEREAS, (5) The City of Lemoore has a standing Health Insurance Committee which represents the interests of employees, and has at least one representative of each employee bargaining unit; and
- WHEREAS, (6) The Health Insurance Committee unanimously supports having the Public Employees' Retirement System serve as the Health Insurance Provider for the Public Agency; now, therefore, be it
- RESOLVED, (a) That the Public Agency elect, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of 16.00 dollars per month plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (c) That the executive body appoint and direct, and it does hereby appoint and direct, the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

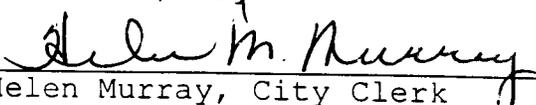
RESOLVED, (d) That coverage under the Act be effective on
May 1, 2001.

Adopted at a regular meeting of the Lemoore City Council at 7:30 p.m. this 3rd day of April 2001.

Signed: _____


Ed Martin, Mayor

Attest: _____

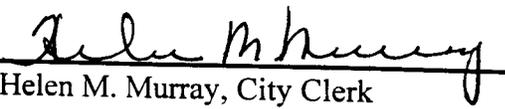

Helen Murray, City Clerk

CERTIFICATE

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss.
CITY OF LEMOORE)

I, Helen M. Murray, City Clerk of the City of Lemoore, do hereby certify that the attached Resolution of the Lemoore City Council was passed and adopted at a Regular Meeting of the City Council held on the 3rd day of April, 2001.

DATED: April 3, 2001


Helen M. Murray, City Clerk

**RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF LEMOORE ELECTING TO BE SUBJECT TO PUBLIC
EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT ONLY WITH
RESPECT TO MEMBERS OF THE LEMOORE CITY COUNCIL AND
FIXING THE EMPLOYER'S CONTRIBUTION AT AN AMOUNT
GREATER THAN OR EQUAL TO THAT PRESCRIBED BY
SECTION 22825 OF THE GOVERNMENT CODE**

- WHEREAS, (1) Government Code Section 22850.3 provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and
- WHEREAS, (2) Government Code Section 22754 (g) defines a Public Agency as a contracting agency, and
- WHEREAS, (3) A City is hereby defined as a self-governed public agency within the State of California, and comprised solely of public employees performing a governmental rather than proprietary function, and
- WHEREAS, (4) The City of Lemoore, hereinafter referred to as Public Agency is an entity meeting the above definition; and
- WHEREAS, (5) The Public Agency desires to obtain for the members of the Lemoore City Council, the same health benefits as provided to those who are active and retired employees of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; and
- WHEREAS, (6) Government Code Section 53208.5 (b) prohibits any member of a legislative body whose service first commences on and after January 1, 1995, from receiving health and welfare benefits greater than the most generous schedule of benefits being received by any category of nonsafety employees; and
- WHEREAS, (7) Government Code Section 53201 (c)(1) provides that a legislative body that provided benefits to former elected members shall not provide benefits to any person first elected to a term of office that begins on or after January 1, 1995, unless the member participate on a self-pay basis or was fully vested prior to January 1, 1995; and

WHEREAS, (8) Government Code Section 53201 (c)(2) prohibits a local agency that did not provide benefits to former elective members of a legislative body before January 1, 1994, from providing benefits after January 1, 1994, unless the members participate on a self-pay basis; now, be it

RESOLVED, (a) That the Public Agency elect, and it does hereby elect, to be subject to the provisions of the Act; and be it further

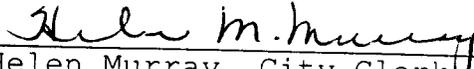
RESOLVED, (b) That the employer's contribution for each active employee or retired employee or survivor shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of 16.00 dollars per month plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (c) That the executive body appoint and direct, and it does hereby appoint and direct, the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Special District all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (d) That coverage under the Act be effective on
May 1, 2001.

Adopted at a regular meeting of the Lemoore City Council at 7:30 p.m. this 3rd day of April 2001.

Signed: 
Ed Martin, Mayor

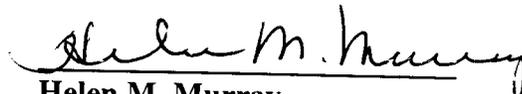
Attest: 
Helen Murray, City Clerk

CERTIFICATE

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss.
CITY OF LEMOORE)

I, HELEN M. MURRAY, City Clerk of the City of Lemoore, do hereby certify the foregoing Resolution was approved at the Regular Meeting of the Lemoore City Council held on the 3rd. day of April, 2001.

DATED: April 4, 2001


Helen M. Murray
City Clerk