

Joint Greenville City Council/Greenville Utilities Commission Meeting

Monday, September 30, 2013

5:00 p.m.

Greenville Utilities Board Room

401 South Greene Street

1. Call Meeting to Order – Mayor Thomas
– Chair Hardy

2. Approval of Agenda – City Council
Approval of Agenda – Greenville Utilities Commission Board of Commissioners

- Public Comment Period

The Public Comment Period is a period reserved for comments by the public. Items that were or are scheduled to be the subject of public hearings conducted at the same meeting or another meeting during the same week shall not be discussed. A total of 30 minutes is allocated with each individual being allowed no more than 3 minutes. Individuals who registered with the City Clerk to speak will speak in the order registered until the allocated 30 minutes expires. If time remains after all persons who registered have spoken, individuals who did not register will have an opportunity to speak until the allocated 30 minutes expires.

3. Joint Committee Recommendation on 2014 Healthcare Benefits



4. Joint Committee Recommendation on Life/Disability Insurance Broker

5. Update on Healthcare Benefits Strategic Plan Development

6. Adjournment – Greenville Utilities Commission Board of Commissioners
Adjournment – City Council

MEMORANDUM

TO: Mayor and City Council
Greenville Utilities Commissioners

FROM: Barbara Lipscomb, City Manager 
Anthony C. Cannon, General Manager/CEO 

DATE: September 25, 2013

SUBJECT: Joint City/GUC Committee for Employee Pay and Benefits
Recommendations for Plan Year 2014

In the spring of 2013, the City of Greenville and GUC approved the suspension of the merit program, the postponement of a market adjustment, and the absorption of any healthcare cost increases for fiscal year 2013-14. The Joint City/GUC Committee for Employee Pay and Benefits has been working to develop recommendations for Plan Year 2014.

Committee members are GUC Commissioners John Minges and Don Mills, Mayor Pro-Tem Rose Glover, and Council Member Max Joyner. Providing staff assistance from GUC are General Manager/CEO Tony Cannon, COO Todd Rouse, Human Resources Director Patrice Alexander, and Benefits Administrator Debbie Jones. Providing staff assistance from the City are City Manager Barbara Lipscomb, Assistant City Manager Chris Padgett, Interim Human Resources Director Leah Futrell, and City Benefits Manager Frank Salvato.

The following recommendations will be considered at the Joint City Council and Greenville Utilities Commission meeting scheduled for Monday, September 30, 2013, at 5:00 p.m. in the Greenville Utilities Board Room.

2014 Healthcare Benefits:

Our strategic goals with our health and dental insurance benefits are as follows:

- Develop a multi-year sustainable plan that will deliver healthcare to our employees and their families which considers cost management, coverage options, funding alternatives, and wellness program components.
- Ensure that we are competitive when compared to similar employers geographically, by sector, and by industry.
- Provide high quality benefits that are affordable for employees and their families by managing costs, containing future increases, and rewarding the healthy behavioral and lifestyle choices that significantly impact these costs.

Although the City of Greenville and GUC health and dental insurance costs will increase by 10.9% and 9.6%, respectively for Plan Year 2014, the Joint City/GUC Committee for Employee Pay and Benefits voted unanimously on August 29, 2013 to implement the following:

- Keep employee contributions flat
- Have no plan design changes that would add additional cost to employees
- Adopt two Prescription Drug Program Options: Step Therapy and a Dispense as Written program. Brochures regarding these prescription drug program options are included in this packet for your review.

Life/Disability Insurance Broker:

In the spring of 2013, staff was directed by the Joint City/GUC Committee for Employee Pay and Benefits to send out a Request for Proposal (RFP) for a broker for our life and disability insurance benefits. The proposal was sent out on July 17, 2013. Of the nineteen (19) RFPs sent out, fourteen (14) were sent to local firms. The response deadline was August 19, 2013 and five (5) responses were received. Included in this packet is a list of the brokers who responded to the RFP.

Staff met on September 5, 2013 to evaluate the responses. Based on staff's evaluation, the recommendation was to designate Pierce Insurance as our broker for life and disability insurance; the new benefits would go into effect January 1, 2014. This designation would be effective following approval of the City Council and the Greenville Utilities Board of Commissioners, on October 1, 2013. Staff's recommendation was based on the following:

- Pierce's experience with public sector large employers. They are the consultant/broker for the NC Retirement System, servicing 250,000+ State of NC retirees;
- They currently provide the dental coverage for the City and GUC pre-65 retirees through the Local Governmental Employees' Retirement System (LGERS);
- The rate quotes provided are lower than our current rates and are guaranteed for three years; and
- They are a local Pitt County firm, located in Farmville, NC. They have been in business since 1955.

Additional information regarding the Pierce Insurance Agency is enclosed for your review.

At its September 23, 2013 meeting, the Joint City/GUC Committee for Employee Pay and Benefits approved staff's recommendation to designate Pierce Insurance as our broker of record for life and disability insurance.

Agenda Item 3

Rates and Contributions

BUDGET RATES (CORE PLAN)	2013	Proposed 2014
EE	\$509.12	\$564.82
EE+SP	\$1,069.16	\$1,186.13
EE+CHILD(REN)	\$1,043.70	\$1,157.89
FAMILY	\$1,526.45	\$1,693.45
BUDGET RATES (ENHANCED PLAN)	2013	Proposed 2014
EE	\$542.84	\$602.23
EE+SP	\$1,139.97	\$1,264.69
EE+CHILD(REN)	\$1,112.81	\$1,234.56
FAMILY	\$1,627.53	\$1,805.59

- Proposed 2014 Rates are based on a 10.9% increase
- Blended Contribution is based on census enrollment in each of the salary bands for each plan
- 2014 employee contributions will remain unchanged from 2013
- With no changes to employee contributions, the 2014 employer cost increases \$1.79M

2013/2014 CONTRIBUTIONS	< \$32,278	\$32,278 - \$46,950	\$46,951 - \$61,623	> \$61,623	RETIREES	BLENDED
CORE						
EE	\$7.02	\$7.02	\$7.02	\$7.02	\$25.46	\$11.63
EE+SP	\$58.28	\$63.97	\$75.70	\$87.42	\$585.50	\$146.05
EE+CHILD(REN)	\$56.90	\$62.45	\$73.90	\$85.34	\$560.04	\$73.05
FAMILY	\$83.21	\$91.33	\$108.08	\$124.81	\$1,042.79	\$103.87
ENHANCED						
EE	\$22.74	\$22.74	\$22.74	\$22.74	\$59.18	\$34.06
EE+SP	\$96.59	\$102.98	\$116.15	\$129.30	\$656.31	\$207.06
EE+CHILD(REN)	\$94.29	\$100.51	\$113.38	\$126.23	\$629.15	\$119.61
FAMILY	\$137.92	\$147.03	\$165.82	\$184.62	\$1,143.87	\$186.17

Cigna Pharmacy Management

STEP THERAPY



What is step therapy?

For many ongoing medical conditions, there are a number of medication choices that are proven to be safe and effective. When a condition can be treated successfully by therapeutically equivalent medications, it makes sense to choose the medications that offer appropriate care at the lowest out-of-pocket cost. Generally speaking, when people spend less money on their medication, they tend to stay on their medication longer, thus increasing the likelihood they will improve their health.

Step therapy, a prior authorization program, encourages the use of cost-effective, therapeutically appropriate medications before other, more costly prescription medication options are considered. Often, the most cost-effective therapeutic option is a generic medication. Generic medications have been certified by the Food and Drug Administration (FDA) to be just as safe and effective as their brand name counterparts. They can offer a considerable economic benefit to you. On average, individuals enrolled in Cigna plans pay about \$20 less out-of-pocket for generic medications, as compared to brand name medications.

Cigna Pharmacy Management offers step therapy for several common ongoing medical conditions:

- High blood pressure
- Cholesterol lowering
- Heartburn/ulcer
- Bladder problems
- Osteoporosis
- Sleep disorders
- Allergy
- Depression
- Skin conditions
- Mental health
- Non-narcotic pain relievers
- ADD/ADHD
- Asthma
- Narcotic pain relievers

Your employer will determine which of these conditions are included in step therapy for your plan.

GO YOU



How does step therapy work?

Step therapy requires that certain prerequisite medications, typically generics or low-cost brands, are used before other more costly medications are covered. When you fill a prescription for a step therapy medication, you and your physician will receive a letter explaining what needs to be done before you go to fill the medication again. This might include trying a lower cost alternative or seeking authorization from Cigna for continued coverage of the original medication. (At any time, your physician can request authorization to continue coverage for a step therapy medication for medical reasons.)

Determining if your medication is included in the program.

Step therapy medications are identified on the *Cigna Prescription Drug List on Cigna websites*. To determine if your medication is included in the step therapy program, go to myCigna.com and/or Cigna.com. Click on the *Cigna Prescription Drug List* and enter the name of your medication(s). An "ST" designation will appear next to your drug if it is included in the step therapy program. You can also use the online prescription drug price quote tool to compare the potential cost-saving opportunities of generics and therapeutic alternatives.



Contact:

For more information, contact your employer's benefit department, or the customer service number on the back of your ID card. We also encourage you to discuss step therapy with your physician.



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GO GENERIC and get a dose of savings.



When it comes to prescription medications, you and your doctor usually have a choice between a brand name drug and its generic equal. Generic medications provide you with the same quality, strength, purity and stability as the brand name – but often cost much less.

When you choose generic medications, you're choosing to save money.

If you decide to buy a brand name medication when the generic is available and appropriate, you may have to pay a higher amount. You pay your brand name copay plus the

difference in cost between the brand name medication and the generic, up to the brand name total cost.

Here's an example:

Susan is deciding between an \$80 brand name medication and its \$35 generic equivalent.

According to her plan, she has a copay of:

- \$10 for a 30-day supply of generic medications
- \$30 for a 30-day supply of brand name medications

Generic

If she chooses the generic, all she pays is her generic copay:

\$10

Brand name

If she chooses the brand name, she pays:

\$75

\$30	brand name copay
+	\$45 brand name cost (\$80) – generic cost (\$35)
=	\$75 TOTAL brand name cost

If you have any questions or need more information, please call the toll-free number on the back of your Cigna ID card. We're here to help.

GO YOU



Offered by: Connecticut General Life Insurance Company or Cigna Health and Life Insurance Company.

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Agenda Item 4

Life and Disability Insurance
Request for Proposal
for
City of Greenville (COG)
Greenville Utilities Commission (GUC)

List of Respondents:

Benefit Source, Inc.
Greenville, S.C. (offices also in Raleigh, N.C. and Greensboro, N.C.)

The Clement Companies
Greenville, N.C

JRW Associates, Inc.
Raleigh, N.C.

Mark III Employee Benefits
Charlotte, N.C.

*Pierce Insurance
Farmville, N.C.

Staff Evaluators:

Chris Padgett, COG
Todd Rouse, GUC
Leah Futrell, COG
Patrice Alexander, GUC
Natasha Ashton, GUC
Frank Salvato, COG
Debbie Jones, GUC

*Staff Recommendation

Executive Summary

Pierce Insurance Agency, Inc.

Established 1955

3747 South Main Street

Farmville, NC 27828

800-421-3142

The Pierce family established Pierce Insurance Agency, Inc., in 1955. Our agency is one of the first agencies to provide products to state government employees in North Carolina on a voluntary basis. Today, Pierce Insurance remains a leader in voluntary benefits and employer paid coverage. We offer innovative products to state employees and private industry and their retirees. Our parents, Lonnie and Wanda Pierce, were instrumental in establishing GS_58-31-60, called Competitive Selection of Payroll Deduction Insurance Products Paid for by State Employees. We believe that an unbiased competitive selection process is in the best interest of all government employees. Pierce Insurance is not tied to any particular insurance carrier; we are an independent broker. Pierce Insurance Agency can provide complete consultant and broker services to City of Greenville and Greenville Utilities.

Pierce has experience in offering all lines of employee benefits and services from employer paid benefits to voluntary benefits including employee surveys and consolidated billing. After assessing existing coverage and identifying the gaps, we focus on providing complete protection and uncompromised value. We maximize our unparalleled experience and expertise to build relationships with a multitude of carriers. These strong relationships give our agency the ability to customize our recommendations to meet the needs of each individual employer and their employees.

Pierce Executive Officers

Pierce Insurance is a family held C- Corporation. Our stockholders are Lonnie T. Pierce, III, CEO; Patricia Pierce Combs, CFO; Vivian Pierce Flynn, Project Manager.

Lonnie T. Pierce, III
CEO
1908 Quail Ridge Rd, #K
Greenville, NC 27858

Patricia Pierce Combs
CFO
4705 Bell Road
Walstonburg, NC 27888

Vivian Pierce Flynn
Project Manager
4304 Heron Pointe Terrace
Moseley, VA 23120

Management Team

Edith Joyner, Office Manager, oversees general management of employees, including all HR functions,

Bob Driver, Sales Director, has more than 30 years of experience in employee benefits. His knowledge of employee benefit plans and enrollment experience make him uniquely qualified to make sure our benefit counselors provide the level of service expected by state and local government agencies.

Terri Jo Ballou, Call Center Manager, has more than 20 years of experience in employee benefits. She manages the call center and acts as the lead customer service advocate monitoring customer service standards of our staff and call center benefit counselors.

Velma Greenlee, Key Account Manager, has been an employee of Pierce Insurance for 10 years. She serves as a field liaison and helps manage the NC Flex ING contract, Department of Insurance, Department of Agriculture and Department of Correction contracts. Her role is to attend meetings, provide support to the Human Resource Staff and to diagnose potential concerns regarding procedures. She provides our staff with the opportunity to pro-act and continually adjust our services as the needs of our client change.

Enrollment Team

We have a team of experienced benefit counselors; all have more than 10 years of experience in working within the Public Sector. Benefit counselors will be assigned to City of Greenville and Greenville Utilities based as a part of the enrollment planning process. See resumes in Section 1 for information on the members of our enrollment team.

Staff

We have a local staff with specialized experience in working with the Public Sector. Our agency is one of the few agencies with a full time staff that is dedicated to providing compassionate customer service to government agencies. We will assign a staff member as the account manager as part of the implementation planning process. See resumes in Section 1 for information on the members of our staff.



Lonnie T. Pierce III
President, CEO

- Education: Bachelor of Arts Degree - East Carolina University
Major - Economics Minor - Business Administration
Certified Enrollment Specialist
- Experience: Pierce Insurance Agency, Inc., Sales Representative
Pierce Insurance Agency, Inc., President, CEO
- Qualifications: 24 years of experience designing and implementing products for large employee groups; 24 years of experience designing proprietary plans exclusively for North Carolina State Government, including the North Carolina Department of Insurance, North Carolina Department of Corrections, North Carolina Retirement Systems, NCFlex and others; 21 years of experience in managing a sales force for enrollments in North Carolina, South Carolina, Virginia, Georgia, West Virginia and Alabama; 12 years of experience in designing payroll deduction programs that have been implemented in over 90 North Carolina public school systems and community colleges; 24 years of experience in negotiating with insurance carriers on behalf of state government employees to provide the most competitive and comprehensive plans available
- Licenses: Life, Health and Long-term Care/Medicare Supplement



Patricia Pierce Combs
Chief Financial Officer

Education: Atlantic Christian College

Experience: Pierce Insurance Agency, Inc.
File Room Clerk Pierce Insurance Agency, 3 years of experience
Disability Specialist & Claim Adjuster, 7 years of experience
Life Specialist & Sales, 4 years of experience.
Pierce Insurance Agency, Inc.
Chief Financial Officer, Vice President, 22 years of experience.
Oversees and direct the corporate finance and administration, asset management, strategic planning and network infrastructure as well as customer service function.

Qualifications: 36 years of experience in working with all areas of business with Pierce Insurance Agency. Exceptional skills in customer advocacy and problem resolution, including leadership to transfer the skill of compassionate customer advocacy to the staff of the agency

Licenses: Life, Health and Long Term Care/Medicare Supplement



Velma Greenlee
Key Account Manager

Education: Stone Academy Business School Graduate

Experience: Pierce Insurance
NC Department of Revenue
Robert S. Weiss & Company Insurance
Washington Mutual Insurance
The Travelers Insurance

Qualifications: 28 years of Employee Benefits and related fields. Velma is the liaison between Pierce Insurance Agency and NCFlex and has been recognized by NCFlex for her outstanding support of their programs. Key Account Manager for many of the large state departments in North Carolina; managed enrollments for NC Department of Agriculture, Department of Commerce, Department of Insurance, Department of Correction and Department of Health and Human Services. Plays a key role with Pierce in their training and advertising

Licenses: Life and Health



Linda Carraway
Life Specialist

Education: Farmville Central High School

Experience: Pierce Insurance Agency, 1979 - Present

Qualifications: 35 years of experience in working with state government employees including enrollment, customer service, billing reconciliation and account management.

Licenses: Life, Health and Long Term Care/Medicare Supplement

Disability Income Insurance Plan		
	Existing Pan	Proposed Carrier
30/30	\$13.20 per \$1,000 Semi- Monthly	\$9.91 per \$1,000 Semi -Monthly
60/60	\$9.30 per \$1,000 Semi- Monthly	\$7.82 per \$1,000 Semi- Monthly
90/90	\$7.05 per \$1,000 Semi- Monthly	\$5.75 per \$1,000 Semi -Monthly

Group Term Life Insurance - Employee	
Existing Plan	Proposed Carrier
\$.205 per \$1,000	\$.170 per \$1,000
Group Term Life Insurance - Dependent	
Existing Plan	Proposed Carrier
\$.64 per Dependent	\$.54 per Family Unit
Accidental Death and Dismemberment	
Existing Plan	Proposed Carrier
\$.015 per \$1,000	\$.020 per 1,000

Additional Term Life Insurance - Employee	
Existing Plan	Proposed Carrier
\$.27 per \$1,000 Monthly	\$.22 per \$1,000 Monthly
Additional Term Life Insurance - Dependent	
Existing Plan	Proposed Carrier
Family \$2.25 Semi- Monthly	Family \$2.00 Semi- Monthly
Spouse only \$1.75 Semi-Monthly	Spouse only \$1.50 Semi-Monthly
Child(ren) \$.50 Semi-Monthly	Child(ren) \$.50 Semi-Monthly

Universal Life Rate Comparison for City of Greenville - Greenville Utilities				
\$ 50,000	Existing Allstate UL20		Proposed Carrier	
	Monthly	Semi- Monthly	Monthly	Semi- Monthly
35	\$ 39.17	\$ 19.59	\$ 27.90	\$ 13.95
45	\$ 62.54	\$ 31.27	\$ 43.42	\$ 21.71
55	\$ 112.25	\$ 56.13	\$ 86.45	\$ 43.23