

Joint City/GUC Pay & Benefits Committee

Tuesday, March 26, 2019
10:00 a.m.

Greenville Utilities Commission Board Room
401 South Greene Street

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – August 9, 2018
- IV. Market Adjustment and Merit Allocation
- V. Salary Structure Adjustment
- VI. Update on Compensation Study
- VII. Next Steps
- VIII. Adjournment

PROPOSED MINUTES
JOINT PAY AND BENEFITS COMMITTEE
Tuesday, August 9, 2018

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) met on Thursday, August 9, 2018, at City Hall, Conference Room 337, in Greenville, N.C.

Committee members present included Council Member Rick Smiley, Mayor Pro-Tem Rose Glover and Commissioners Joel Butler and Toya Jacobs.

Other City officials and staff present included City Manager Ann E. Wall, Assistant City Manager Michael Cowin, Director of Human Resources Leah Futrell, and Human Resources Specialists Kimberly Phelps and Sharon Warner.

Other GUC officials and staff present included General Manager/CEO Tony Cannon, Chief Administrative Officer Chris Padgett, General Counsel Phil Dixon, Director of Human Resources Richie Shreves, Benefits Administrator Leah Herring, Human Resources Manager, Lena Previll, Executive Assistant to the General Manager/CEO Amy Wade, Public Information Officer/Communications Manager Steve Hawley and Secretary to the General Manager/CEO Lou Norris.

Others present included Jason Wong of Mercer Consulting and visitor Raj Jagad.

ITEM 1-CALL TO ORDER

City Manager Ann Wall called the meeting to order at 12:00 noon and a quorum was ascertained.

ITEM II-APPROVAL OF THE AGENDA

Council Member Smiley moved to adopt the agenda. Commissioner Butler seconded the motion, which passed by unanimous vote.

ITEM III-APPROVAL OF MINUTES

Council Member Smiley moved to approve the March 20, 2018 minutes. Commissioner Jacobs seconded the motion, which passed by unanimous vote.

**ITEM IV- MERCER PRESENTATION: COG/GUC 2019 RECOMMENDATIONS FOR
HEALTH/DENTAL INSURANCE AND
DEVELOPMENT OF 2020-2022 STRATEGIC PLAN**

Mr. Jason Wong reviewed three-year strategy goals for 2017 and 2018. The plan design changes in 2018 for the Core and Enhanced plans increased the out of pocket maximum, coinsurance percentage, prescription drugs (specialty, retail and mail order) and emergency room visit co-pays. There was a 12.5% increase in all contributions across the board to meet the 82% cost share. In addition, the retiree buy-up strategy was maintained for 2018 and the dental contributions increased 6.3%.

The status quo projections were reviewed and the actual cost share projection through the end of 2018 is 82.8%. If no changes are made to the plan for 2019, the cost share would increase to 83.5%.

The targeted cost share goal for 2019 is 81% and would require a 14.9% increase to employee contributions. Mr. Wong added that this number seems high and recommends that a 7.5% increase which would produce an 82% cost share. Moving to a Value Prescription Drug List (Value PDL) would generate approximately \$210,000 savings for 2019. Value PDL excludes many readily available over the counter drugs for heartburn/ulcers and allergy medications.

Mr. Wong stated that last year the dental employee contribution was 6.3% and the 2019 employee contributions would need to increase 7.7% in order to maintain the same plans. One of the key cost drivers for 2018 was the use of orthodontia.

Mr. Wong stated that a new three-year strategy is recommended for 2020-2022. Mr. Cannon added that he feels this process has been helpful for the decision makers to work toward a goal and compliance.

Below is the three-year strategy for 2020-2022:

2020 PLAN YEAR

- Continue to evaluate the plans to ensure they are competitive in the market
- Evaluate elimination of the Enhanced plan based on the excise tax
Consider blending the Enhanced and Core plans into 1 Preferred Provider Organization (PPO) plan
- Evaluate other additions or options to address specific cost drivers and better engage members
- Increase employee contributions to achieve long term goal of 80/20% cost share
Will not increase employee contributions more than 10% if the increase to plan costs is below 10%

2021 PLAN YEAR

- Index deductibles and Out of Pocket across all plans offered
- Begin evaluation adjust salary bands (currently 4 bands)
- Evaluate the Health Savings Account (HSA) seeding

Lower employer funding offered and evaluate the HSA first time offering (depending on enrollment)

- Increase employee contributions to achieve long term goal of 80/20% cost share
Will not increase employee contributions more than 10% if the increase to plan costs is below 10%

2022 PLAN YEAR

- Adjust salary bands so that they are more relevant to the current environment
- Review carrier lineup and ensure that all carriers align with current goals
- Add a point solution to address prevalent cost drivers
- Evaluate any care management enhancements new to the carrier or throughout the marketplace
- Increase employee contributions to achieve long term goal of 80/20% cost share
Will not increase employee contributions more than 10% if the increase to plan costs is below 10%

ITEM V-DISCUSSION OF RECOMMENDATIONS FOR THE JOINT BOARD MEETING

Mercer Consultant’s 2019 proposed recommendations to the medical design plan effective January 1, 2019 are:

- Maintain current plan options (HSA, Core, and Enhanced)
- Make proposed medical plan design change by moving to the Cigna Value Prescription Drug List (this recommendation would grandfather individuals with ADHD and Asthma to limit any disruption for the members)
- Increase medical employee contributions by 7.5% to meet 82% cost share target to advance toward the goal of overall cost share of 80% employer paid and 20% employee paid
- Maintain retiree buy-up strategy for retirees based on 2019 rates

The 2019 proposed recommendations for the dental plan effective January 1, 2019 are:

- Continue with the dual dental offerings
- Increase dental employee contributions 7.7% to maintain cost share

In addition to the health and dental insurance plan recommendations, it is recommended to adopt the new three-year strategy plan for plan years 2020-2022.

A motion was made by Commissioner Butler to accept Mercer Consultant’s recommendations for the health and dental plans for 2019 and to adopt the three-year strategy plan for 2020-2022, and recommend approval of same by the GUC Board and City Council. Council Member Smiley seconded the motion, which passed by unanimous vote.

ITEM VI-NEXT STEPS

As no further discussion was needed concerning the proposed 2019 health and dental recommendation or the new three-year strategy, Council Member Smiley moved to cancel the August 28, 2018, Joint Pay and Benefits Committee meeting. Commissioner Butler seconded the motion, which passed by unanimous vote.

ITEM VII-ADJOURNMENT

There being no further discussion, Ms. Wall adjourned the Joint Pay and Benefits Committee meeting at 12:37 p.m.

Respectfully submitted,

Amy Carson Wade
Executive Secretary