

CITY OF BLOOMINGTON
1800 WEST OLD SHAKOPEE ROAD
HENNEPIN COUNTY, MINNESOTA 55431

CITY COUNCIL MEETING

Approved Minutes
Special Meeting
Meeting #29A

6:00 p.m.
October 6, 2003
Council Chamber

- Call to Order Mayor Gene Winstead called the meeting to order at 6:05 p.m.
- Roll Call Present: Mayor Winstead, Councilmembers D. Abrams, S. Elkins, M. Fossum, H. Harden
<arrived at 6:18 p.m.>, S. Peterson, and V. Wilcox.
- Public Comment Period The Public Comment Period is not usually open during study/special meetings.
- Background Presentation for Item 6.1 on October 6 Regular Council Agenda Kent Michaelson, Human Resources Manager, provided Council with background information in anticipation of the agenda items that will be forthcoming in the near future regarding the City's health insurance coverage for 2004 and 2005. His PowerPoint presentation provided the following information:
1. Breakdown of current 2003 Health Partners enrollment (530 employees).
 2. Breakdown of amount paid by City and Employee for medical insurance in 2003.
 3. History of insurance rates. (City is required by law to bid for health insurance every four years.)
 4. Negotiations with Health Partners has resulted in a 30% rate increase for 2004 and a 22% rate increase for 2005. (Health Partners conditioned those rates on the City having only Health Partners as its sole provider of medical insurance.)
 5. Maximum City Contribution for health insurance was \$635 per month in 2003.
 6. Options considered for 2004 and 2005. (Health Partners offer was compared to the Medical plan offered to the LOGIS cities - 12 cities in the Metro Area.)
 7. Third Plan Option being offered in 2004 (Health Partners Choice with a \$30 Copay).
 8. Maximum City Contribution - staff likely to recommend that it be set at \$730 per month.
 9. Proposed employee contribution monthly amounts for the three plans offered in 2004: (Classic, Open Access, and Choice).
 10. Bloomington has good medical insurance coverage options for its employees and retirees that helps keep it a competitive employer in the marketplace.
- Mark Bernhardson, City Manager, explained that as a result of the proposed rates by Health Partners for 2004, the \$400,000 that was being anticipated as a way to help bridge the gap in the 2004 Budget to cover health insurance costs may not be needed in 2004 or 2005. He stated that Council is being asked to approve staff's recommendation that the City continue with Health Partners for the next two years. He stated that he and Michaelson met with Abrams earlier to discuss the possibility of the City going out to shop the health care insurance market now. However, it was stated that if the City were to change carriers, people might inconveniently be displaced with their physicians.
- Peterson commented that the medical insurance portion of the City's expenditures equals approximately 5% of its Enterprise Budget and a 15% increase in rates results in a 1% total budget increase annually for medical insurance. He stated that there is no real incentive for the 68% who have either single or two-person coverage to choose a different plan for 2004.
- Fossum stated that a \$30 copay is too much for families to pay in addition to the proposed increased contribution level, which might result in families not going to the doctor when they need to. He stated that it is unusual for single and two-persons to pay no premium for health care coverage today and suggested that in the future, perhaps consideration should be given to charging them something more in order to lessen the premium for the family.

Presentation continued

Michaelson pointed out that for a family, although the Choice option is less in premium for the employee, there is a \$30 copay, which could add up for a family that has to go to the doctor's office often.

Bernhardson explained that if the underwriting was based strictly on the City's history, the rates would increase 50% but Health Partners is offering a 30% rate increase. In response to a question relating to the trend in demographics of City employees, he explained that as City employees retire, many times they are replaced with 40-50 year old employees, at least in technical and professional jobs. He reported there will be retirements in the Executive Management group in the next 5-10 years but older employees will likely fill those jobs. Younger employees are generally hired in police, public works, and clerical positions.

Michaelson added that two-thirds of the individuals the City insures are not City employees but are dependents, spouses, or early retirees. Retirees do, however, pay their own premiums.

Council concurred with staff's recommendation to approve the two-year agreement with Health Partners to provide the City's medical insurance in 2004 and 2005 postponing formal action on this item to the Regular Council meeting that will follow.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 6:56 p.m.

Barbara Clawson
Council Secretary