1. CALL TO ORDER

Maggie Whelan called the meeting to order at 9:10 a.m.
2. PUBLIC COMMENTS

There were six public comments all relating to concerns about City Health plans and possible upcoming changes to employee Flex medical coverage pursuant to the medical Request for Proposal (RFP).

3. 2014 FLEX MEDICAL RFP BEST AND FINAL OFFER

Alex Basquez reported on the medical RFP Best and Final Offer (BFO) from the top three bidders. Ms. Basquez reported that the three BFOs were from Anthem Blue Cross (Anthem), Blue Shield and Kaiser Permanente (Kaiser). Clay Levister summarized the information. Mr. Levister explained that there is no disruption in staying with Anthem. Mr. Levister also explained that with respect to disruption for Blue Shield, they responded that they will let employees continue to see doctors as though they are in the network at no extra charge, and with no change in the premium rate structure. Mr. Levister reported that there is no issue of disruption regarding Kaiser. Additionally, with respect to default coverage, all three bidders (Anthem, Blue Shield and Kaiser) stated there is no impact to rates.

Tony Royster asked about the main difference with respect to what Anthem and Blue Shield offer. Mr. Levister explained that in 2015 Anthem will apply trend factors and experience and Blue Shield will do the same but there is a rate cap of 9.9% with Blue Shield. Mr. Levister stated that there is no rate cap on the third year but there is a rate cap on the other factors as well.

Cheryl Parisi asked about the wellness program. Mr. Levister stated that Anthem offers a budget of $876,000 in plan year 2014 that will roll over into 2015, noting that their wellness budget was changed from $800,000 to $876,000 in their BFO offer. Mr. Levister stated that the wellness budget for Blue Shield is $900,000 annually in 2014 and 2015 for a total of $1.8 million budgeted for wellness.

Ms. Basquez responded to the Committee’s questions about the criteria that were considered. Ms. Basquez stated that all the necessary criteria were considered and the Ad Hoc Committee reviewed and presented very detailed findings to the JLMBC and the rating factors were presented as well. Mr. Levister added that rate adequacy and retention levels are examples of other criteria used with respect to rating factors and Brian Kakita added that if rating factors were evaluated in terms of pure cost, the rating factors would be completely different.

A motion was made by Maggie Whelan and seconded by Matthew Rudnick to receive and file Mercer and Staff’s findings related to the Medical RFP BFO. The Committee unanimously adopted this motion.

The JLMBC took a break at 10:49 a.m.

4. 2014 FLEX MEDICAL PROVIDER SELECTION

Mr. Santana asked City Attorney Noreen Vincent to comment about the criteria of the scoring of the RFPs, noting that the scoring does not correspond to some of the factors that should have been considered. Ms. Vincent stated that the criteria is
specific as the rating factors were identified and points were awarded based on this that Mercer and Personnel staff rated and presented to the JLMBC. Ms. Vincent stated that the JLMBC can accept the ratings or not and the JLMBC can disagree with how the points were awarded with a different conclusion, so they can elect not to accept the recommendation or they can ask for additional clarification. Mr. Santana noted that the Personnel Department General Manager final recommendation goes to the Mayor.

A motion was made by Miguel Santana and seconded by Paul Bechely to award the 2014 Medical contract to Blue Shield and if no contractual commitment is made by the second year of the contract, the contract can be re-evaluated. The Committee unanimously adopted this motion (Maggie Whelan voted nay).

Ms. Parisi added that the issue of disruption is a great concern and she would like to be kept updated on the contract negotiations with Blue Shield, and requested a commitment from Blue Shield with respect to the highest level of willingness to honor continuity of care.

Ms. Basquez requested clarification regarding the motion and contract negotiations and if it will be on a non-participating basis and Mr. Santana confirmed that it will be on a non-participating basis.

5. 2014 FLEX BENEFITS PLAN DESIGN CONSIDERATION/OPTIONS

Ms. Basquez reported on the change in copays of deductibles which will reduce premium costs in Plan Year 2014 and she also briefed the Committee on staff’s recommendations to change the medical default to the lowest cost HMO plan, a recommendation of network type options, and a recommendation to increase copays of deductibles and other recommendations regarding plan design changes.

A motion was made by Miguel Santana and seconded by Paul Bechely to move forward with a change in the default medical plan to the lowest cost HMO plan and status quo on the remaining issues of the staff report which include: network type options, increase in copays of deductibles and other plan design changes. The Committee unanimously adopted this motion.

6. 2014 FLEX BENEFITS CONTRACTS

Ms. Basquez reported on the contracts and noted that the rate increase with Standard Disability is 20% due to more disability claims by City employees that lead to higher cost. Mr. Levister stated that disability claim incidents are up and this generates less revenue with less pay. Mr. Levister added that the result of this would be higher cost with any company in the market now.

A motion was made by Paul Bechely and seconded by Tony Royster to proceed with staff’s recommendation for contract renewals with Delta Dental (dental), The Standard (life, disability, and accidental death and dismemberment insurance), and Wageworks (Dependent Care Reimbursement Account, Health Care Flexible Spending Account, Transit Subsidy Account
and Parking Subsidy Account) for the 2014 Plan Year and for staff to meet with the selected providers to negotiate contract terms and requirements, and if such negotiations are successful, for staff to prepare and execute these contracts including requesting Council approval for contract extensions beyond three years, as necessary. The Committee unanimously adopted this motion.

7. DISCUSSION OF BENEFITS PROVIDED TO ACTIVE CITY EMPLOYEES

There was nothing new to report.

8. NEXT MEETING DATE

The Committee is not scheduled to meet for the regular meeting on Thursday, July 4, 2013 due to the holiday. Therefore, a special JLMBC meeting has been scheduled on Thursday, July 11, 2013 at 9:00 a.m.

9. ADJOURNMENT

A motion was made by Maggie Whelan and seconded by Paul Bechely to adjourn the meeting. The Committee unanimously adopted this motion and the meeting was adjourned at 1:40 p.m.

Minutes were prepared by staff member Helen Georgeson