

COUNCIL MINUTES

September 8, 2003

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on September 8, 2003 at 4:52 p.m.

COUNCIL PRESENT

Keno Hawker
Rex Griswold
Kyle Jones
Dennis Kavanaugh
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

STAFF PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

Vice Mayor Kavanaugh attended the meeting through the use of teleconferencing equipment.

1. Review items on the agenda for the September 8, 2003 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 7i, 7j (Walters); 11a (Whalen)

Items removed from the consent agenda: 7f

2. Hear a presentation on proposed changes to the City's health insurance benefit programs for 2004.

Councilmember Walters, Chairman of the Employee Benefits Advisory Committee, provided the Council with a brief overview of the months-long process undertaken by staff, the Employee Benefits Task Force and the Employee Benefits Advisory Committee to arrive at the City's proposed 2004 health insurance benefit programs.

Assistant Human Resources Director Donna Salemi and Employee Benefits Administrator Jody Topping addressed the Council relative to this agenda item.

Ms. Salemi reported that in recent weeks, a number of misunderstandings by employees and retirees have arisen with regards to the proposed health insurance benefit programs. She

explained that although the members of the Employee Benefits Task Force were charged with disseminating information regarding the plan to employees in their departments and divisions, some have not been as diligent as others in this regard. Ms. Salemi commented that the purpose of today's presentation is to provide clarification regarding a series of "rumors" that have been disseminated throughout the City organization.

Ms. Topping indicated that the recommended 2004 health insurance benefit plans are in response to an employee survey conducted last year which revealed that the City's contribution toward healthcare is an important benefit to Mesa's employees and also that employees desire greater flexibility in benefit offerings. She explained that the proposed self-insured program will provide the City with the opportunity to more effectively manage its healthcare costs now and for years to come. Ms. Topping added that staff also received feedback from retirees that the Retirement System Subsidy was not reflected in their total premium.

Ms. Topping provided a brief historical overview of the process, beginning in 2001, to self-insure the entire health care program for the City. She indicated that since January of this year, staff has worked with the City's consultant, Segal Company, the Employee Benefits Task Force, the Employee Benefits Advisory Committee and the City Manager's Office to develop plans that have gone through several iterations which ultimately developed into the final recommendation.

Ms. Topping briefly highlighted the "Mesa Choice Health Plan" which includes the following options: Choice PPO Plan; Choice Plus Plan; Basic Choice Plan and Copay Choice Plan. She stated that it is also the recommendation of staff that Blue Cross Blue Shield (BCBS) remain as the City's network. Ms. Topping added that an overlap analysis was conducted which determined that 95% of the PacifiCare providers are in the BCBS network, which will minimize the impact on PacifiCare participants who wish to remain with their current physicians.

Ms. Topping further commented that when an individual receives services from a non-network provider, because of the increased costs related to such services, it is the recommendation of staff that all services rendered by an out-of-network provider, including employees and retirees residing out of state, be applied to the out-of-network benefit plan design. She noted, however, that it is also the recommendation of staff that out-of-area plan members be given an incentive for hospital and related professional services to be paid at the in-network percentage rate appropriate to their selected plan, provided they notify the plan in advance of surgery or hospitalization and the plan is successful in negotiating a discounted rate.

Discussion ensued relative to the three options for dental insurance coverage; the impact of the health insurance benefit plans on employees and retirees, and a comparison of retiree coverage between the City of Mesa and other Valley public sector employers.

In response to a question from Mayor Hawker, City Attorney Debbie Spinner clarified that because all seven Councilmembers participate in the City's health insurance benefit programs, the entire Council has a potential conflict of interest regarding this item. She noted, however, that per statute, once the conflict is acknowledged on the record, the Council can then ask questions, engage in discussion and ultimately vote on the matter.

In response to a question from Mayor Hawker, Ms. Topping advised that although BCBS is a nationwide organization, the City's agreement with the insurance company allows Mesa to enter

into contracts with providers only in the State of Arizona. She further explained that BCBS has instituted a program entitled the Blue Card, which is offered under its fully insured plan, whereby an individual participating in the program has access to BCBS providers throughout the nation. Ms. Topping commented, however, that the Blue Card program is currently unavailable to the City of Mesa.

Mayor Hawker encouraged staff to actively pursue the Blue Card program to benefit City retirees living out of state.

Ms. Topping noted that although staff is willing to pursue Mayor Hawker's request, many insurance carriers that offer retiree coverage do not extend the coverage out of state.

Further discussion ensued relative to the deductible per calendar year for the four healthcare options, and the fact that the estimated annual cost to the City of offering these plans is \$21 million.

Mayor Hawker thanked staff for the presentation and noted that the Council will consider the issue at tonight's Regular Council Meeting.

3. Hear an update on the Southeast Valley Study and the Williams Gateway Area.

Due to time constraints, this item was continued to a future Study Session.

4. Acknowledge receipt of minutes of boards and committees.

a. Judicial Advisory Board meeting held July 16, 2003.

It was moved by Councilmember Whalen, seconded by Councilmember Walters, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

5. Hear reports on meetings and/or conferences attended.

There were no reports on meetings and/or conferences attended.

6. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Thursday, September 11, 2003, 7:30 a.m. – Study Session Cancelled

Thursday, September 18, 2003, 7:30 a.m. – Study Session

Thursday, September 18, 2003 – Council Planning Session (Immediately following Study Session)

Monday, September 22, 2003, 3:00 p.m. – General Development Committee Meeting

Monday, September 22, 2003, TBA – Study Session

Monday, September 22, 2003, 5:45 p.m. – Regular Council Meeting

Thursday, September 25, 2003, 7:30 a.m. – Study Session

7. Prescheduled public opinion appearances.

- a. Hear from Rick Sutton regarding proposed changes to the City's health insurance benefit programs for 2004.

Senior Police ID Technician Rick Sutton addressed the Council and expressed a series of concerns regarding the proposed out-of-pocket deductible and out-of-pocket caps for individuals using out-of-network services. He acknowledged that the proposed health insurance benefit programs for 2004 will provide the necessary flexibility to accommodate Mesa's employees and retirees, but also commented that the cost factors associated with out-of-network services are disproportionate to in-network services.

8. Adjournment.

Without objection, the Study Session adjourned at 5:40 p.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 8th day of September 2003. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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