

CITY COUNCIL WORK SESSION OF OCTOBER 24, 2022

A work session of the Warrensburg City Council was held on October 24, 2022 at 6:01 p.m., at 102B S. Holden and via Zoom, with Mayor Kushner presiding. Mayor Kushner called the meeting to order. Roll was called as follows, Present: Osborne, Bentley, Lund, Uhler, Kushner. Absent: none.

The adoption of the agenda was considered. Lund moved to adopt the agenda. Yes: Osborne, Bentley, Lund, Uhler, Kushner. No: none.

City Manager Dulin said in 2015-2016, the City's goal was to become self-insured to manage the rising costs of healthcare insurance and entered into a cost-plus contract with Blue Cross Blue Shield (BCBS). The BCBS cost-plus contract was a fixed hybrid insurance plan. The plan kicked in over \$65,000 on each employee with the city covering the medical expense up to that amount. The premiums increased in 2020 and 2021 by 20% due to chronic health conditions. The premium increase for 2023 is 27%. In 2020 and 2021, the city authorized a buydown for employees and pledged health fund reserves to buy down the expense. The authorized buydown along with the \$65,000 per employee cost have depleted the \$787,000 in health fund reserves by \$128,550 in 2020, \$254,175 in 2021 and \$108,822 in 2022. The projected health fund reserve balance on December 31, 2022 is \$296,223.

A health insurance analysis revealed that health fund reserves will run out on the current path. The city cannot afford salary raises or market adjustments as increases in health insurance premiums continue to outpace any salary raises or market adjustments. For example, an employee making \$40,000 receives a 5% or \$2,000 salary increase but then receives a \$6,000 cost increase in BCBS health insurance premiums.

The city's current broker, McInnes Group, was asked to shop other insurance carriers for rates but due to the city's experience rating those carriers would not give a quote. Initially BCBS would not give a quote on moving from the hybrid plan to a fully-insured plan. It was recommended the city buy down the 2023 increased premiums by \$375,000 but that amount is not available in reserves.

Dulin referred city council to spreadsheets showing cost comparisons between the cost-plus BCBS plan and a fully-insured Cigna plan offered through Midwest Public Risk (MPR). MPR is a pooled public risk entity. The city would need to apply to join the pool. Dulin noted that Johnson County also has Cigna. The cost-comparison spreadsheets included employee/ employer monthly premium contributions and current plan enrollment with monthly/annual rates through 2024 (with plan descriptions). Dulin pointed out that the cost-plus premium rates are higher to build up reserves after paying the premium expense but increased by 40% for employee coverage and doubled in cost for family coverage. Dulin said that Cigna PPO rate as compared to the BCBS current PPO plan rate was higher but the HDHP premium rate was lower for employee and employee-dependent coverage. Council Member Bentley asked how many employees were on the HDHP and Dulin said enrollment was approximately 50/50 between the HDHP and PPO. Mayor Kushner asked if the plans were comparable and Dulin gave details on several co-insurance and out-of-pocket maximum differences.

Dulin said the fully-insured BCBS plan would be a 27% increase and cost \$500,000 more in premiums over the Cigna HDHP. MPR said that Cigna offered an up-to-7% increase guarantee on rates for eighteen months. The guarantee allows the city to budget for the next two years as opposed to unknown premium increases by BCBS.

City staff made the following recommendations:

- (a) Move to a fully-insured model;
- (b) Join Midwest Public Risk and switch to Cigna;
- (c) Use savings of City as incentive to help transition employees to a high deductible health plan (HDHP) by providing \$2,500 on the front-end in a health savings account (HSA) to meet deductible; and
- (d) Use remaining savings for salary raises/market adjustments.

Council Member Uhler asked how the \$2,500 incentive works. Dulin said the city currently contributes \$1,098 in an HSA for those enrolled in the HDHP and it is divided into a monthly contribution over a twelve-month period. However, if something happened in the first or second month of the benefit year, the balance in the HSA may not be enough to cover deductibles for the employee. Currently, the HSA is administered through Surency Flex and will switch to MPR to manage if approved. Dulin said there is a risk to frontload the \$2,500 incentive on the first paycheck in January if the employee leaves in February as the HSA is owned by the employee and goes with the employee. Council Member Lund said that his business puts in \$25 a week for his employees however if they leave it is not a huge out-of-pocket. Dulin said the HSA contribution can be changed every year but if not frontloaded, Dulin recommended that it be increased from the \$1,098 amount.

Council Member Uhler asked when open enrollment begins and Dulin said in December. Interim HR Director Christenson said MPR is on a July-June fiscal year and will honor deductibles paid January-June on the PPO plan but cannot for the HDHP. MPR instead offered the guaranteed rates at up-to-7%. MPR offered to come in person, virtual and webinar for enrollment. Council Member Uhler asked if the provider network was comparable to BCBS. Christiansen said that the network was similar and had shared it with a few employees and their current providers were in network. Council Member Uhler asked about dental or vision plan rates. Dulin said proposed rates submitted by McInnes Group and MPR of these plans were still being analyzed. Dulin said these were city-paid benefits. Dulin said that MPR's dental rates were slightly higher but included added value of adult orthodontia in addition to child orthodontia. Mayor Kushner asked about short-term and long-term disability rates. Dulin said quotes were provided by McInnes Group but MPR does not provide disability insurance. Instead, MPR offered to provide a quote through American Fidelity. These were city-paid benefits and still being analyzed.

Council Member Bentley asked whether an agreement could be used similarly to an employee education benefit for the \$2,500 incentive. Dulin responded that it was unlikely since it was an HSA account with federal rules. Dulin explained that the \$2,500 incentive can be used to go against the \$3,850 individual deductible on an HDHP. Dulin said council may consider a policy decision every year on the amount and whether to frontload or prorate month-to-month. Dulin said the resolution to join MPR pool is on agenda and, if approved, Dulin would go to MPR's

board meeting on October 26th to present the resolution for membership. Dulin thanked Courtney, Rachel, Marcella and Kathy for health insurance data and analysis work.

Community Development Director Carroll said a developer would like to use a permeable pavement surface on a specific site and was anxious to hear city council's thoughts. Carroll said that a council member was also interested in the product. Carroll was able to draft a zoning ordinance but whether the city wanted to use the product was a policy level decision made by city council and not at the planning and zoning level.

Assistant City Manager/Public Works Director Villegas read the EPA's definition of permeable pavement to begin the discussion. On the permeable pavement lot examples, Villegas said it was difficult to put markings on the pavement and pointed out the use of turtle shells for ADA markings. Villegas also said that drive aisles would have to be impervious to support heavy traffic. Other design considerations included soil compatibility with soil types present on the specific site, pavement cannot be used in areas used for dispensing gasoline or other hazardous liquids, the need for HC symbols on parking stalls, turf-based systems must drain away from pervious surfaces, and an approach from the street to a parking lot must be non-permeable concrete per current city standards.

Villegas said that permeable pavement surfaces could not be repaired by city staff and would require the need to hire a contractor. Additionally, these surfaces would need to be cleaned four times a year and kept free of grass and debris. The debris would close the pores. Villegas read a list of pros and cons on the surface. There was potential for the pavement to be good for the environment, flood mitigation, and erosion control mitigation. Although the limited access to materials was a con. Villegas read the stormwater comparisons.

Council Member Uhler asked if Villegas had experience with the pavement and Villegas said in 2007, his previous city installed it but had not done so since then. Council Member Osborne asked about the track record on the maintenance side and Villegas answered the maintenance included vacuuming and pressure washing the pavement. Council Member Uhler asked if the developer had used the pavement before now. Carroll said the developer was informed by the sales representative that there were other areas that had used it but no names had been submitted yet.

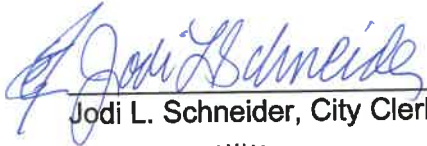
Scott Holmberg, 1226 Dustins Way, Warrensburg, 64093, was present at the meeting and said that he wanted to encourage city council to move in this direction to keep rainwater where it falls. Villegas pointed out that a hydrology study could be performed but the developer did not want to spend any more money before council made a decision. City staff was asked for an opinion. Carroll queried whether the city had folks to install and maintain it. Mayor Kushner said fighting stormwater was a priority but long-term maintenance was difficult with this product. Carroll said in certain applications, the pavement may work like a large unused parking lot for instance but not in heavy traffic areas. Dulin said the pavement may be used on a public project as experimental first to try it but if private then Dulin had maintenance concerns.

As there was no further business, the work session adjourned at 6:59 p.m.



Jim Kushner, Mayor

Attest:



Jodi L. Schneider, City Clerk

