

**Minutes of Meeting
City of Ladue
Insurance Committee
Thursday May 14, 2020 9:00 A.M. (ZOOM)**

A meeting of the Insurance Committee for the City of Ladue was held on Thursday, May 14th, 2020 at 9:00 a.m. via Zoom. The following members were present:

Mr. Steve Hall, Chairman
Mr. Walter Klein, Vice Chairman
Dr. Jonathan Dehner
Mr. Bob Roth
Mr. David Wells

City staff present were Mayor Nancy Spewak, Ms. Laura Rider (City Clerk/Assistant to the Mayor), Mr. Sam Zes (Finance Director) and Shelly Benson (Finance Clerk). Also present were Mr. David Layton of the Crane Agency; Mr. Mike Hanson and Jill Newman from the Daniel and Henry Company; and Ms. Heather Stinnett from Cigna. Councilman John Fox was also present.

The meeting was called to order by Chairman Hall at 9:05 a.m. He made a motion to approve the agenda which was seconded by Mr. Klein and the motion passed unanimously. Chairman Hall made a motion to approve the minutes from the May 14, 2019 meeting which was seconded by Dr. Dehner and the motion passed unanimously.

Public Forum: No comment was offered.

Mr. Layton briefed the committee on the status of the Property, Liability, and Workers Compensation renewals stating he expects about a 9.5% overall increase in premiums. The increase is primarily due to two large claims during the previous year. He also stated MEM is no longer offering Workers Compensation policies for Firefighters, but he is expecting the remaining policy quotes to come in by the next meeting. Chairman Hall asked if the City's Business Interruption policy with Travelers would provide any coverage for loss of tax revenue due to the pandemic. Mr. Layton and Mr. Hanson responded no because Travelers as well as other insurance companies exclude pandemics because losses and claims would bankrupt the industry.

Ms. Newman presented the preliminary 2020-2021 Executive Summary:

- Medical – Cigna's initial proposal requested a 29% increase over current rates. The plan continues to experience an elevated loss ratio due to increased prescription claims. This claim cost will be ongoing and is now an unavoidable factor in the premium costs of the plan. She reminded the committee of the changes implemented during the 2019-2020 renewal: *The City offered one single medical plan option for all employees, increasing the plan deductible and implementing a Health Reimbursement Arrangement (HRA) to help offset the*

increased out-of-pocket expenses for employees. Analysis determined that a single medical plan option with a \$4,000/\$8,000 individual/family deductible and additional cost-sharing options would be the best option for the City and employees. The HRA covered \$2,500/\$5,000 of the deductible and \$500 of coinsurance. This option increased the total health insurance premiums for the plan by 5.6%, and with the addition of the HRA expenses, the total plan costs were 13-15% higher than the previous year, as opposed to the initial 30% increase. This plan also covered those retirees who are currently on the City plan who are under 65. Given the 29% increase from Cigna, Ms. Newman felt it might be beneficial to go to market with individual health histories. Ms. Benson was able to contact all covered individuals and assist them in completing ten-year health histories. With this information, Ms. Newman requested quotes from 3 major carriers who upon review, declined to quote. Mr. Hanson and Ms. Newman are now recommending the City consider further plan design changes and possibly increasing the deductibles and HRA reimbursable amounts. They will have several policy options and costs at the next meeting.

- Dental – Cigna offered a renewal of the City’s dental policy at a 7.5% increase; however, several competitive quotes are expected prior to the next meeting.
- Vision – VSP offered a rate hold for one more year.
- Life/Disability – Mutual of Omaha offered a rate hold for the next two years.

Ms. Benson gave a brief update to the committee regarding employee utilization of ASI-Flex (Flexible Spending Account) and Medcom (Health Reimbursement Arrangement). She reported administration of the FSA plan has been efficient with no problems to report as well as 41% employee participation and almost \$70,000 in non-taxable funds used for medical services by the employees. She stated administration of the HRA plan has been challenging due to the City’s mid-year enrollment and deductible changes. This plan has required constant attention and communications as well as individual meetings with employees in order to facilitate accurate processing. Ms. Benson and Ms. Newman agree, this upcoming year should be better. The annual costs of the medical insurance plus the reimbursements filed by the employees came out to be a 15% increase, which was within the projection given by Mr. Hanson during the 2019-2020 renewal process.

Mr. Klein made a motion to adjourn the meeting, which was seconded by Mr. Roth and the motion passed unanimously.

The meeting ended at 10:00 p.m.

Mr. Steve Hall
Chairman