

**Minutes of Meeting  
City of Ladue Insurance Committee  
April 30<sup>th</sup>, 2019 9:00 a.m.**

A meeting of the Insurance Committee for the City of Ladue was held on Tuesday April 30<sup>th</sup>, 2019 at 9:00 a.m. at Ladue City Hall. The following members were present:

Mr. Steve Hall, Chairman  
Mr. Walter Klein, Vice Chairman  
Martin Kerckhoff  
Mr. Bob Roth  
Mr. David Wells

City staff present were Mayor Nancy Spewak, Ms. Laura Rider (City Clerk and Asst. to the Mayor), Mr. Sam Zes (Finance Director), and Shelly Benson (Finance Clerk). Also present were Council Members John Fox and Stacy Kamps; Committee Advisor Dr. Jonathan Dehner; Mr. David Layton of the Crane Agency; Mr. Mike Hanson from the Daniel and Henry Company; and Ms. Heather Stinnett from Cigna.

The meeting was called to order by Chairman Hall at 9:00 a.m. He asked for a motion to approve the agenda. Mr. Klein made the motion which was seconded by Mr. Roth and the motion passed unanimously. Chairman Hall asked for a motion to approve the minutes from the February 12<sup>th</sup>, 2019 meeting. Mr. Wells made the motion which was seconded by Mr. Klein and the motion passed unanimously.

Public Forum: No comment was offered

Mr. Layton briefed the committee on the status of the Property, Liability, and Workmen's Comp renewals stating he expected about a 6% overall increase in premiums primarily due to increased asset values. However, the actual renewal numbers will not be ready for approximately three weeks.

Ms. Stinnett updated the committee on Premiums vs. Claims Incurred numbers for the period July 2018 – December 2018, stating the cost trends remain unchanged. She also discussed increasing employee engagement to facilitate a better understanding of the benefits and tools provided by Cigna.

Mr. Hanson presented his 2019-2020 Executive Summary:

- Medical – Cigna's initial proposal requested a 30% 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. Daniel and Henry recommends considering plan design changes, such as increasing deductibles, out-of-pocket maximums, co-insurance, or co-pays to reduce the cost of premiums for all employees. They also recommend the city consider implementing a Health

Reimbursement Arrangement (HRA) to help offset the increased out-of-pocket expenses for employees that have higher claims expenses. Mr. Hanson stated they also recommend the City consider moving to one single medical plan option for all employees which will eliminate the “adverse selection” of employees choosing the best plan option for a small difference in premium and will lower the overall premiums for the City.

- Dental – Cigna administers the plan and is under a 2-year rate guarantee until July 1<sup>st</sup>, 2020.
- Vision – VSP initially offered a renewal increase of 3% for two years. Daniel and Henry negotiated a renewal option to retain the current rates with a 2 year rate extension until 2021, or accept the 3% increase with a 4-year rate guarantee until 2023.
- Life and Disability Insurance – The Life and LTD insurance policies were renewed at lower rates in 2018 and are under guarantee until July 1, 2020 with Mutual of Omaha.
- Voluntary Benefits – Short Term Disability was renewed by Mutual of Omaha with no increase in the current rates for the 2019-2020 plan year. Accident and Critical Illness insurance policies with Mutual of Omaha were introduced last year and those rates are also guaranteed until 2020.

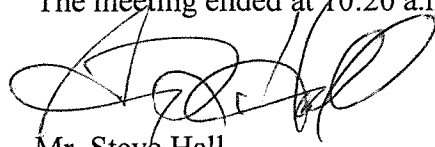
Mr. Klein asked Mr. Hanson if he could report to the committee the City’s possible exposure in HRA expenses based on previous years. Mr. Hanson stated he would have those figures by the next meeting. He also said typical exposure is usually between 20-30%.

Chairman Hall asked for a motion to approve the VSP renewal option to retain the current rates with a 2 year rate extension until 2021. Mr. Kerckhoff made the motion which was seconded by Mr. Wells and the motion passed unanimously.

The next two meeting dates were set for Tuesday May 14<sup>th</sup>, 2019 at 1:00 p.m. and Wednesday June 12<sup>th</sup>, 2019 at 9:00 a.m.

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

The meeting ended at 10:20 a.m.



Mr. Steve Hall  
Chairman