Riviera Beach City Council Budget Workshop

Tuesday, August 11, 2020

APPEARANCES (via remote technology):

Chair Julia A. Botel

Vice Chair Douglas A. Lawson

Councilperson Shirley D. Lanier

Councilperson Tradrick McCoy

Councilperson KaShamba Miller-Anderson

Mayor Ronnie Felder

City Attorney Dawn Wynn

City Manager Jonathan Evans

City Clerk Claudene Anthony

Assistant to the City Manager, Marsha Noel

Digital recording transcribed by Claudia Price Witters, RPR

THE CLERK: Mayor Felder.

MAYOR FELDER: Here.

THE CLERK: Chairperson Julia Botel.

CHAIR BOTEL: Here.

THE CLERK: Chair Pro Tem Douglas Lawson.

VICE CHAIR LAWSON: Here.

THE CLERK: Councilperson Tradrick McCoy.

COUNCILPERSON McCOY: Here.

THE CLERK: Councilperson KaShamba Miller-Anderson.

(Absent).

THE CLERK: Councilperson Shirley Lanier.

(Absent).

THE CLERK: City Manager Jonathan Evans.

CITY MANAGER EVANS: Present.

THE CLERK: City Clerk Claudene Anthony is present.

City Attorney Dawn Wynn.

CITY ATTORNEY WYNN: Here.

THE CLERK: Thank you, Madam Chair.

CHAIR BOTEL: Thank you. We'll have a moment of silence, followed by -- led by Mayor Felder, followed by the Pledge of Allegiance.

(Moment of silence. Pledge recited.)

CHAIR BOTEL: Thank you. Mr. Evans.

CITY MANAGER EVANS: Madam Chair --

THE CLERK: Excuse me. Let the record reflect that Councilperson Lanier is present.

CHAIR BOTEL: Thank you. And Councilperson KaShamba Miller-Anderson is present. Thank you.

THE CLERK: Thank you, Madam Chair.

CHAIR BOTEL: Mr. Evans.

CITY MANAGER EVANS: Madam Chair and Members of the City Council. Obviously, we have begun the budget process. And one of the large components that is routinely discussed at this part of the budget process is the health insurance renewals. And so City staff has been working diligently with our partners at the Gehring Group to get us to a point where we think we have offer -- or we will be offering a good benefits plan to our employees and reducing the overall costs.

You'll hear in the presentations from representatives from the Gehring Group the challenges that our plan and our work population has with regards to claims to premium ratio. A lot of the challenges we have are associated with thirteen high dollar claims that traditionally we only carry about four; and the other side of it is more modifiable health behaviors. We have to get healthier as a workforce. We have to really do things to promote wellness and eating right and things that we can do to not utilize or over utilize the plan.

And so at this time I'm going to turn the presentation over to Christian Bergstrom from the Gehring Group to make his presentation, and then he can also introduce representatives from his team.

We have Mr. Stephen Gude, who is our benefits administrator, to answer any questions as it relates to how the benefit system would work for our employees if the proposed changes are accepted.

And I'm going to turn the presentation over to Christian.

MR. BERGSTROM: All right. Thank you, Mr. Evans. Good evening, Mayor, Council Members.

I am joined also today on this call with Kurt Gehring, our President and CEO of the Gehring Group, as well as Shauna Whittingham, Employee Benefits Consultant.

This evening we wanted to discuss with you the renewal for this upcoming year.

Trying to get my screen to flip.

It says I have control, Mr. Evans, but it's not flipping.

So we're going to talk about the medical claims experience, what has transpired since last year; and then, obviously, the considerations for the upcoming fiscal year; as well as the renewal with Aetna; and then also some plan design tweaks that we're considering.

Also on the call, I believe, are some representatives from Aetna, so if you have any specific questions regarding what we've presented today, they can answer any of those questions for you.

Let's see if we can go to the next slide.

All right. So your medical claims experience. We have historically here three years, and plus the last twelve months in claims data that's most recently available.

We have the premium pay, and then the claims that have been paid; and then we have your loss ratio. So you'll see that the loss ratio has been consistently going up, 88 percent in '16-'17; 97 percent, '17-'18; and then the last year, you ended the '19 fiscal year with a 108 percent loss ratio, meaning your claims exceeded the premium paid by over 8 percent. And then historically now looking at the 12 months that are the most recent, you are still running at a 108 percent loss ratio.

When we break it down to your claims per employee per year, you'll see that consistently over the last three periods the claims increase has exceeded the premium increase. So in '17 and '18 you had a 3 percent premium increase. However, the claims increased 11 percent. Then for the '18-'19 plan year there was a 4.99 percent premium increase. However, claims increased 15.6. And then now in this last 12-month period -- and the claims have slowed down slightly. 8.6 percent is the increase in the last 12 months, with a premium increase of 6.7 percent.

CHAIR BOTEL: Excuse me. I just want to say, if someone has their mic on and they're not speaking could you please mute yourself. We're hearing some noise in the background. Thank you.

COUNCILPERSON MILLER-ANDERSON: Madam Chair, there's a caller, NR. I don't know if that's the person or not. Doesn't look like they're muted. They're not on camera.

CHAIR BOTEL: Okay. Thank you. Please mute yourself NR.

MR. BERGSTROM: And then we'll go over some utilization data here to show where the claims are being impacted by, for the next screen.

So what has transpired in this last 12 months is, we've had a significant shift really from where we were last year in terms of the cost trends. So what is the driving trend now is medical pharmacy. And so that is going to be the specialty medications that are filled through the medical plan, not at a retail pharmacy. So these are going to be some injectables. These are infusions that you would be receiving from a doctor for primarily cancer treatment, different types of psoriasis, rheumatoid arthritis. So these are going to be filled through the doctor's office for severe conditions. So the cost has substantially increased over 150 percent.

Your inpatient spend has increased 26 percent. Followed by your specialist office visits, 5 percent. And then everything else is relatively flat or a reduction.

So, again, a majority of this cost is high dollar claims through medical pharmacy and inpatient stays.

And the next screen. And right here, this points to us the top conditions and why that medical pharmacy is so high. Also, with the advent of some of these specialty cancer medications that are out there, they're being used to treat those that are insured under your health plan. So we had a 1780 percent increase in the amount of cancers that were diagnosed and are now being treated under the plan.

We had a 388 percent increase in nervous system claims. Followed by infectious diseases by parasitic means, not necessarily viral, so 337 percent. We did have an uptick in premature births, so 147 percent increase there. And followed by 58 percent increase in respiratory diseases such as asthma.

And then pretty much cutting down, it dwindles down to musculoskeletal disorders and then followed by ear, nose and throat.

What I find very encouraging is the reduction of circulatory and kidney disease claims within this population; so this is good news here on this front.

Next slide, please. So -- and looking at the utilization patterns and cost sharing, if we look at the left pie chart there, the blue is what the employer plan paid portion is. So in the prior year the plan paid 92 percent of all costs. So the rest is made up of deductibles, co-pays and co-insurance.

So for this past 12-month period, keeping in mind that you introduced the high deductible health plan for October 1st, we now are starting to see a cost shift. So now the plan is down to 89 percent. And we see there that there has been an increase in the amount of deductibles and co-insurance that is being paid; so more cost share is being passed along to the employees through that high deductible health plan that was introduced October 1st of 2019.

Then we also -- I'm sorry. Back to the previous slide. We like to look at what is paid per member with or without a catastrophic claim. And a catastrophic claim is any claim that's over $50,000. So if we look at all claimants, the actual cost is around 20 -- for inpatient stay is around $2197. That is for all claimants. But then when we net out your catastrophic, $481. So we can tell just by looking at this chart that the drivers are the catastrophic claimants, not the day-to-day users within the health plan.

All right. Thank you.

Then taking into account your pharmacy

utilization trends, there was a 46 percent increase in the pharmacy amount paid per member per year. So that increased from $1479 to 2,154. And then the average co-pay and paid per claim did increase 52 percent, from $142 to $216 per claim.

Then you'll see the cost differentials there on the right-hand side of the screen between generic single source brand and multi-source brand. And the major discrepancies when you have a single source, in terms of there's no competition, they can charge pretty much whatever they feel is in their best interest as a pharmaceutical manufacturer.

So for this year, although you had a 32 percent increase in the cost of your generic medications, it's just $58 per script, while the single source brand went up $1478 or 58 percent. And then your single source medications went up 147 percent.

All right. So, when we began early in the spring and we were looking at your claims experience and reviewing the large claims data, we would be expecting that an initial offer similar to last year with Aetna would be in the plus 30 percent range. If you wanted to be extremely aggressive, we would estimate that an expected increase could be at around 25 percent.

However, initially Aetna came extremely aggressive to the table, knowing that the City could not bear an increase in the 25 or 30 percent range, nor could the employees absorb that either. So Aetna did come to the table with an initial negotiated release offer of 19 percent, with no plan changes. So that is approximately a 1.13 million dollar increase to the City's budget.

Then we started to begin talking about ways to change the plan design, change co-pays, deductibles, co-insurance; you know, different things to pass along costs. Maybe changing the prescription drug formulary.

And then Aetna came up with a unique option just to change the claims platform. So currently you are on what is known as insurance paper. And this would move the claims platform to what Aetna has, is an EPO. And basically it's just the paper that the contract is written on. So instead of it being insurance paper, it goes to EPO paper. And that reduces the increase from 19 percent to 15.9. And all deductibles and co-payments remain the same. So there would be no change to what the employees pay when they use the plan.

The only thing that would occur would be to eliminate out-of-network benefits. And a majority of employees are in a plan that doesn't have that already, so this would only impact the point of service plan and the high deductible plan.

98.6 percent of all admissions are in network. And 99.3 percent of all physician visits are in network. So we felt this was a viable option to really consider changing the claims platform in order to save 3 percent just right there, without changing the benefits.

And then we'll move on to the next slide. And so what we would like to consider for this upcoming fiscal year is maintaining the partnership with Aetna, transition to the EPO claims platform, still utilizing a triple plan option. So you would maintain the high deductible health plan, the buy-up HMO, and maintain the existing point of service plan.

In order to achieve savings for the City's budget, we do need to consider increasing the deductibles and out-of-pocket maximums of the high deductible plan and the buy-up HMO plan.

So with these changes that I'm about to

present, the increase reduces from 15.9 to 8.99 percent. So instead of a nine hundred thousand plus increase, we're now looking at about a 534,000 dollar increase to the City.

For the high deductible plan, we are looking for the deductible -- of increasing the deductible from 1500 to 2,000. The deductible for a family, from 3,000 to 4,000. The out-of-pocket maximum for a single, from 3,000 to 3500. And the out-of-pocket maximum for a family, from 6,000 to 7,000.

So collectively, for those enrolled in the high deductible plan, somebody that has single coverage would have $500 of additional expenses after their HRA fund. And then a family enrolled in that plan would see an additional thousand dollars in expenses.

And then for the buy-up plan the only changes being considered are not changing the co-payments, not changing the prescription drug benefit, just changing the deductible which is applicable only to hospitalizations. For single, from 500 to 750. And the family from 1,000 to 1500.

And then the out-of-pocket maximum, increasing that from 1500 to 3,000. And the family from 3,000 to 6,000. Which puts it in line with the high deductible plan, so that not all -- not one plan can be adversely selected against.

So we feel that this is a nice cushion to help balance your claims cost. And particularly for those that, you know, that have catastrophic claims, we can start balancing this out.

The -- so the fiscal impact, again, with this consideration for the upcoming year is around a 534,000 dollar increase, or approximately 8.99 percent. This cost is approximately $85 per employee per month in additional expense.

And as we had discussed last year, based upon your collective bargaining agreements, you do have the option to charge employees $20 since the renewal -- an additional $20 since the renewal is greater than 5 percent. However, that's not being presented here at that dollar amount of $534,000.

Here is the difference in employee cost share.

COUNCILPERSON McCOY: Hello. Christian, can you go back -- I'm sorry. I want to make sure I understood.

The Board has the option to charge employees $20. Is that in addition to the $85 per month?

MR. BERGSTROM: That would reduce the $85 to $65.

COUNCILPERSON McCOY: Okay. Okay. Thank you.

MR. BERGSTROM: And that would be borne by the employees.

So that additional $20 is not in this recommendation from the City at this time.

The employee only rate for those employees in the high deductible plan would still have a no cost plan to them, so they would have -- the plan would be paid 100 percent by the City. And then the difference in the cost of that plan is for anybody that has dependents or that wants to buy up. So they pay 100 percent of the cost share of having dependents for buying up.

Also, we feel that with this rate increase, those employees that are currently buying up, and seeing that their increases could range from $414, and then families would have an increase at the bottom right of approximately $1248 in their payroll deductions, that they would highly consider moving to the high deductible health plan in order to achieve savings in their payroll deductions; and they would probably then have lower out-of-pocket costs overall then by moving to the high deductible.

So we're prepared to engage employees virtually through educational means to walk them through their own individual circumstances to see which plan would be the best option for them.

So, again, the plan design would be the exact same provider network that is used today.

Aetna is going to still continue to fund $500 and $1,000 into a health reimbursement account for those employees enrolled in that plan, to offset their deductibles. So that means that employees do have first dollar coverage in their HRA amount. So the first 500 is covered for a single. The first thousand is covered for a family. If they don't use those funds, they roll over year to year and can be used towards their annual pocket maximum. And we feel that the contribution strategy is going to encourage enrollment to shift from the co-pay plan to the HRA. And those employees that do so can also use flexible spending accounts to offset additional health care expenditures.

Your ancillary renewals. So your dental, your vision and your life and disability insurance are in rate guarantees, so there are no changes to the premiums for those products.

And then I'm excited to announce that we did implement your electronic benefits administration system called Bentek.

And I'm going to introduce Shauna Whittingham from the Gehring Group, who is going to be reviewing some of the key features and some statistics with our roll out.

COUNCILPERSON McCOY: Before you do that. Can we ask some questions of some of these items that's just been proffered to us?

CHAIR BOTEL: Go ahead, Mr. McCoy.

COUNCILPERSON McCOY: Christian, so prior to the proposed changes, the increase was 19 percent; is that correct?

MR. BERGSTROM: Yes.

COUNCILPERSON McCOY: Okay. And after those proposed changes, we're looking at that going down to just the 14 percent? Or is it 13 percent?

MR. BERGSTROM: It's 15.9.

COUNCILPERSON McCOY: And what was the actual aggregate savings in the two?

MR. BERGSTROM: All right. So the 19 percent is a 1.13 million dollar increase. And the 15.9 is a 943,000 dollar increase.

COUNCILPERSON McCOY: Do you have the numbers for the employee increase under both, or under the -- under both plans?

MR. BERGSTROM: So their cost would increase either 15.9 or 19 percent. So their payroll deductions would increase by whichever option you wanted to.

COUNCILPERSON McCOY: Sir, I'm sorry. But I'm thinking the 1.3 million is the overall organization's cost. I'm speaking of the actual employee premium cost that's going to be deducted per payroll. Is that the same? Is that what I'm hearing you say?

MR. BERGSTROM: No. Their premium amount would increase by the exact same amount. It would increase 19.9 percent -- or it would increase 19 percent.

COUNCILPERSON McCOY: Under the current plan? And then 15 percent under the new proposed plan?

MR. BERGSTROM: If you didn't make the plan changes, yes.

COUNCILPERSON McCOY: Okay. That's all I have for now.

MR. BERGSTROM: All right. Thank you.

MS. WHITTINGHAM: Good evening, everyone.

Can you hear me okay?

CHAIR BOTEL: Yes.

MS. WHITTINGHAM: Okay. Thank you.

My name is Shauna Whittingham. I am your Gehring Group account manager.

And as Christian mentioned, Bentek is live. So Bentek is your new online enrollment (inaudible). By implementing Bentek, the City now has audit capabilities to bump and compare information from your payroll system, to ensure accuracy of payments to your various employee benefits carriers.

So our team works hand-in-hand quite diligently with Steve Gude, Pierre Smith, Wyllem Marcello, Eureka Young, and in some instances even directly with Tyler Munis, as well as your various carriers.

So we're creating a process to ensure that the systems match the employee's enrollment choice, coupled with the City's rules and guidelines -- for example, eligibility rules -- which then equals payments to your various carriers. So if these items don't match, then we would sound the alarm, so to speak. So this process helps to ensure that there is no over payment, there is no under payment, and any myriad of things that could possibly go wrong.

So on the other side, the user end of Bentek, we wanted to encourage your employees to log on, get familiar by setting up their accounts and updating beneficiary information, because we all know who our favorite person was last year might not be the same person this year. And so we offered an incentive for the first 100 employees to at least set up their account. So actually next week the Gehring Group will be mailing out hand sanitizers on to the homes of the first 100 City employees who completed this task. So this is one way to encourage getting familiar with the system -- which is very user friendly, if you haven't explored it yourself -- before open enrollment, which will tentatively begin the week of August 24th. As of yesterday, May 10th -- excuse me, August 10th -- my head's in May -- we had 185 employees set up their accounts, and we had 72 employees update their beneficiary information.

So regarding open enrollment, this year we've all had to move to mostly a virtual environment. So as Christian mentioned, our team worked very diligently with your human resources team in preparation of serving your employees.

So currently we intend to have two, possibly three meetings per day, if approved by the commission, from Monday, August 24th through Friday, August 28th, if these changes are approved.

So our goal is to focus mainly on the medical plans, as well as Bentek, because these are really the only two changes; and we feel it's important to educate City employees on what's new and what's different. All your other plans and rates stay the same.

So each meeting will be held virtually. So employees may access from any device, such as a desktop computer, a laptop, tablet; my personal favorite, the mobile phone.

Your public works building, the training conference room has been reserved with computers to also -- for those employees who want to gather, of course they'll stay six feet apart, and they can attend sessions in person if that's what they prefer.

So during last year, per the City Manager's recommendation, we had a family day, a day where employees could invite their spouse to attend sessions and ask questions. Oftentimes it might be the spouse who is comparing and analyzing their family benefits.

So with this year's virtual open enrollment session, spouses may log onto any of the sessions and attend from the convenience and safety of their home, their office, even the beach. I doubt that we'll have a hundred percent their attention if they're on the beach, but you get my point, we're making it extremely convenient.

And lastly, we're also offering admin assist. So this is for employees who for whatever reason have trouble logging into Bentek, whether they don't have a smart phone or they don't have access to a computer. What will happen is they will call a member, they'll connect with a member of our team and we'll handle their enrollment via phone. So we'll send the employee as well as your human resources department confirmation of said enrollment.

MR. BERGSTROM: Thank you, Shauna.

So, in conclusion, we want to, you know, again offer a competitive benefits package that allows for transparency in cost. So, with the high deductible health plan. And also to help us improve consumerism with the health care expenditures.

This would -- the recommendation is transitioning to Aetna's EPO claims platform, so new ID cards will be issued. But the provider networks will remain the same. So there will be no disruption there with the current providers that employees are seeing; or if they're in the middle of care; so they will not have to have transition of care. You know, if they're undergoing a cancer treatment or any other type of treatment that's ongoing.

Through Bentek your billing processes are going to become more accurate and transparent. Employees and dependents will enroll online versus in person, so that helps reduce our risk of contracting COVID-19.

And this saves, the recommended changes saves around 595,000 from the renewal at 19 percent with just these deductible and out-of-pocket changes.

And also, I'd be remiss to say that I do have Cathy Aguirre, she is with Aetna, along with Renthia Jackson and Gabby Demitracus (phonetic). So if anybody has specific questions to the claims platform and where we are today in terms of the overall renewal, Aetna is here on the call as well to answer any questions that you may have of them.

CHAIR BOTEL: Thank you.

Mr. McCoy, you have a question?

COUNCILPERSON McCOY: Yes. Of Christian.

So, I'm trying to follow along with the spreadsheet. And the increases that you're speaking of only exist for employees that opt into the buy-up plan, or employees who remain in the existing plan and have either one additional person on that plan or a family? That doesn't encompass just someone that just takes the regular standard plan paid for by the City, correct?

MR. BERGSTROM: That is correct.

COUNCILPERSON McCOY: Okay. The Bentek system that you spoke of, it seems like I heard this before. When did that go into place?

MS. WHITTINGHAM: So Bentek went live on June 19 -- at June 9th, is when it went live; but we announced to your employees in July, on July 15th. Correct me if I'm wrong, Steve.

COUNCILPERSON McCOY: Perhaps -- let me clarify the question. The budget meetings last year, we were told that the Bentek system was a part of our '19 and '20 budget that we were going to be rolling out. I don't know if this is an added benefit that's provided by the Gehring Group, but wasn't this a part of the discussion last year at budget time, during the same scenario? Obviously, we were in chambers but...

MR. BERGSTROM: Yes. So we were rolling that out to the City as an included benefit of utilizing Gehring Group services. And so we took the beginning of the fiscal year and the first quarter of the year to implement the system with your various carriers.

And then beginning in the second quarter, that is when we started with file transfers between your payroll system and Bentek, and an audit was performed. So they are right now auditing files on a weekly basis to make sure that the enrollment data is accurate.

COUNCILPERSON McCOY: Okay. But if I'm understanding correctly, you're saying that that didn't go into place until, what, February of -- or March of 2020? Is that correct?

MR. BERGSTROM: That's correct, yes.

COUNCILPERSON McCOY: Right. But why wouldn't it have went in prior to that, like right after we solidified with you guys and we did open enrollment back in, what, September of 2019?

MR. BERGSTROM: Yeah, there were some delays in --
COUNCILPERSON McCOY: What were those delays, Christian? I'm curious to know.
MR. BERGSTROM: I'll let Mr. Gehring speak to that.
MR. GEHRING: How are you doing tonight? It's Kurt Gehring, from the Gehring Group.
What happened initially in the first quarter, if you remember, there was a breach of your system, so there was a little bit of a delay of getting started right after October of that year.
And then in January there was Tyler Munis, working with Tyler Munis getting the files straightened out took a little bit of time.
But it still takes about three months to do a complete roll out. And our biggest goal was to make sure we rolled out the system prior to open enrollment, so that right now we're actually transferring files and using the system kind of an opening before we go through, you know, open enrollment. Because what we want to do with open enrollment is try to get all your employees beneficiary information into the system and do a whole (inaudible).

So even if the system had rolled out earlier, it still wouldn't have been -- you know, we're really -- our targeting is that open enrollment for the next year.

And more importantly, making sure all your files are correct. And when we audited, that audit also was something that we could retroactively look at. So we feel very confident that, you know, everything in payroll, that comes out of payroll, is going to match up with eligibility and premium payments to this point moving forward.

COUNCILPERSON McCOY: Follow-up.

CHAIR BOTEL: Go ahead.

COUNCILPERSON McCOY: And that was my next question. When you guys did do that audit, so after you did get it installed, from fiscal year going forward, which was October 1, what did that look like? I mean, was there any that fell through cracks because we didn't have the Bentek system at that point?

MR. GEHRING: Stephen, do you want to respond to that? I know that we had some differences. But a lot of that also had to do with the file formats and the way the file formats were coming over. So what happened is a file format would come over, we would do that audit and then make sure -- it was more of a file issue than it was a discrepancy as far as paying for folks that we shouldn't pay for. But the system audits all the way down to Social Security numbers, their zip codes, and addresses, and stuff like that, which really makes everything efficient.

But, Stephen, I don't know if you wanted to respond to that as well.

MR. GUDE: Right. Well -- correct. I would say Kurt is right dead on. What happened is, with the -- there was no discrepancies, but with the crosswalk, it takes a couple months; and then at the time we had just crossed over into Tyler Munis as of October 1st. So we were in the middle of the migration with Tyler. So we really did not get into the Bentek world officially until about January.

January was when we -- when they start going back and forth with the files, mostly. And then with the files transferring back and forth, we had to verify, and go back and forth with the providers, and correct anything -- it could be any discrepancies from Social Security numbers to a dependent name that may have not been spelled correctly in Aetna or Solstice compared to our end. So that's kind of like what takes so long with the verification.

But our target goal from the beginning of last year was open enrollment. So we're right on target right now.

COUNCILPERSON McCOY: Okay. That's all I have for now. Thank you.

CHAIR BOTEL: Anything else from Council? Ms. Miller-Anderson, and then Lawson.

COUNCILPERSON MILLER-ANDERSON: Question. Going back to one of the slides that talked about the various items that have increased, such as the medical pharmacy and inpatient stays and cancers and those various things. Were -- is that across the board in terms of the county, the state, the country? Or is this like really abnormal? I understand it's different from our past last year, but are we seeing this across the board or is this something we need to be overly concerned about in terms of -- I mean, I don't know if most of these people live in Riviera Beach or -- I mean, is it our facilities? I mean, is there a little more information in terms of is this an anomaly when we're compared to other places; or is this something that is trending across America, or the county, or the state, for that matter?

MR. BERGSTROM: It is not surprising, the medical pharmacy cost increases, because this past year there have been several medications, oral chemotherapies and different forms of injectable chemotherapies that are coming into play. So that there is not abnormal.

The anomaly that we're seeing is the amount of claims over $100,000. Typically, a group of your size, around 500, we usually see four or five of those large claims. In this instance you have thirteen that are over $100,000.

COUNCILPERSON MILLER-ANDERSON: And the four or five that you're mentioning, that is normal across what board?

MR. BERGSTROM: Across a group of 500 people. You would typically have four or five claims over $100,000.

COUNCILPERSON MILLER-ANDERSON: Are we only looking in the state of Florida, only in the county, or nationwide, or what?

MR. BERGSTROM: That's pretty much in South Florida.

COUNCILPERSON MILLER-ANDERSON: I'm sorry.

Did you say that a few minutes ago, South Florida? Because I totally missed that if you did. I'm sorry. I didn't hear South Florida. Thank you.

So, okay, so it's basically we're looking at South Florida numbers?

MR. BERGSTROM: Yes, ma'am.

So, but in your instance you have thirteen claimants over 100,000. That's the anomaly.

COUNCILPERSON MILLER-ANDERSON: Right. No. And I get that part, when we're comparing ourselves, you know, knowing that we didn't have that before, correct?

MR. BERGSTROM: Correct.

COUNCILPERSON MILLER-ANDERSON: But is thirteen abnormal in other areas across the country? I mean, maybe I'm not making myself clear.

MR. BERGSTROM: For a group of 500, I would believe that it's excessive.

COUNCILPERSON MILLER-ANDERSON: You believe. But you're not really sure?

MR. BERGSTROM: I typically don't see that in our book of business, which is Florida and the Caribbean.

But when we look at your actual, what is occurring in terms of the large claims, you have some -- you have some things that could be preventable; but in terms of the types of cancer that are occurring, those are not preventable cancer claims.

COUNCILPERSON MILLER-ANDERSON: Okay. And then could someone just give me a quick overview again of the -- what is the HRA plan? I mean, I remember it. There was one that I did not really like. But why would someone want to go there? Because, what? What would be a benefit?

MR. BERGSTROM: Well, first, if they are an employee only, the plan is no cost to them, so there's no payroll deduction.

COUNCILPERSON MILLER-ANDERSON: For a family though? For a family?

MR. BERGSTROM: Sure. For a family. You know, it has the lowest overall payroll deduction for them. And they receive the first $1,000 of their medical care at no cost to them; so the first thousand dollars is absorbed by Aetna. And then they would satisfy the remainder of their deductible, meaning so they would pay the contracted Aetna amounts with their providers. Once they satisfy that deductible, they pay a co-insurance. So they pay a cost share versus a co-pay. So they pay 20 percent of the contracted rate. And then that all applies -- that deductible and that co-insurance applies to an out-of-pocket maximum. And so that they are capped every single year, so they have no cost greater than $6,000 in a year, if in the event they had something catastrophic. But you could have an instance where you do have a young healthy family where they will not even broach that threshold.

COUNCILPERSON MILLER-ANDERSON: Right. And that's what -- because most people who are fairly healthy will always be out-of-pocket for most of their stuff.

MR. BERGSTROM: Right. And then that HRA plan also, if they don't use that money, it will roll to the next year. And then in the event they have something happen that year, then they can use those funds to offset their costs in that year.

COUNCILPERSON MILLER-ANDERSON: Okay. All right. Thank you.

CHAIR BOTEL: Mr. Lawson. And then Mr. McCoy again.

VICE CHAIR LAWSON: Thank you, Madam Chair.

Mr. Evans or Mr. Sherman. I want to take a look at this, and kind of in line with what Ms. Miller-Anderson was stating. Where is this cost essentially going to end? Because it just keeps going up and moving up, and we're transferring a lot of costs over to our employees and it's really affecting their compensation and their ability to be compensated fairly. So we've really got to find the means of how to end this constant increase, because annually this can't be reflected back on our employees and on our residents, because now we're paying this higher premium for a policy, that's another 534,000, and that's if we take this plan. So what programs or opportunities, what things can we put in place to assist? Or does this need to go back out for RFP, RFQ? Because right now can't continue to just pass this cost over to our employees and our residents.

CITY MANAGER EVANS: Well, I can speak a little bit on it, and then would defer to the expertise from the Gehring Group.

We believe that because of our plan utilization over the last couple of years, that in the event that we would go to market we would find ourselves particularly in the same situation. Not to mention that there would be a service disruption if another book of business was selected, United or another entity.

For our employees that are single, the cost is still free to them in the event that they do select the high deductible health plan. And in most municipalities and in most government entities it is actually very common where employees are contributing anywhere between three to five percent for the cost for insurance, because this is something that has continued to go up.

We don't see anything in sight that's going to reduce the number to a point where we're not experiencing any increases. The industry gold standard is to be anywhere between 65 to 80 percent. We're running at 130 or 115 percent in our plan.

And so we're going to have to push wellness initiatives. We're going to have to do things that modify -- you know, things that address modifiable health behaviors. We're going to have to get healthier as a workforce.

And then we're going to have to look at the types of medications that can be obtained free, whether it's through Publix or other means; and really try to change the culture wholistically.

But as it relates to insurance, a lot of entities are only providing the high deductible health plan; and then asking the employees to contribute for the cost as well because of the increases that you're seeing, because of the cost for health care to continue to go up.

If we do go out to market, I would venture to say that our numbers are not, our numbers are not good.

In addition to, I've had some conversations with others about looking to form a co-op amongst other government entities. But our numbers aren't good, so we would adversely impact their, their rates based on the numbers that we're seeing.

But, you know, Christian and Mr. Gehring certainly, from what you're seeing in the industry, what are some of the things that employers are doing to try to tamper down the cost increase? Because every year we're seeing -- you know, we're fortunate for a -- we're excited about an 8 percent increase and, you know, 10, 15 years ago you didn't have the increase that you're seeing now, to where 20 percent seems to be the industry norm.

VICE CHAIR LAWSON: And before -- and to that point, Mr. Evans, that's kind of my concern, to make this a norm, where it's normalized, this is not really acceptable for our community.

Health and wellness, as you stated, has to be a priority. But, I mean, also the fact that, you know, we're a food desert, that's why we've really pushed these fresh food initiatives within the community over the last few months. I mean, healthy food and fresh food contributes to our wellness. The access to gyms, and maintenance of their body, mental health, these are all the initiatives that we have to push. But that's not going to be an immediate fix for this year, as you stated. There's nothing that we can kind of flip the switch today and kind of bring our deductible down. But as you stated, our model is Riviera Beach 2030.

So what can we do within this budget cycle to change that? I'm just worried that we can't continue to consider this 20 percent annual increase a norm for us. So either Mr. Gehring -- go ahead, Mr. Evans.

CITY MANAGER EVANS: And Councilman, one of the programs that I'm in the draft stages about is that we are fortunate to receive money from Aetna to assist in wellness initiatives. And one of the wellness initiatives I'd like to put forward -- and if Aetna wants to contribute more, we certainly would be willing to accept it. But we do want to look at working with any local gyms in our community that have business tax receipts, that are reputable entities, to say to our employees, hey, if there's an opportunity to utilize a gym or get personal training, that the City would incur the cost with the monies that are set aside for wellness related activities. The City would pay the first four months or what have you, and then the employee would be responsible for any time after that.

Additionally, in my past experience, I have also had situations, partnerships with gyms, that if an employee would go to work out, we would actually pay them an hour to go work out. So if their normal shift would start at 7:00, we would say, okay, your shift starts at 8:00, and you have to go to be in the gym to be in a spinning class or anything like that, because we wanted to see the employee take initiative to, you know, live a healthier lifestyle.

We assisted in providing healthy dietary options. We removed snack machines. We did everything that we could to change the culture in the agency. And in subsequent years we did see renewal rates not as high as they normally were.

So we're going to have to be creative. We're going to have to be innovative and insert that consumerism into it to where people think, you know, hey, maybe I schedule an appointment with my primary care physician instead of going to the emergency room for triage, because we have situations that that occurs. Now, we don't want to deter anybody from going to the emergency room. But just being smarter consumers is a big factor associated with it.

VICE CHAIR LAWSON: And with partnering with those gyms, if we can incentivize those employees, in addition to giving them that hour work off, but also getting -- tracking whether it's going to be health and wellness, whether it's weight, whether it's blood pressure, there are certain levels that we could track with the actual gyms and say, listen, we're partnering with you in our membership for our employees but we want to see everything 30, 60, 90 days reporting, reports from these employees; and having the employees opt in and incentivize those employees to actually get healthier and to really work on their wellness.

And then also with the development of our new City Hall, looking into possibly putting in like a healthy cafe, fresh fruits, fresh foods, at these locations. Even at City Hall now, having a fresh food truck that can come here.

We have to really kind of curve the narrative when it comes to this because every year all we're talking about is how we can, you know, budget to increase this by 20 percent, because our residents and our -- our employees are sick, or they're not healthy enough to get a lower premium. So essentially we can't keep telling our employees, you know, this is what they have to do. But essentially this is what they have to do.

CHAIR BOTEL: Thank you. Mr. Lawson, are you finished?

Mr. McCoy. And then Ms. Lanier.

Sorry. I didn't see you.

Mr. McCoy, did you have a question?

COUNCILPERSON McCOY: Yes. Thank you. Thank you, Madam Chair.

So I think that's a great idea, Mr. Evans, and also Councilman Lawson. You know, specifically I asked last year and I asked at least two other