

**M**INUTES OF THE VERNAL CITY COUNCIL SPECIAL MEETING HELD  
MAY 22, 2012 at 10:00 a.m. in the Vernal City Conference Room, 374 East Main,  
Vernal, Utah 84078.

**PRESENT:** Councilmembers Dave Everett, Ted Munford, Sonja Norton, Bert Clark and JoAnn Cowan and Mayor Gary Showalter.

**STAFF PRESENT:** Ken Bassett, Roxanne Behunin and Mike Davis.

**GUESTS PRESENT:** Tim King with GBS Benefits.

**WELCOME:** Mayor Showalter welcomed everyone to this special meeting to review health insurance renewal options for FY2013.

**FY2013 BUDGET WORKSHOP:** Ken Bassett explained that Mr. Tim King and his staff have been working to provide an affordable option for health insurance for the upcoming budget. As the Administrative Committee reviewed the options, one critical item that drives the cost is claims history. Unfortunately, the claims history for the City has not been favorable. The renewal for the current policy has been negotiated with Cigna to a 15.29% increase over last year with a few minor changes to the plan. Another option with Cigna is a high deductible health plan that would reduce the premium by 11.69%. The other carriers that submitted quotes did not provide as much savings with their high deductible plans.

Tim King explained that the current plan, which is the plan the employees are most familiar with, has a \$750 deductible and requires co-payments for doctor visits, emergency room care and pharmacy benefits. Ken Bassett explained that the new program is a new concept requiring the employee to pay the higher deductible first before any benefits are provided by the insurance company. One of the advantages is that it removes the City from the never-ending cycle of increased health premiums by causing the employees to look more closely at their health care needs and the cost to them. Tim King explained that the employee has to pay the first \$1500 of health care needs if single and \$3000 if more than one family member. Then the insurance company pays 80% of the health care costs. The total cost to the employee per year if they have a major health issue would be \$4000 for a single employee and \$8000 for a family. The difference between the two plans is that the stop loss for the traditional plan does not include the deductible nor the co-payments where the high deductible plan does include all those costs in the stop loss amount. However, both plans pay preventative, or wellness services, at 100%. Ken Bassett stated that if anything is found to be wrong during the wellness check, however, the check-up becomes diagnostic, and the deductible applies for both plans. To take the initial shock out of the high deductible, most employers place funds into a health savings account (HSA) for the employees which makes that option more attractive. Councilmember Clark asked if a credit card is issued. Ken Bassett stated that there is a third party administrator for the health savings account that issues a debit card. Councilmember Clark stated that the Sewer Management Board went to this type of plan and the employees do seem to be more conscientious of how they spend their health savings money. Ken Bassett stated that initially the employees may be fearful that

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they will have more out-of-pocket expenses, however, if they do not use the funds in their health savings account, it rolls over to the next year and continues to grow. Mayor Showalter asked how much money would be put into the health savings account for the employees. Councilmember Norton stated that the City will save approximately \$300 per family if they go with the high deductible health plan, so it would not be unreasonable to place \$3000 into that plan for them. Ken Bassett explained how that figure was derived. He noted that the employees would have to understand that the Council would review the costs and decide if any funds should be placed in the health savings account in future years. Mike Davis stated that if the cost stays constant, then the City should be able to fund the same amount. Ken Bassett agreed that generally there is more risk for the employee and less risk for the insurance carrier. However, the first year may not have a lot of employees change coverage. Tim King agreed that typically the utilization is less for this type of plan and the employee is more engaged with the cost. Also, the employees can add their own funds to the health savings account. There was considerable discussion regarding the risk an employee would be taking by going to the high deductible plan that is offset by the health savings plan. Mayor Showalter stated that the employees will expect the funds to be put into that account for them every year. Tim King stated that not all the employees will change to the new plan, and there will be a two to five year transition period. He provided the Council with an example of a health claim to see how each plan works.

Tim King explained that the flexible spending account (FSA) would not be allowed with the high deductible health plan for medical expenses so those funds could be redirected to the health savings account. Councilmember Everett stated that he foresees a higher deductible in the future which is the direction the health insurance industry is headed. Ken Bassett stated that the Administrative Committee looked at both programs and is recommending offering both programs with funds being placed into the health savings account for the high deductible health plan. A 10% increase was calculated into the budget for the health insurance which is approximately \$85,000. Also, the budget projects a \$700,000 surplus. If the percentage that the employee pays for health insurance remains the same, the employee on the family plan will pay an additional \$23 a month for the traditional plan and approximately \$30 less for the high deductible plan. Mayor Showalter stated that in the private sector it is unheard of for the employer to pick up such a large share of the health insurance premium. Councilmember Clark stated that his employer offers two options, and they put \$4000 into an account for health care. There was some discussion regarding the hourly wage between the private sector and public employees, including the oilfield. Councilmember Munford stated that he would like to see a spreadsheet on the differences between the two plans. Ken Bassett stated that cannot be done because it is not known which plan all the employees will choose. There was considerable discussion on how much money should be placed into the health savings account by the City for the employees use.

*Councilmember Sonja Norton moved to keep the percentage that the City and the employee pays for health insurance the same for the current plan and the high deductible health plan and to have the City contribute \$3000 for family and \$1500 for single into a health savings account if*

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*the employee chooses the high deductible health plan. Ken Bassett asked for clarification on when the funds should be paid into the account. After discussion, Councilmember Norton added to her motion to pay the funds quarterly. Councilmember Ted Mumford seconded the motion. The motion passed with the following roll call vote:*

*Councilmember Mumford .....aye;*  
*Councilmember Cowan..... aye.*  
*Councilmember Everett .....aye;*  
*Councilmember Norton.....aye;*  
*Councilmember Clark ..... aye.*

Mayor Showalter suggested the Council consider increasing the percentage that the employee pays for health insurance by a minimum of 2%. The staff calculated what the cost would be to the employee if their participation percentage increased. The consensus was to keep the percentage the same.

Ken Bassett explained that the cost-of-living for this year is 2.9%. Mayor Showalter stated that changes to wages should not be based on the amount of time an employee has been on the job. Councilmember Cowan stated that she was not in favor of performance based wage increases. There was some discussion regarding performance evaluations. Councilmember Clark mentioned that he would rather give the employees a flat dollar amount raise rather than a percentage. Councilmember Cowan stated that she would rather set aside \$10,000 or \$20,000 for meritorious performance based on nominations and pay a bonus to four or five employees. Mayor Showalter suggested awarding a cost-of-living increase and consider a separate bonus or performance program. *After further discussion, Councilmember Ted Mumford moved to approve a 3% cost-of-living increase for the City employees. Councilmember Bert Clark seconded the motion. The motion passed with the following roll call vote:*

*Councilmember Mumford .....aye;*  
*Councilmember Cowan..... aye.*  
*Councilmember Everett .....aye;*  
*Councilmember Norton.....aye;*  
*Councilmember Clark ..... aye.*

Mayor Showalter agreed that maybe the employees should be paid an additional dollar amount, or each department could nominate someone to receive a bonus. The consensus of the Council was to consider different options and discuss it at another meeting.

Councilmember Ted Mumford explained that he received a call from Chief Rooks who would like the Council to consider adding an additional officer to the staff. He presented the number of calls that the police department has received which is similar to the number received in 2008 when there were 22 officers on staff, and now there will be only 19 once Officer Dick is transferred to the court.

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Ken Bassett stated that the Finance Manager has also asked that a position in his department be adjusted based on the duties being completed. He stated that he will have the Administrative Committee review this request and bring a recommendation to the Council.

**ADJOURN:** There being no further discussion, *Councilmember Ted Munford moved to adjourn. Councilmember Sonja Norton seconded the motion. The motion passed with a unanimous vote and the meeting was declared adjourned.*

ATTEST:

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Roxanne Behunin, Deputy Recorder

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Mayor Gary Showalter

( S E A L )