

SCOTTSDALE CITY COUNCIL  
SPECIAL MEETING MINUTES  
TUESDAY, MARCH 22, 2016



CITY HALL KIVA  
3939 N. DRINKWATER BOULEVARD  
SCOTTSDALE, AZ 85251

**CALL TO ORDER**

Mayor W.J. "Jim" Lane called to order a Special Meeting of the Scottsdale City Council at 5:04 P.M. on Tuesday, March 22, 2016, in the City Hall Kiva.

**ROLL CALL**

Present: Mayor W.J. "Jim" Lane; Vice Mayor David N. Smith; and Councilmembers Suzanne Klapp, Virginia Korte, Kathleen S. Littlefield, Linda Milhaven, and Guy Phillips

Also Present: Acting City Manager Brian Biesemeyer, City Attorney Bruce Washburn, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

**1. Employee Medical Plans and Premiums**

**Request:** Adopt **Resolution No. 10321** authorizing FY 2016/17 medical and dental plan contribution rates (Option 4) to:

1. Increase the City's share of active employee premiums by 1.9 to 11 percent.
2. Increase the employee premiums by 6.5 percent for all three plans.
3. Change the OAP In-Network plan to the Local Plus Network.
4. Increase dental premium and contribution rates by 6 percent.
5. Remove the deductible and co-insurance from the Urgent Care Facility and reduce the out-of-pocket maximums to \$4,000/\$8,000 on the OAP plan and increase the deductible to \$1,300 for individuals and \$2,600 for families on the OAP + HSA plans.
6. Provide an incentive payment of \$120 (employee) or \$240 (employee and spouse) to active employees covered under the City's medical benefit plans who participate in Cigna's Health Risk Assessment.
7. Implement a tobacco surcharge of \$20 per month for employees or family members who self-report the use of tobacco products.

**Presenter(s):** Lauran Beebe, Human Resources Manager

**Staff Contact(s):** Donna Brown, Human Resources Director, 480-312-2615, [dbrown@scottsdaleaz.gov](mailto:dbrown@scottsdaleaz.gov)

**NOTE:** MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

Human Resources Manager Lauran Beebe gave a PowerPoint presentation (attached) on the proposed FY 2016/17 medical and dental plan contribution rates.

Mayor Lane opened public testimony.

The following spoke in support of Option 1:

- David Getz, City employee
- Susan Williams, City employee
- Matt Heeren, City employee, Fraternal Order of Police
- Darlene Cook, City employee, Police Officers of Scottsdale Association
- Kathleen Corea, City employee

Mayor Lane closed public testimony.

### **MOTION NO 1 – ITEM 1**

Councilwoman Littlefield made a motion to:

1. Adopt Resolution No. 10321 authorizing Option 1, keeping the plan we currently have, making no plan design changes, and including a 10.5 percent increase in costs to be charged between the City and the employees at the City's current ratios; and
2. Accept the additional four items: (1) Increase dental premium and contribution rates by six percent, (2) remove the deductible and coinsurance from the urgent care facility on the CIGNA OAP plan and increasing the deductible to \$1,300 for individuals and \$2,600 for family on the OAP + HSA plan, (3) provide an incentive payment of \$120 per employee or \$240 for employee and spouse to those active employees covered under the City's medical benefit plans who participate in CIGNA's Health Risk Assessment, and (4) implement a tobacco surcharge of \$20 per month for employees or family members who self-report use of tobacco products. The motion died for lack of a second.

### **MOTION NO. 2 AND VOTE – ITEM 1**

Mayor Lane made a motion to adopt Resolution No. 10321, Option 5, including Exhibits A through D. Councilwoman Klapp seconded the motion, which carried 7/0.

#### **2. Hunkapi Farms Conditional Use Permit (2-UP-2015)**

**Request:** At the request of the applicant, continue to May 3, 2016.

### **MOTION AND VOTE – ITEM 2**

Councilwoman Milhaven made a motion to continue the Hunkapi Farms Conditional Use Permit to May 3, 2016. Councilman Phillips seconded the motion, which carried 7/0.

**MAYOR AND COUNCIL ITEMS – None**

**ADJOURNMENT**

The Special City Council Meeting adjourned at 6:15 P.M.

**SUBMITTED BY:**



**Carolyn Jagger  
City Clerk**

Officially approved by the City Council on

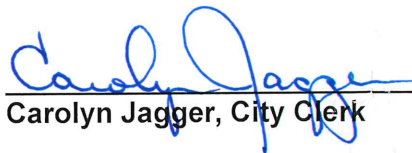
April 19, 2016

**C E R T I F I C A T E**

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the City Council of Scottsdale, Arizona held on the 22<sup>nd</sup> day of March 2016.

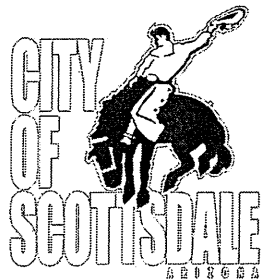
I further certify that the meeting was duly called and held, and that a quorum was present.

**DATED** this 19<sup>th</sup> day of April 2016.



---

Carolyn Jagger, City Clerk



## Medical Plans and Premiums

March 22, 2016 City Council Meeting

### Valley Comparison Premiums and Design

- OAP In-Network plan - City pays 80% for single; 77% for family
- Valley average is 81% for single; 77% for family
- OAP plan – City pays 85% for single; 78% for family
- Valley average is 83% for single; 77% for family
  
- Out-of-Pocket maximums vary

## Networks in Maricopa County

- LocalPlus Network
  - 5,192 primary care and specialist providers
  - 25 hospitals
- OAP Network
  - 11,982 primary care and specialist providers
  - 56 hospitals



3

## Survey Results

- More predictable out-of-pocket costs or a lower monthly premium
  - 78% preferred more predictable out of pocket costs
- Considering budget constraints with potential higher premiums to keep their network
  - 50% preferred a lower monthly premium



4

## Medical Plans - Option 1

If no plan design changes are made

- \$29.3 million = total expected medical costs
  - Total medical increase equals \$2.8 million
  - Employees \$600,000; city \$2.2 million
- If rates increase by 10.5 percent:
  - Employee rates increase by \$5 to \$39 per month
  - Employer rates increase by \$40 to \$127 per month



5

## Medical Plans - Option 2

- Change OAP In-Network to a narrower network – LocalPlus of Arizona
- OAP and OAP + HSA plans would continue to include Mayo and Phoenix Children’s Hospital in-network
- \$27.2 million = total expected medical costs
  - Total medical increase equals \$650,000
  - Employees \$150,000; city \$500,000
  - Employee rates increase by \$3 to \$24/month
  - Employer rates increase by \$8 to \$98/month



6

### **Medical Plans - Option 3**

- Keep all networks the same; increase employee premiums on OAP In-Network plan
- \$29.3 million = total expected medical costs
  - Employees \$2.1 million; city \$650,000
  - Employee rates increase by \$3 to \$142/month
  - Employer rates increase by \$8 to \$126/month



7

### **Medical Plans - Option 4**

- Change OAP In-Network to a narrower network – LocalPlus of Arizona
- OAP and OAP + HSA plans would continue to include Mayo and Phoenix Children's Hospital in-network
- OAP plan - reduce the out-of-pocket maximums to \$4,000/\$8,000
- \$27.3 million = total expected medical costs
  - Total medical increase equals \$750,000
  - Employees \$150,000; city \$600,000
  - Employee rates increase by \$3 to \$24/month
  - Employer rates increase by \$8 to \$121/month



8



## Medical Plans – Additional Option



9

## Medical Plans - Option 5

- Keep all networks the same; increase employee premiums on OAP In-Network plan by 26%
- Increase employee premiums on OAP and OAP + HSA plan by 10.5%
- \$29.3 million = total expected medical costs
  - Employees \$1.4 million; city \$1.36 million
  - Employee rates increase by \$4 to \$96/month
  - Employer rates increase by \$27 to \$114/month



10

## OAP In-Network Overall Cost Ratio

Option	Additional Cost to City	Additional Cost to Employees	City/Employee Cost Ratio for Single Coverage	City/Employee Cost Ratio for Family Coverage
1	\$2,200,000	\$600,000	80% / 20%	77% / 23%
2	\$500,000	\$150,000	80% / 20%	76% / 24%
3	\$650,000	\$2,100,000	74% / 26%	71% / 29%
4	\$600,000	\$150,000	80% / 20%	76% / 24%
5	\$1,360,000	\$1,400,000	77% / 23%	73% / 27%

11



## Tonight's Agenda Item

### Adopt Resolution No. 10321 – Option #4

- Increase the city premiums by 1.9 to 11 percent.
- Increase the employee premiums by 6.5 percent
- Change the OAP In-Network plan to the LocalPlus Network.
- Increase dental premium and contribution rates by 6%.
- Remove the deductible and co-insurance from the Urgent Care Facility and reduce the out-of-pocket maximums to \$4,000/\$8,000 on the Cigna OAP plan, and increase the deductible to \$1,300 for individual and \$2,600 for family on the OAP + HSA plan.



## Tonight's Agenda Item

### Adopt Resolution No. 10321 – Option #4

- Provide an incentive payment of \$120 (employee) or \$240 (employee and spouse) to those active employees covered under the city's medical benefit plans who participate in Cigna's HRA.
- Implement a tobacco surcharge of \$20 per month for employees or family members who self-report use of tobacco products.