

**CITY COUNCIL OF THE CITY OF LEAGUE CITY
300 WEST WALKER STREET
LEAGUE CITY, TEXAS**

October 12, 2010

The City Council of the City of League City, Texas met in a workshop in the Council Chambers at 200 West Walker Street on the above date at 5:00 p.m.

MAYOR: Toni Randall (Absent)

CITY COUNCIL MEMBERS: Neil Baron
Mike Barber
Mick Phalen
Mike Lee (Absent)
Phyllis Sanborn
Tim Paulissen
Joanna S. Dawson

CITY MANAGER: S. Marcus Jahns
CITY ATTORNEY: Arnold Polanco (Absent)
CITY SECRETARY: Barbara F. Long
ASSISTANT CITY MANAGER-MGMT SERVICES: Michael Loftin
ASSISTANT CITY MANAGER-PUBLIC SAFETY: Chief of Police Michael Jez (Absent)
ASSISTANT CITY MANAGER-PUBLIC WORKS: Rich Oller (Absent)
DIRECTOR OF HUMAN RESOURCES/CIVIL SERVICE: Brian Hayes
DIRECTOR OF PARKS & CULTURAL SERVICES: Chien Wei
DIRECTOR OF PLANNING & RESEARCH: Tony Allender (Absent)
DIRECTOR OF INFORMATION TECHNOLOGY: Ryan Smith (Absent)

1. CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Pro Tem Barber called the meeting to order at 5:06 p.m. and called the roll. All members of Council were present with the exception of Mayor Randall and Mr. Lee.

2. DISCUSS GROUP HEALTH, MEDICAL, DENTAL, AND VISION BENEFITS FOR THE EMPLOYEES (Director of Human Resources/Civil Service)

Mr. Hayes said I would like to introduce Mr. Jed Skeete and Mr. Steve Austin, McGriff, Seibels & Williams (MSW), our health, dental and vision insurance brokerage firm. They are here tonight to assist in answering questions. We want to present a brief overview of our employee benefits program renewal.

Mr. Hayes continued. As many of you know on March 23, 2010 the Affordable Care Act was signed into law. You no doubt are aware that produced a lot of uncertainty in the market and a lot of defensive pricing by the carriers. We worked with our partners at MSW to conduct a Request for Proposals (RFP) in anticipation of perhaps a non-competitive renewal. We released the RFP on August 9, 2010 requesting the carriers match our current options and received responses on August 31, 2010. At this time Mr. Skeete is going to come up and continue through this.

Mr. Skeete said we received a very good renewal rate from Blue Cross Blue Shield (BCBS). Their initial renewal rate was at 8.4 percent increase which is a reflection of good employee claims experience.

We were able to negotiate this renewal to a 2 percent increase. The Houston market average renewal is 9 plus percent. The implementation of a non-profit trust account will enable you to basically not have to pay the State premium tax. This will equal a 2 percent decrease in your renewal rate and your percentage goes to zero for this year. So we are looking at no plan changes with the exception of the few things we have to do because of the health care reform. You also maintain your “grandfather” status under that law which affords you some other benefits and a little bit of certainty regarding the unknown of what is going to happen to that legislation as there has been a lot of interim final legislation and a lot of non-response to issuing regulation. We are still trying to figure out what all that means. So there are some unknowns. Medical insurance renewal will be a zero percent increase. Dental insurance renewal will be a 0.3% increase but includes a benefit enhancement, i.e. adult orthodontia. Vision insurance renewal will be a 5.6 percent decrease and also includes a benefit enhancement from 12/12/24 to 12/12/12 meaning you can purchase frames every 12 months now.

Mr. Skeete said our net recommendation is renewal with BCBS and your other carriers and approval of the non-profit trust account. We are looking at the same quality programs you have had. Your employees will not have to change physicians. Nothing changes which in today’s marketplace is very unusual. We recommend Council action at the October 26, 2010 meeting to allow for November open enrollment.

Mr. Loftin said the non-profit trust account is based on a fairly obscure provision in the State law that has been there for some time. Not all cities are aware of it and miss the opportunity to take advantage of it. Basically the insurance companies pay a premium tax to the State on the dollar amount of premiums collected from cities. If premiums are collected from a non-profit entity, the insurance company saves the amount of that tax and we can require them to rebate it to us. That is as simple as it gets. All it means to us is, instead of paying BCBS directly from the budget account, we make a payment into the trust fund and then pay BCBS from that fund.

Mr. Skeete said in summary the health care reform 2011 will require some changes, assuming we keep the “Grandfather” status, dependents must be covered until age 26 (unless offered coverage through their employer), no pre-existing condition limitations, no lifetime maximum, no annual limits on essential benefits, and insurers must maintain minimum loss ratios.

Mr. Hayes, Mr. Skeete, and Mr. Loftin were available to answer questions.

3. ADJOURNMENT

At 5:26 p.m. Mayor Pro Tem Barber said there being no further business this meeting is adjourned.

TONI RANDALL
MAYOR

BARBARA F. LONG
CITY SECRETARY
(SEAL)

MINUTES APPROVED: