

On July 27, 2010, the City of Kerrville Employee Benefits Trust met at 6:20 p.m. in the city hall council chambers, 800 Junction Highway, Kerrville, Texas.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda G. Craig	City Secretary
Mike Erwin	Director of Finance
Kim Meismer	Director of General Operations

CONSIDERATION AND POSSIBLE ACTION:

Authorize the city manager to execute contracts with Humana and/or Kanawha Insurance Company through Humana Specialty Benefit for employee related benefits, including medical, dental, life, accidental death and dismemberment, voluntary life and accidental death and dismemberment, and voluntary short term disability for FY11.

Ms. Meismer noted that by authorizing contracts through the employee benefits trust, the city would save approximately \$77,000 by not having to pay tax on the premiums. She noted the cost to the city per employee for all benefits was \$7,800 as compared to \$8,950 in FY10 and reviewed the plans.

Ms. Meismer recommended awarding the employee medical and dental insurance contract for FY11 to Humana; and the life, accidental death and dismemberment (AD&D), voluntary life and AD&D, and voluntary short term disability insurance contracts for FY11 to Kanawha Insurance Company through Humana Specialty Benefits. She noted the medical benefit rate decreased 4.5% below the current rate for the PPO plan with plan design changes:

- Annual deductible from \$500 to \$1,000
- Office visit co-pay from \$25/\$35 to \$35/\$50
- Emergency room co-pay from \$100 to \$200
- Prescription drug co-pay from \$10/\$30/\$50 to \$15/\$30/\$50
- Durable medical equipment maximum benefit from unlimited to \$5,000
- Physical therapy reduced from 60 to 30 covered visits.

There was an increase of .8% on the HRA plan without any plan changes.

These medical rates were also achieved by a package savings discount by moving the life and AD&D, voluntary live and AD&D, and voluntary short term disability coverage to Kanawha Insurance Company through Humana Specialty Benefits. Humana matched the current rates paid by the city and employees so there would not be any adverse impact with the change.

Ms. Meismer noted the city had a two year rate guarantee on dental coverage with Humana; however, with minor plan changes the city could lower its rate by 10% below the current rate:

-Annual maximum benefit from \$2,000 to \$1,500

-Endodontics and periodontics from basic (80%) to major (50%) benefit.

Staff noted these cost savings policy changes were necessary due to current economic conditions and recommended approval of these benefit changes.

Mr. Gross moved to authorize the city manager to execute the contracts with Humana and Kanawha as stated. Ms. Keeble seconded the motion and it passed 5-0.

The following person spoke:

1. Ruth Spradling questioned the average premium paid by an employee for dental coverage.

Ms. Meismer provided information on current and proposed rates for employee, spouse, and family premiums.

Adjournment.

The City of Kerrville Employee Benefits Trust meeting adjourned at 6:33 pm.

APPROVED: _____

David Wampler, Chairman

ATTEST:

Brenda G. Craig, City Secretary