

On July 21, 2015, the City of Kerrville Employee Benefits Trust met at 6:08 p.m. in the city hall council chambers, 701 Main Street, Kerrville, Texas.

COUNCILMEMBERS PRESENT:

Jack Pratt	Chairman
Gary Stork	Vice-Chairman
Gene Allen	Member
Stephen Fine	Member
Bonnie White	Member

COUNCILMEMBER ABSENT: None.

CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Kristine Day	Deputy City Manager
Brenda G. Craig	City Secretary
Kim Meismer	Director of General Operations

CONSIDERATION AND POSSIBLE ACTION:

Approval of the renewals and rates for the Fiscal Year 2016 employee benefit plans.

- Medical: Blue Cross Blue Shield of Texas
- Dental: MetLife
- Vision: MetLife
- Group Life & AD&D, Voluntary Life & AD&D, and Short Term Disability: Lincoln Financial Group

Bob Treacy, Gallagher & Associates, noted that under Chapter 222 of the Texas Insurance Code a municipality may be exempted from the \$1.75% annual tax if it establishes a benefit trust or participates in a Chapter 172 risk pool; by establishing the trust, the city has saved almost \$50,000 a year since 2009. The funds are transferred from the city into a separate trust fund and managed separately from the city's funds. There are no overhead charges for the employee benefit trust. Mr. Treacy explained the term "spouse surcharge"; under the Affordable Care Act employers are not mandated to provide coverage to spouses who work for another employer that provides coverage; therefore, if the spouse is eligible for coverage under their employer's plan and wish to stay on their spouse's plan, a surcharge can be applied. He also noted that under the Affordable Care Act another tax will hit employers in 2016, the "Cadillac Tax" whereby employers who offer better health care plans than mandated can be charged an additional tax.

Ms. Meismer recommended council approve the following plans:

-Medical: Blue Cross Blue Shield of Texas: 5% decrease in premium for FY2016 in addition to the 3.7% decrease from FY2014; same plan; and one year rate guarantee. Also, a reduction of over \$70,000 in city contribution for the year, and

the contribution per employee per year decreased from \$6,907 in FY2015 to \$6,655 in FY2016.

-Dental: MetLife: same plan, 4% increase in city's contribution (\$269 PEPY) toward dependent coverage; total increase of \$6,563 annually; employee contribution unchanged; and one year rate guarantee.

-Vision: MetLife: voluntary plan, no change in rate or benefits, one year guarantee.

-Life and AD&D: Lincoln: no change in life and AD&D (accidental death and dismemberment); voluntary short term disability increase from \$0.45 to \$0.495 per \$10 of benefit (average employee plan would result in \$1.80 increase per month); and two year rate guarantee.

She recommended the city's contribution for employee benefits be budgeted at \$7,000 per employee for FY2016, and approval of the contracts to provide the group benefits as presented.

Council discussed putting funds into a health care stabilization reserve fund to offset drastic premium increases that may occur in the future.

Mr. Allen moved to award the employee group benefits and to authorize the city manager to execute contracts as presented. Mr. Stork seconded the motion and it passed 5-0.

Adjournment.

The City of Kerrville Employee Benefits Trust meeting adjourned at 6:23 p.m.

APPROVED: 08/11/2015

/s/

ATTEST:

Jack Pratt, Jr., Chairman

/s/

Brenda G. Craig, City Secretary