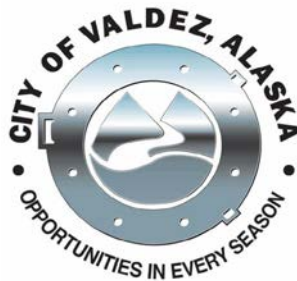


City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes - Final

Tuesday, March 28, 2017

6:00 PM

Special Meeting

Council Chambers

City Council

SPECIAL MEETING AGENDA - 6:00 PM

I. CALL TO ORDER

Mayor Knight called the meeting to order at 6:00 p.m. in Valdez City Council Chambers.

II. ROLL CALL

Present: 5 - Mayor Ruth E. Knight
Council Member Nate Smith
Council Member Christopher Moulton
Council Member Lon Needles
Council Member Ryan Rydor McCune

Absent: 2 - Council Member H. Lea Cockerham
Council Member Dennis Fleming

Also Present: 4 - City Manager Elke Doom
Deputy City Clerk Allie Ferko
City Attorney Tony Guerriero
Assistant City Manager Todd Wegner

III. UNFINISHED BUSINESS

1. Approval of Renewal of Employee Health Care Plan and Insurance Broker Contract for Twelve Months Beginning April 1, 2017, and the Business Associate Agreement (Postponed from Regular Meeting of March 21, 2017)

MOTION ALREADY ON THE FLOOR.

Mayor Knight explained she spoke with both the business manager at Valdez City Schools and the City Finance Director. She stated on Exhibit 4A there needed to be a clarification on the meaning of the data provided. The "new amount" is not the amount being approved, that is "up to amount" which could be changed with grandfather status under Affordable Care Act (ACA). Mr. Brian Carlson, City Finance Director, and Mr. Craig Kestran, Alaska USA Insurance Broker, confirmed this as true. Mayor Knight asked Mr. Kestran to provide clarification or explanation in the document in subsequent years.

Mayor Knight asked if adding contraception benefits to the health insurance plan, at a 1% to 2% cost increase, could be added without loss of grandfather status under the Affordable Care Act. Mr. Kestran explained the ACA was implemented March 2010. At the time, employers could retain their current health insurance plan under certain conditions and limitations. This retention is termed "grandfather status". Limitations included the thresholds for changes you could make to the plan design before losing grandfather status. Mr. Kestran explained you do not lose grandfather status by adding a benefit. You would lose the status if you take away benefit beyond the degree to which the ACA allows. Mr. Kestran provided several examples of these types of situations. Mayor Knight asked if the contraception benefit was added and then later removed, if this would cause a loss of grandfather status. Mr. Kestran explained status would not be lost because the contraception benefit was not part of the 2010 plan.

Mayor Knight requested clarification of the terminology in the contract which states the insurance broker as the insurance companies' agent and can receive commissions, bonuses, and other compensation from those companies. Mayor Knight expressed concerns the verbiage might be a conflict of interest as the broker should be attempting to secure the best insurance plan price for the City. Mr. Kestran explained the parent company, Digital, can obtain an override commission from an insurance carrier. He explained there are no such situations in

place for the basic health insurance plan for the City or School District. The only commissionable product on the plan is the voluntary life insurance benefit, which is commissionable at 10%.

Mayor Knight stated the company Digital recently purchased Alaska USA Brokers. She asked Mr. Kestran to explain why this is a benefit to the City and School District. Mr. Kestran explained it is actually a partnership, not a merger. Digital has a legal compliance team and now Alaska USA Brokers have access to that resource. This is beneficial to retain compliance with the ACA. Digital also has an analytics department which can do a deep analysis of past claims data to determine trends. This data helps in creation of strategies to impact those cost drivers. Digital also has several online and technology solutions which might make processes easier. Mr. Kestran provided several examples of how these resources would benefit the City and School District.

Mayor Knight stated the City Attorney reviewed the contract and the state jurisdiction was corrected to Alaska.

Mayor Knight asked if a broker RFP would be released in the future. Mr. Carlson stated this would be done next year. He suggested a better time to talk through higher altitude goals for the health insurance plan, such as cost targets or longer term goals, should be during annual operating budget time annually each fall. The negotiations between the broker and the providers occur right up until annual plan renewal time. Once the details are negotiated, they provide the City with renewal data. This does not give sufficient time to allow for conversations and debate with employees, administration, City Council, and others. However, if the City Council could discuss and provide basic guidance and parameters to the broker during budget time.

Mr. Kestrel added one of the higher cost components of the plan is stop-loss insurance which protects the City in the event of high-cost claims. Before the stop-loss carrier can provide the broker a renewal number, they must have at ten months of claims experience to review. Doing this process many months before plan renewal could have a negative effect, up to a 2% to 5% increase, on overall stop-loss benefit cost to the City. Mr. Kestrel explained benefit components and other plan features could be discussed and decided upon earlier in the process, but final costs would be based upon aggregate claims history through the early part of each year. He stated it would not be a problem to start discussions in the fall, but the final plan would not be in complete with updated costs until March. Mayor Knight stated she would prefer the plan to come before City Council in February, as it feels last minute and rushed in making a decision. Mr. Kestrel stated he can work with bringing the plan to City Council in late February.

Council Member Moulton stated those on Council who are not on the plan do not necessarily understand the nuances of the plan and its benefit coverage. He explained he would like the City Employee Relations Team to provide suggestions and input to City Council in September or October. He stated, however, if everything looks good and there is no need to make changes desired by the employees, City Council can just discuss the financial side of the plan.

Council Member Smith stated he preferred health insurance plan discussions begin in the fall during budget time.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Moulton,
Council Member Needles and Council Member McCune

Absent: 2 - Council Member Cockerham and Council Member Fleming

IV. RESOLUTIONS

1. #17-10 - Authorizing the Subordination and Consent with Crowley

**Petroleum Distribution Inc. for the Lease of a 7,430 Square Foot
Portion of USS 495 (Postponed from Regular Meeting of March 21,
2017)**

MOTION ALREADY ON THE FLOOR.

Ms. Lisa VonBargen, City Community Development Director, explained all changes had been made to the lease and approved by the City Attorney.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Moulton,
Council Member Needles and Council Member McCune

Absent: 2 - Council Member Cockerham and Council Member Fleming

V. ADJOURNMENT

There being no further business, Mayor Knight adjourned the meeting at 6:24 p.m.