

**METROPOLITAN LIBRARY COMMISSION  
OF OKLAHOMA COUNTY**

**JOINT MEETING OF THE  
Finance and Administrative & Personnel Committees**

**AGENDA**

**Finance Committee**

Allen Coffey, Chair  
Fran Cory  
Dennis Shockley  
Jim Shonts  
Judy Smith  
Beth Toland

**Administrative & Personnel Committee**

Hugh Rice, Chair  
Raul Font  
Cynthia Friedemann  
Helene Harpman  
Mukesh Patel  
Sharon Voorhees

**Wednesday, May 11, 2016 at 3:30 pm  
Downtown Library  
300 Park Avenue  
Oklahoma City, OK 73102  
Telephone: (405) 231-8650**

- I. Call to Order and Establishment of Quorum – Administrative & Personnel Committee – Hugh Rice, Chair
- II. Discussion, Consideration, and Possible Action: Annual Review of Human Resources – Benefits Plan
- III. Discussion of Executive Director Evaluation Process
- IV. Call to Order and Establishment of Quorum - Finance Committee – Allen Coffey, Chair
- V. Discussion, Consideration, and Possible Action: Recommendation from Administrative & Personnel Committee – Benefits Plan

## **REPORT AND RECOMMENDATION FROM ADMINISTRATION**

MLS BENEFITS FY 2016-17

### **METROPOLITAN LIBRARY SYSTEM ANNUAL REVIEW OF HUMAN RESOURCES - BENEFITS May 2016**

#### **MEDICAL/DENTAL & PRESCRIPTION DRUG PLAN (EMPLOYEE BENEFIT PLAN)**

The Library offers its employees benefit plan covering a broad range of inpatient and outpatient health care services; dental coverage for diagnostic and preventive services, basic and major restorative services, and orthodontia services for dependent children; and coverage for generic, brand, and specialty prescription drugs. As the plan is self-funded, the Library assumes the responsibility for payment of the all claims below the established stop-loss levels (currently, \$85,000).

The plan performance report below was compiled in the coverage analysis provided by HealthSmart – the plan's third-party administrator – using the close date of April 30, 2016. The following is a brief summation of performance (rounded to the nearest dollar):

- The amount of paid medical claims increased 11.8%, from \$1,866,941 to \$2,109,837.
- The amount of paid prescription drug claims increased 7.6%, from \$569,895 to \$613,180.
- The amount of paid dental claims are on track to be 0.8% less than last year, from \$172,824 to \$171,380.
- The plan's total expenses were as follows:
  - Stop loss coverage, which pays claims in excess of the pre-determined \$85,000 level, made up 15.8% of the plan's annual expense. To date, the stop loss carrier has reimbursed \$368,443.
  - Administration costs, which include third party administrator costs for management of claims processing, provider networks, utilization reviews, and membership functions, made up 1.5% of the plan's annual expense.
  - Claims costs, which include payments made by the plan for medical, dental, and prescription drug claims for employees and dependents, made up 80.9% of the plan's annual expense.
  - Ancillary coverage, which include costs for group term life insurance and accidental death and dismemberment, made up 1.3% of the plan's annual expense.
- The plan currently covers 445 members. The average membership age is 39.
- The Preferred Provider Organization (PPO) networks and the Lab Card program discounts saved the plan 54.4% on billed charges. The Lab Card program is available to all members for in office laboratory services ordered by a health care provider.

#### **RECOMMENDATIONS for CHANGE:**

All recommendations are due to increased health care costs and in preparation for the Affordable Care Act Cadillac Tax effective 2020. According to the 2015 Mercer National Survey of Employer-Sponsored Health Plans report, health care costs are predicted to rise 4.3% in 2016. The Cadillac Tax is a 40% excise tax based on the aggregate cost of employer sponsored coverage provided to an employee that exceeds a statutory dollar limit. Mercer's Survey estimates that 33% of large employers will exceed the excise tax threshold in 2020.

1. Increase specific stop loss deductible from \$85,000 to \$90,000.
2. Increase in-network calendar year deductible from \$400/\$1,000 individual/family to

- \$500/\$1,000 individual/family. Increase out-of-network calendar year deductible from \$600/\$1,500 to \$750/\$1,500 individual/family.
3. Increase out-of-network out-of-pocket from \$6,600/\$13,200 individual/family to \$6,850/\$13,700 individual/family.
  4. Add a \$50 specialist office visit copay.
  5. Increase emergency room copayment from \$100 to \$150.
  6. Decrease out-of-network coinsurance from 70% coverage to 60% coverage.
  7. Implement Quantity Limits, Step Therapy, and Preferred Diabetic Test Strips Management for Prescription Drugs. The Quantity Limit program serves to ensure accurate billing and cost-effective use of medications, which help the Plan avoid unnecessary costs associated with inaccurate billing or inappropriate use. The Step Therapy program directs medication utilization towards cost-effective generics, which will save patients money on copays and significantly reduce cost share for the Plan. The Preferred Diabetic Test Strip program directs member utilization toward preferred products to reduce the cost share for the Plan.

### **EMPLOYEE ASSISTANCE PROGRAM (EAP)**

The Employee Assistance Program provides confidential counseling and referral services 24 hours a day and 7 days a week. The program is available to all employee's and immediate family members residing in the employee's home. Employee Assistance Program premiums increased from \$2.00 per employee per month to \$2.55 per employee per month due to increased utilization.

### **WELLNESS PROGRAM**

The Wellness Works Program was implemented in 2010 to improve employee health and help employees overcome and reduce their risk for specific health issues, such as high blood pressure, heart disease, stroke, and diabetes, which are identified through a biometric health screening.

The Wellness Works Program's sixth annual A Healthy Me Challenge resulted in 157 comprehensive biometric screenings and 99 Health Risk Assessments completed. Biometric screenings measure body composition (height, weight, body mass index), blood pressure, blood cholesterol, and blood glucose. Onsite Health Diagnostics, the firm that performed the biometric screenings, estimated that the Library will achieve potential cost avoidance of \$126,000 resulting from early identification and intervention. Health risk assessments provide employees with an evaluation of their health risks and quality of life. The results of the biometric screenings and health risk assessments are used to create wellness challenges and activities tied to an incentive program to encourage healthy lifestyle behaviors. The current annual budget for the Wellness Works Program is \$50,000 annually. The budget consists of the annual cost for the biometric screenings, the Wellness Portal, (where employees can participate in challenges and access health information), and incentives tied to the Wellness Program for participating in activities. Incentives are paid on Visa gifts cards based on how many points were earned throughout the year. A total of 58 Visa gift cards were awarded last year. Library administration would like to increase participation by at least 25% next year. Participation rates over the last six years have ranged from 30%-40%. Because physical activity can decrease health risks associated with high blood pressure, heart disease, stroke and diabetes, the Library anticipates increasing participation rates to at least 50% within five years. Administration wishes to incentivize participation in the Wellness Program by providing employees with access to a discounted gym membership service.

### **RECOMMENDATIONS for CHANGE:**

1. Change to a biometric screening vendor who utilizes the finger stick method vs. venipuncture for biometric screenings to increase participation.  
Benefits of the finger stick method may include:
  - Immediate results so employees can be counseled at the screening.

- High-risk employees are identified immediately at the screening and informed about next steps.
  - Higher employee participation rates.
2. Implement corporate gym memberships with the YMCA's metro-wide network. This benefit will cover the negotiated cost of the "joining" or sign-up fee (staff will be responsible for the monthly fee). Sign-up will be offered as a pilot program during the 2016 biometric screenings by a representative from the YMCA.

#### **RECOMMENDATIONS FROM ADMINISTRATION:**

The Administration recommends the following:

- A. Approval of the stop loss coverage renewal for the medical, dental, and prescription benefit plan through Sun Life and Health Insurance Company on a paid contract basis with an increase in the specific deductible level to \$90,000 per individual.
- B. Approval of the entire benefit package for the self-funded employee benefit plan.
- C. Approval of the monthly EAP fee increase.
- D. Approval of the employee benefit plan premium costs reflecting a 2.25% increase to the Library System and participants after applying a portion of the available fund balance. The Library and participants share the 2.25% increase equally. The current fund balance is \$2,243,472.22. See Exhibit 1.
- E. Continuation of all other benefit plans. See Exhibits 1 & 2.

#### **RECOMMENDED ACTION FOR THE ADMINISTRATIVE & PERSONNEL COMMITTEE:**

That the Finance Committee approve and incorporate the funds for the above recommended benefit plans in the FY 2016-17 budget.

#### **RECOMMENDED ACTION FOR THE FINANCE COMMITTEE:**

That the Commission – based on the estimate of needs prepared by staff – incorporate in the FY2016-17 budget such dollars as are necessary to fund the approved recommendation of the Administration and Personnel Committee; and to authorize the executive director execute contracts in the fulfillment of the aforementioned recommendation.

## EXHIBIT 1

**FY 17 Projected Annual Benefits Costs for MLS:**

Coverage Description	Monthly Cost	Annual MLS Cost
Employee Benefit Plan	Single-\$811.44; Family-\$1,310.08	\$3,657,372
Employee Benefit Opt out	\$55 PEPM*	\$14,520
Vision	\$11.64 PEPM*	\$39,547
Life Insurance/Accidental Death & Dismemberment	\$0.18 per \$1,000 of coverage (\$100,000 maximum)	\$44,663
Long Term Disability	\$0.16 per \$100 of monthly covered payroll	\$99,463
Long Term Care	Age banded	\$20,349
Employee Assistance Program	\$2.55 PEPM*	\$15,116
<b>Total:</b>		<b>\$3,891,030.00</b>

\* Per Employee Per Month

**FY 17 Projected Benefits Costs for Employees:**

Coverage Description	Monthly Cost
Employee Benefit Plan	Single-\$91.00; Family-\$304.70
Vision	Spouse-\$10.33; Child(ren) \$10.80; Family (Spouse & Child(ren))- \$24.52
Dependent Life	\$2.50 per family unit
Short Term Disability	Age banded
Long Term Care Buy-up option	Age banded

The Library shares 90% of single coverage cost and 70% of additional cost for dependents.

The Employee shares 10% of single coverage cost and 30% of additional cost for dependents.



# Summary of Benefits

(Full-Time Employees Only)

*This summary is not intended to fully explain the benefits; it is designed to provide a summary list of some of the benefits available to full-time library system employees. In all cases the policy & procedure items, insurance policies, or other plan documents in existence are the controlling statements covering any and all benefits. No contract for benefits is intended or implied by this summary.*

<b>Insurance Benefits</b>	
<b>Health &amp; Dental Insurance</b>	<p>Effective 1<sup>st</sup> of the month following 60 days of continuous full-time employment:</p> <p>Self-insured group coverage with First Health Network benefits on shared cost basis</p> <p><u>Employee Cost for monthly pre-tax premiums</u>            Employee only = \$91.00            Family (employee plus dependent(s)) = \$304.70            (\$197.85 deducted from 1<sup>st</sup> paycheck each month; \$106.85 deducted from the 2<sup>nd</sup>)</p> <p>Opt out option: \$55 per month (providing there is proof of coverage elsewhere)</p>
<b>Vision Insurance</b>	<p>Provides routine eye exam and one pair of glasses or contacts per employee every 12 months with minimal co-payment</p> <p><u>Employee Cost for monthly pre-tax premiums</u>            Employee only = \$0.00 (coverage paid 100% by the library)            (Dependent Coverage paid 100% by the employee)            Spouse = \$10.33            Child(ren) = \$10.80            Family (Spouse &amp; Child(ren)) = \$24.52</p>
<b>Flexible Spending Account (IRS Section 125c)</b>	<p>IRS approved, pre-tax salary reduction with direct library reimbursement of eligible medical and/or dependent care out of pocket</p> <p><u>Employee Limits plan year (July – June)</u>            Medical Reimbursement Plan: \$2,550 limit            Dependent Care Plan: \$5,000 limit</p>
<b>Life &amp; AD&amp;D</b>	<p>Each valued at one and ½ times annual salary (up to a maximum of \$100,000 each); paid 100% by the library (available to employees only)</p>
<b>Dependent Life</b>	<p>Available by payroll deduction at group rates; coverage provides \$5,000 for spouse, \$2,000 for child(ren) 6 months-26yrs, &amp; \$1,000 for child(ren) under 6 month; paid 100% by the employee</p>
<b>Short Term Disability</b>	<p>Available by payroll deduction at group rates for employees on an amount of monthly benefit income selected by them not to exceed 65% of basic monthly earnings; paid 100% by the employee</p>
<b>Long Term Disability</b>	<p>Provides up to 60% of lost income up to a maximum of \$6,000 per month (coordinated with other sources of income) for an absence due to illness or injury in excess of 90 days; paid 100% by the library</p>
<b>Long Term Care</b>	<p>Base policy, paid 100% by the library; \$1,000 facility monthly benefit for 3 yrs after a 90 day Elimination Period; Lifetime Maximum benefit of \$36,000 (a 6 month pre-existing condition provision applies)</p> <p>A “buy-up” option is available for employees and eligible family members; this option is paid 100% by the employee</p>
<b>Employee Assistance Program (Available to all employees of MLS.)</b>	<p>Confidential counseling and referral service available 24 hrs a day/7 days a week; program is available to employees and immediate family members residing in the employee's home</p>