

**METROPOLITAN LIBRARY COMMISSION  
OF OKLAHOMA COUNTY**

**FINANCE COMMITTEE  
AGENDA**

Members: Allen Coffey, Chair  
Fran Cory  
Rozz Grigsby  
Jim Shonts  
Judy Smith  
Beth Toland

Tuesday, May 27, 2014  
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 – Allen Coffey, Chair
- II. Discussion, Consideration, and Possible Action: Report and Recommendations from Administrative & Personnel Committee meeting May 14, 2014
- III. Discussion, Consideration, and Possible Action: Report and Recommendations from Administration
  - MLC FY 2014-2015 Preliminary Budget

**REPORT AND RECOMMENDATIONS**  
**FROM THE ADMINISTRATIVE & PERSONNEL COMMITTEE**

**The Administrative & Personnel Committee met May 14, 2014 for:**

- I. Discussion, Consideration, and Possible Action: Annual Review of Human Resources – Salaries and Benefits  
With Reports and Recommendations from Administration:
  - ❖ Compensation & Benefit Plans

**During its meeting, the Committee:**

Reviewed and discussed all items.

The following recommendations are the results of the discussions.

**FINANCE COMMITTEE ACTION:**

**To accept or approve the following recommendations from the Administrative & Personnel Committee and recommend the Commission incorporate the funds for the Administration recommendation for 1: Compensation and 2: Benefits into the FY 2014-2015 budget and that the Commission, by approval of the estimate of needs, approve the performance awards program and the plan changes in accordance with the funding level.**

**1. Compensation:**

- A. A continuation of the performance based merit increase schedule ranging from 0-3%. Projected cost for this is approximately \$216,000.
- B. Depending on pending tax revenue and approval from the Finance Committee, a possible market adjustment from 0-4% for all employees effective January 1, 2015.

**2. Benefits:**

- A. Acceptance of the Stop Loss coverage renewal for the Employee Benefit Plan through Sun Life Assurance Company on a Paid contract basis with an increase in the Specific Deductible level to \$80,000 per individual.
- B. Acceptance of the plan change recommendations for the self-funded Employee Benefit Plan.
- C. Acceptance of the Employee Benefit Plan premium costs reflecting a 3.8% increase to the Library System and participants after applying a portion of the available fund balance. This amounts to approximately \$107,800 for the library's portion.

**METROPOLITAN LIBRARY COMMISSION**  
**OF OKLAHOMA COUNTY**

**ADMINISTRATIVE & PERSONNEL COMMITTEE**

**MINUTES**

DATE: Wednesday, May 14, 2014 TIME: 3:30 PM  
MEETING PLACE: Downtown Library  
300 Park Avenue  
Oklahoma City, OK 73102  
(405) 231-8650

Written public notice of the time, date and place of this meeting was given to the County Clerk of Oklahoma County, April 15, 2014. Notice of the time, date, place, and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Downtown Library, 300 Park Avenue, Oklahoma City, on May 12, 2014, in conformity with the Oklahoma Open Meeting Act

**COMMITTEE MEMBERS PRESENT:**

Bose' Akadiri  
Ralph Bullard  
Cynthia Friedemann  
Mukesh Patel  
Hugh Rice, Chair

**COMMITTEE MEMBERS EXCUSED:**

Helene Harpman

**ESTIMATE OF OTHERS PRESENT: 9**

**I.** The meeting was called to order at 3:34 p.m. by Mr. Hugh Rice, Chair.

Roll was called to establish a quorum. Present: Bullard, Friedemann, Patel, and Rice (Arrived: Akadiri, 3:40).

**II.** Mr. Rice referred to the Discussion, Consideration, and Possible Action: Annual Review of Human Resources ~ Salaries and Benefits.

Mrs. Kelley Hoffman, Benefits Manager, provided the details of the Compensation report and recommendations.

The employer outlook for 2014 is consistent compared to last year. The Employment Cost Index showed wages and salaries for state and local government employees increasing slightly, while the cost of benefits decreased minimally over the prior year. The Consumer Price Index which reflects the average change of prices over time of goods and services fell slightly in the Dallas/Fort Worth area. The US and Southern regions of the country remain unchanged from last year. The federal register reported a 1.5% cost of living increase in Social Security benefits effective January 2014. US Employers are predicted to increase base salaries on average 3% with performance based increases averaging between 1.02 to 4.46%. The average merit increase for MLS Employees during the last fiscal year was 2.38%. There are currently 57 employees maxed out of their salary range, which means they receive a bonus in lieu of a salary increase. After analyzing the salary and benefit data available the recommendation is to continue the current performance based merit increase schedule range from 0 to 3% beginning July 1, 2014. At this time the preliminary budget does not reflect a recommended market adjustment. Once the final numbers are received from the County, Administration may make a recommendation prior to final budget approval for a possible market adjustment to be effective January 1, 2015. Questions and Discussion followed. Mr. Patel questioned the budget impact of last year's market adjustment and performance based merit increases. Mr. Lovely stated performance increases totaled approximately \$172,000 and market adjustments totaled approximately \$350,000. Discussion continued. Mr. Patel recommended the market adjustment be increased this year, if the budget allows, due to inflation and cost of living increases. The committee discussed a range for a possible market adjustment if the revenues from the County are sufficient. Discussion followed. The consensus of the committee is to recommend a 0-4% market adjustment contingent upon revenue and approval by the Finance Committee.

Mrs. Hoffman referred to the benefits portion of the report and recommendations. She provided a brief overview of the Plan performance.

- Paid medical and prescription drug claims (including Stop Loss Reimbursements) increased 23% over the prior year.

*We have identified a couple of areas where costs are getting out of control and trying to find some innovative ways to save our health care dollars. Outpatient procedures have increased dramatically. Costs are up 56% over the last 10 months. We are currently working with a consultant that facilitates direct agreements with Surgery Center of Oklahoma. They offer transparent package pricing to patients. The consultant ran six months of claims data for outpatient procedures and the savings for using Surgery Center of Oklahoma compared to a full service hospital was approximately \$50,000. There are employer groups in Oklahoma that are flying their out-of-state members into the state of Oklahoma to have their surgeries performed at the Surgery Center because of the substantial savings. We are continuing to*

*aggressively research the data available and hope to bring a recommendation to the committee in the future.*

- Medical claims increased 14%
- Prescription Drug claims increased 24%  
*All employer groups are having this issue. Last year we had a decrease for the first time in several years. We changed pharmacy benefit managers, tightened up the plan design, and increased member cost share. This year the number of prescriptions issued increased 25%. There are 30% more of our members taking prescription medications and there's a 70% increase in the medications that our being prescribed over \$500. We are working diligently with our pharmacy manager to try and find ways to save.*
- Paid dental claims are on track to be 18% lower than last year.
- To date this year, there are four individuals with claims in excess of \$75,000 (Specific Stop Loss Deductible). The Stop Loss carrier has reimbursed \$115,250.
- The Total Plan Expenses were allocated as follows:
  - Stop Loss Coverage: 16.44%
  - Administration: 1.94%%
  - Claims: 78.50%
  - Ancillary Coverage (Group Term Life/AD&D): 1.35%
- The average age of our membership is 39.7.
- The Plan currently covers 422 members compared to 411 last year.  
*We attribute part of this to the Affordable Care Act's requirement for individual coverage. We expect our enrollment will continue to increase this year during open enrollment.*
- The Provider networks and Lab Card program discounts saved the Plan 44.66% on billed charges.

Questions and Discussion followed.

Mrs. Hoffman reviewed and explained the recommended changes to the self-funded employee benefit plan.

*Affordable Care Act (ACA) Mandated Changes:*

1. Eliminate Annual Maximum Per Covered Person.
2. Eliminate all Pre-existing Condition Limitations.
3. Provide coverage for Clinical Trials.

*Recommendations:*

1. Terminate Disease Management program through WellNet Interactive.  
*Due to low participation and difficulty determining what our return on investment is for this program, we are recommending terminating the contract for now. We will continue to look at options to assist our members with chronic conditions.*
2. Increase Prescription Drug Benefit Retail coinsurance for Brand Name products to 35% Preferred and 40% Non-Preferred (current coinsurance amounts 30% / 35%).
3. Increase Prescription Drug Benefit Mail Order copayments to \$125 Preferred / \$175 Non-Preferred (current copayments \$105 / \$150).

Mrs. Hoffman provided information on the Wellness Program. This is the second year we have used a points based system. We are getting ready to launch our third step challenge in conjunction with Summer Rading. Last year during the step challenge, members walked 21 million steps for a total of 10,000 miles.

Mrs. Hoffman referred to Workers' Compensation and reported State Bill 1062, which changed the Workers' Compensation system from court-based to an administrative system, went into effect on February 1<sup>st</sup>. We're just beginning to see claims under the new system and are still unsure how it will impact our costs moving forward but we will share that information with you once we have it.

Mr. Rice referred to the recommendations and called for questions.

Mr. Rice called for a motion from the Committee.

**Mrs. Friedemann moved to recommend that the Finance committee incorporate the funds for the recommendations regarding Compensation and Benefits into the FY 2014-15 budget and that the Commission, by approval of the estimate of needs, approve the plan changes in accordance with the funding level. Ms. Akadiri seconded. No Further discussion; motion passed unanimously.**

No further discussion. The meeting was adjourned at 4:29 p.m.

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Donna Morris,  
Executive Director  
(Secretary)

**REPORT AND RECOMMENDATION FROM ADMINISTRATION**

**METROPOLITAN LIBRARY SYSTEM  
PRELIMINARY BUDGET FY 2014 - 2015  
(July 1, 2014 ~ June 30, 2015)**

**PLEASE REMEMBER TO BRING THIS DOCUMENT**  
**TO THE JUNE 19, 2014**  
**METROPOLITAN LIBRARY COMMISSION MEETING**  
**AT THE DOWNTOWN LIBRARY**

**ADMINISTRATIVE RECOMMENDATION AND COMMITTEE ACTION:**

To approve the Metropolitan Library System Preliminary Budget FY 2014-15