

**METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY**

**FINANCE COMMITTEE
AGENDA**

Members: Nancy Anthony, Chair
Jim Shonts
Judy Smith
Beth Toland
Greg Womack

Tuesday, May 31, 2011
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 – Nancy Anthony, Chair
- II. Discussion, Consideration, and Possible Action: Report and Recommendations from Administrative & Personnel Committee meeting May17, 2011
- III. Discussion, Consideration, and Possible Action: Report and Recommendations from Administration
 - MLC FY 2011-2012 Preliminary Budget

The Metropolitan Library System of Oklahoma County encourages participation from all patrons and citizens of Oklahoma County. If participation at any public meeting is not possible due to a disability, whether physical, hearing or speech related, please notify the office of the Executive Director (606-3726) at least forty-eight (48) hours prior to the scheduled public meeting to allow the Library to make necessary accommodations.

REPORT AND RECOMMENDATIONS
FROM THE ADMINISTRATIVE & PERSONNEL COMMITTEE

The Administrative & Personnel Committee met May 17, 2011 for:

- I. Discussion, Consideration, and Possible Action: Annual Review of Human Resources – Salaries and Benefits
With Reports and Recommendations from Administration:
 - ⌘ Compensation & Benefit Plans **(See attached)**
- II. Discussion, Consideration, and Possible Action: Recommendation regarding Compensation & Benefits for Executive Director

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 2011-2012 budget with the caveat that data provided by the Singer Group be provided to the A & P Committee members and considered. The Commission, by approval of the preliminary budget, approve the performance awards program and the plan changes in accordance with the funding level; with the further caveat that all members of the A & P Committee be given advance notice and opportunity to participate in the August Finance Committee meeting.

1. Compensation:

- A. The inclusion in the preliminary budget of a market adjustment of 4% effective December 26, 2011, which will be adjusted after the results of the classification and compensation are made available. The results of the study will be presented at the Finance committee meeting prior to the approval of the final budget in August.
- B. The inclusion in the preliminary budget of performance awards of from 0 to 3%

2. Benefits:

- A. Acceptance of the plan change recommendations (page 4 of 6) for the self-funded Employee Benefit Plan.
- B. Acceptance of the Stop Loss coverage for the Employee Benefit Plan through Unimerica Insurance Company on a 24/12 contract basis.
- C. Acceptance of a 10.34% premium increase for the fully-insured Organ Transplant policy through Chartis.
- D. Acceptance of a \$0.80 PEPM (per employee per month) increase in the Administrative Services fee
- E. Acceptance of a \$0.15 PEPM increase in the PPO access fee for First Health PPO Network.
- F. Acceptance of the employee Benefit Plan premium costs reflecting an 8% increase* to the Library System and participants after applying a portion of the available fund balance. (No change in the current cost sharing formula.)

REPORT AND RECOMMENDATION FROM ADMINISTRATION

MLS SALARIES & BENEFITS FY 2011-12

RECOMMENDATIONS FROM ADMINISTRATION:

The Administration recommends the following:

1. Compensation:

- A. The inclusion in the preliminary budget of a market adjustment of 4% effective December 26, 2011, which will be adjusted after the results of the classification and compensation are made available. The results of the study will be presented at the Finance committee meeting prior to the approval of the final budget in August.
- B. The inclusion in the preliminary budget of performance awards of from 0 to 3%

2. Benefits:

- A. Acceptance of the plan change recommendations (pages 3 & 4) for the self-funded Employee Benefit Plan.
- B. Acceptance of the Stop Loss coverage for the Employee Benefit Plan through Unimerica Insurance Company on a 24/12 contract basis.
- C. Acceptance of a 10.34% premium increase for the fully-insured Organ Transplant policy through Chartis.
- D. Acceptance of a \$0.80 PEPM (per employee per month) increase in the Administrative Services fee.
- E. Acceptance of a \$0.15 PEPM increase in the PPO access fee for First Health PPO Network.
- F. Acceptance of the employee Benefit Plan premium costs reflecting an 8% increase* to the Library System and participants after applying a portion of the available fund balance. (No change in the current cost sharing formula.)

ADMINISTRATIVE & PERSONNEL COMMITTEE ACTION:

The Committee action would be to recommend that the Finance Committee incorporate the funds for the above recommendations into the FY 2011-12 budget and that the Commission, by approval of the preliminary budget, approve the performance awards program and the plan changes in accordance with the funding level.

METROPOLITAN LIBRARY SYSTEM

ANNUAL REVIEW OF HUMAN RESOURCES - SALARIES AND BENEFITS

May 2011

The Library System attempts to provide a salary and benefits package intended to attract and retain the excellent quality of employees that our customers have come to expect and deserve.

SALARIES

Each year, the library calculates the average salary and benefits' cost for full-time equivalent employees based on the salaries and benefits being received in December.

Based on the December 2010 report, the average full-time employee made \$45,282, up 4.1% from the December 2009 average. December 2008 average of \$41,912 represented a 4.0 % increase above December 2007. This average excludes the Executive Director.

The 4.1 percent increase gives the appearance of being low because of the market adjustment and merit increase programs. The average percentage increase for performance was 2.31% in 2010 down from 2.41 in 2009. It is important to remember, however, that the average salary is also affected by such things as the resignation or retirement of long-term employees being replaced by new employees starting at the beginning of the pay range (at a lower salary) and newly authorized positions with a beginning salary below the average. It is also important to note that 16.8% (76 individuals) of the employees covered by the report are at the maximum of their salary grade range. Individuals at the maximum do not receive an hourly rate increase. Instead, they receive a one-time bonus equal to three-fourths of the applicable performance award increase percentage of annual base pay.

SALARIES FOR FY11

The results of the classification and compensation study will not be available prior to the May 31 Finance Committee meeting. The study will include recommendations for placement of all positions at an appropriated salary level. It will be presented at the Finance Committee meeting prior to consideration of the final budget.

The performance increase schedule helped get employees to their current salaries and is reflected in the classification and compensation study; however, the performance awards are a stand-alone merit increase plan. Performance awards ranging from 0 to 3 percent beginning July 1, 2010, are recommended.

BENEFITS

Medical/Dental and Prescription Drug Plan (Employee Benefit Plan)

Plan Performance:

Following is a brief summation of the current Plan performance:

- Paid medical claims for the current plan year are projected to increase 6% over the prior year.
- To date this year, there are three individuals with claims in excess of \$60,000 (Specific Stop Loss Deductible); prior year total claimants in excess of \$55,000 Stop Loss deductible - six.

- The average age of our membership is 40.73.
- The Plan currently covers 357 members.
- The number of MLS participants seeking medical treatment in an office setting this year decreased slightly over the prior year's experience.
- Emergency Room expenses paid are projected to increase 21% over the prior year.
- The percentage of members seeking at least one visit in the Emergency Room was 7% above the national benchmark.
- The Plan deductibles and out-of-pocket maximums remain below the median range for groups of comparable size.
- Utilization of the Adult Wellness Benefit increased 18% over last year.
- The MLS Wellness/Mammography Services benefit usage exceeded the national average by 15% this year.
- The Provider networks and Lab Card program discounts amounted to a 47.12% savings on billed charges for the Plan.
- The Disease Management program through WellNet Interactive has been in place since July 1, 2010. To date, WellNet reports that seventeen members have engaged with a Care Manager, resulting in total projected medical cost avoidance of \$28,313 or \$139 per member per month.
- Paid dental claims are on track to be 12% lower than last year.
- Prescription Drug claims increased 6%.

Required changes to the Self-funded Employee Benefit Plan as a result of PPACA (The Patient Protection and Affordable Care Act):

Note: provisions reflect non-grandfathered status

1. Remove Plan lifetime maximum benefit limit amount of \$1,000,000 per person;
2. Remove lifetime maximum benefit limit of \$500,000 on Transplants covered under the Plan;
3. Remove Wellness Benefit (Preventive Care) annual maximum of \$500 and eliminate participant PPO cost sharing;
4. Remove \$25,000 per person lifetime maximum benefit for mental health and substance use disorder services;
5. Unbundle Chiropractic Care and Physical Therapy benefits and remove annual maximum benefit of \$2,500 for Physical Therapy;
6. Apply PPO level deductibles, coinsurance levels and out-of-pocket maximums for Non-PPO Emergency Services charges;
7. Implement new claims rules as outlined by the Act, including inclusion of external review provisions through outside vendor;
8. Offer one-time thirty day enrollment period for members who have previously exhausted their lifetime maximum benefit under the Plan;
9. Offer one-time thirty day enrollment period for adult children to age 26 without regard to financial dependence, student status, residence, marital status, or availability of other coverage;
10. Offer one-time thirty day enrollment period for members who have previously applied and been denied coverage under the Plan;
11. Remove pre-existing limitations for enrollees and dependents to age 19; and
12. Remove annual maximum benefit of \$2,000 for Dental Services.

Recommendations for Changes to the Self-funded Employee Benefit Plan:

1. Implement annual maximum benefit on "essential benefits" of \$1,000,000 per person ("essential benefits" as defined by PPACA include ambulatory patient services, emergency

services, hospitalization, maternity and newborn care, mental health and substance use disorder services, including behavioral health treatment, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management and pediatric services, including oral and vision care);

2. Apply standard Non-PPO deductibles, coinsurance levels and out-of-pocket maximums for out-of-network wellness services (Preventive Care);
3. Apply annual maximum benefit of \$2,500 for Chiropractic Services;
4. Implement \$100 copayment for PPO & Non-PPO Emergency Room services;
5. Extend pre-existing waiting period for employees to 12 months as allowed by HIPAA;
6. Eliminate Annual Enrollment period (after one-time enrollment opportunity June 2011), allowing coverage enrollments only if Special Enrollment or Family Status Change events apply; and
7. Add Annual Termination period in June of each year to allow members to cancel coverage;

Anticipated Self-Funded Medical/Dental/Prescription Plan Premiums for FY 12:

Final rates will not be available until the Finance Committee meeting. In the meantime, we believe that the rates shown below will be reasonably close to the final rates. The cost sharing splits between the employee and the library system remain unchanged.

** Quoted rates are contingent upon signed, updated disclosure of all ongoing claimants at the time of acceptance.*

<u>Library's Share of Monthly Premiums</u>			
(approximately 90% of single coverage & 70% of additional cost for dependents)			
	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>Change</u>
Single Coverage	\$662.46	\$ 716.15	\$ 53.69
Dependent Coverage	<u>410.24</u>	<u>440.10</u>	<u>29.86</u>
Total Cost for Both	\$1,072.70	\$1,156.25	\$ 83.55

<u>Employee's Share of Monthly Premiums</u>			
(approximately 10% of single coverage & 30% of additional cost for dependents)			
	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>Change</u>
Single Coverage	\$ 73.77	\$79.57	\$5.80
Dependent Coverage	<u>175.80</u>	<u>188.62</u>	<u>12.82</u>
Total Cost for Both	\$249.57	\$268.19	\$ 18.62

<u>Total Monthly Premiums</u>			
	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>Change</u>
Single Coverage	\$736.23	\$795.72	\$ 59.49
Dependent Coverage	<u>586.04</u>	<u>628.72</u>	<u>42.68</u>
Total Cost for Both	\$1,322.27	\$1,424.44	\$102.17

Flexible Benefits Plan:

No changes recommended for this Plan.

Life/Accidental Death & Dismemberment Insurance:

No changes recommended for this benefit.

Long Term Disability & Long Term Care Insurance:

No changes recommended for this benefit.

Vision Insurance:

No changes recommended for this benefit. Vision Service Plan (VSP) has guaranteed the current rates through June 30, 2013.

Employee Assistance Program (EAP):

No changes recommended for this benefit.

Wellness Program:

The Wellness Works! program was launched in October, 2010. The initial challenge, *A Health Me*, resulted in the following outcomes: 202 comprehensive biometric screenings completed, 179 Health Risk Assessments completed, E-media digital coaching modules accessed by 352 members. Sixteen employees had at least one critical laboratory value identified as part of their biometric screening. Personalized Prevention estimates a potential medical cost avoidance of \$207,978 resulting from early identification and intervention with these individuals.

The second challenge, *Accelerate Your Health*, ended April 24, 2011. There were 88 participants, resulting in 15 employee teams across the System. Participants kept track of weekly moves having to do with physical activity, nutrition, stress, and general health.

Workers' Compensation:

Current Workers' Compensation Carrier	CompSource Oklahoma
Current Policy Period	10/01/2010 – 09/30/2011
Current Experience Modification Factor	1.21 (prior year 1.21)

REPORT AND RECOMMENDATION FROM ADMINISTRATION

**METROPOLITAN LIBRARY SYSTEM
PRELIMINARY BUDGET FY 2011 - 2012
(July 1, 2011 ~ June 30, 2012)**

**PLEASE REMEMBER TO BRING THIS DOCUMENT
TO THE JUNE 16, 2011
METROPOLITAN LIBRARY COMMISSION MEETING
AT THE DOWNTOWN LIBRARY**

ADMINISTRATIVE RECOMMENDATION AND COMMITTEE ACTION:

To approve the Metropolitan Library System Preliminary Budget FY 2011-12