

**DULUTH JOINT POWERS ENTERPRISE TRUST  
BOARD OF TRUSTEES MEETING MINUTES  
Wednesday, September 10, 2014**

**Board Members Present:** Rick Ball, David Montgomery, Dan Russell, Tom Werner

**Others Present:** Wayne Parson, Sonda Strom Larson, Shannon Sweeney, Steve Hanke, Theresa Severance, Dan Smith, Carla Schneider, Tom Maida, Audra Flanagan

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Chair Montgomery called the meeting to order at 10:37 a.m.

**Approval of Minutes:** The July 9, 2014, Minutes were approved. Ball/Russell

**Treasurer's Report**

- Wayne Parson reviewed the financial statements through August 2014. The Income Statement for Healthcare showed a net increase of \$1,875,782.31 with a reserve of \$6,985,968.97. Dental showed net loss of \$36,929.36 and the reserve at \$289,558.10.

**Wellness Program Update**

- Shannon Sweeney gave an update from the Wellness Committee. The committee continues to work on their Strategic Plan. The 2014 Health Fair is scheduled for Wednesday, November 5 from 8:00 am – 3:00 pm. The theme is Healthy You – Healthy Us. The fair will include retirees, open enrollment, bio-metrics and flu shots. The committee is looking at a premium reduction incentive for completing the bio-metrics. The Board felt that the debit cards are a better incentive at this time. Shannon will check on what it cost last year to do the cards. ClearScript is changing how they process claims and we will all be receiving new cards and a detailed explanation of the changes. The committee is working on a joint Farmers Market with the county. An interest survey will be coming out to see if this is something people would be interested in and a good location.

**Approval of Wells Fargo Bank as Trustee for the Duluth JPE Trust**

- Request for Proposals went out to six vendors for this service. Due to recent regulation changes North Shore Bank of Commerce will no longer be managing our account. Wayne Parson explained that we received two proposals. One from US Bank and one from Wells Fargo. Wayne recommended Wells Fargo. Motion was made by Werner to approve and second by Ball. Motion carried.

**ClearScript Renewal**

- Todd Hanson, CBIZ requested this remain on the agenda for the next meeting.

**Preliminary 2015 Health Insurance Discussion**

- Todd Hanson, CBIZ requested this remain on the agenda for the next meeting.
- Todd distributed and walked us through a 2015 Employee Benefits Medical Plans Initial Renewal document (attached).

**2015 Professional Services Agreement between City of Duluth and Duluth JPE Trust**

- Shannon Sweeney explained that there were no changes from the previous agreement. Motion was made by Russell to approve the agreement and second by Werner. Motion carried.

**Wellness Coordinator**

- The Wellness Coordinator position was recently approved by the City Council. The position is in the AFSCME bargaining unit. The maximum pay for the position is \$60,000 and would include benefits. Dave Montgomery is recommending that the position be started as a part-time position. Tom Werner questioned the real need for this position. Montgomery talked about needing someone to really drive our Wellness Program and activities. Werner also commented on the need for this

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coordinator to be present and visible at the Authority's locations as well as the City. He also challenged that we use this salary as a measure of change. Rick Ball talked about the Board members being part of the selection process.

- Tom Maida questioned whether the CBA allows for moneys from the Trust to used for this purpose. Montgomery and Maida will meet to discuss.

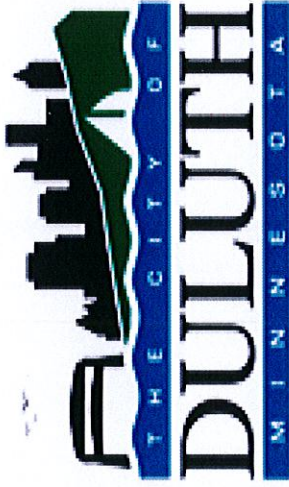
**Gender Reassignment Benefits**

- Research is still being done. HealthPartners does have coverage criteria for gender reassignment services. This item will remain on the agenda for the next meeting.

The meeting adjourned at 11:43 a.m. Russell/Ball

Next meeting: October 9, 2014, at 11:00 a.m. at City Hall, Room 402.

Minutes respectfully submitted by,  
Sonda Strom Larson, Executive Assistant  
City of Duluth



CBIZ Benefits &  
Insurance Services  
Minneapolis

**2015 Employee Benefits Medical Plans  
Initial Renewal  
Duluth JPE Meeting  
September 10, 2014**

Presented by:  
Todd Hanson – Sr. Benefits Consultant

## The Duluth JPE Employee Benefits Renewal

The Duluth JPE's Medical plan is renewing effective January 1<sup>st</sup>, 2015.

Goals today include:

- Discuss initial Medical renewal and funding rates
  - Active plan and Retiree plan
- Discuss underwriting analysis and review

### Medical Plan: Renewal Overview

- Changes last year included raising the specific stop loss deductible from \$300,000 to \$400,000, lowering the aggregate stop loss corridor from 125% to 120% and changing the administration fee from a combined PEPM plus percent of claims fee to a fixed PEPM only fee.
- CBIZ underwrites the Medical renewal using Duluth's funding rates as a cost basis. HealthPartners underwrites the Medical renewal using their maximum aggregate claim factors as a cost basis. HealthPartners renewal is used for the fixed cost analysis and maximum claims information only.
- CBIZ is negotiating with HealthPartners for reductions in fixed costs, the outcome is unknown at this time.
- The initial renewal action for Duluth's funding rates is represented by a potential decrease of approximately 2 percent, with updated claims experience not yet received from HealthPartners. Final underwriting will be done upon receipt of updated experience.
- Retiree plans – Freedom and Retiree National Plan – renew with a rate of \$256.00. This is approximately a 3.5% increase.

# CBIZ Projected Funding Factors



Projected Funding Factors	Current	Initial Renewal Option	Initial Recommended Rate Action
<b>Enrollment</b>			
Single	678	678	678
Family	692	692	692
Total	1,370	1,370	1,370
<b>Recommended Funding Factors</b>			
Single	\$697.00	\$677.60	\$697.00
Family	\$1,715.00	\$1,667.26	\$1,715.00
<b>Totals</b>			
Combined Monthly Funding	\$1,659,346	\$1,613,154	\$1,659,346
Combined Annual Funding	\$19,912,152	\$19,357,842	\$19,912,152
Differential	NA	-\$554,310	\$0
Overall Percent Change	NA	-2.78	0.00

Initial Renewal Option: Annual Medical trend of 6.7%, annual Rx trend of 2.0%, 0% change in reserves, 0% claim margin.



## HealthPartners Renewal

### Stop Loss

- The current specific stop loss is \$400,000, changed from \$300,000 on January 1, 2014. This has a premium increase of 9%. CBIZ has requested a lower increase.
- There are currently nine claims between \$50,000 and \$100,000. There are currently three claims between \$100,000 and \$225,000. All claims are current and ongoing with differing prognoses from low to high "estimated future spend".
- The current aggregate stop loss premium is renewing with no change.
- HealthPartners claims projection: The maximum claim factors calculate to an overall claim liability increase of 3.0%.

### Administration

- Overall the administration costs are increasing by 3.0% due to inflation.
- CBIZ has requested no increase at this renewal.

### Total Fixed Costs

- The total fixed cost increase for specific and aggregate stop loss and the administration charges is 4.6%

### 2016

- There will be a combined Medical and Rx marketing in 2015 for a January 1, 2016 effective date.

## Your 2015 Renewal Information

This document outlines important renewal information about your health plan.

Below is the 2015 rate for your HealthPartners retiree plan.

Group name	Rate
Duluth JPE Trust	\$256.00

This is an overview of corporate changes and CMS mandated changes.

For exact coverage terms, please see your 2015 Group Certificate.



<b>CMS Changes</b>		
<b>Part D Benefit</b>	<b>Before January 1, 2015</b>	<b>On or After January 1, 2015</b>
<b>Part D Thresholds</b>	Initial Coverage Limit (ICL): <b>\$2,850</b> Catastrophic: <b>\$4,550</b>	Initial Coverage Limit (ICL): <b>\$2,960</b> Catastrophic: <b>\$4,700</b>
<b>Part D Catastrophic copays</b>	\$2.55 Generic \$6.35 Brand	\$2.65 Generic \$6.60 Brand
<b>HealthPartners Corporate Changes</b>		
<b>Service</b>	<b>Before January 1, 2015</b>	<b>On or After January 1, 2015</b>
<b>E-visits</b>	Not covered.	Unlimited e-visits covered at 100%
<b>Scheduled Phone Visits</b>	Not covered.	Unlimited scheduled phone visits covered at 100%
<b>Routine Foot care (Freedom)</b>	Covered.	Benefit removed.
<b>Hearing Aids (standard benefit)</b>	50% coverage, up to \$1,000, every two years. Limited to standard models.	\$1,000 towards any hearing aid every two years.
<b>Worldwide Emergency and Urgent Care (RNC)</b>	Cost-sharing followed the ER and Urgent Care cost-sharing.	80% coverage for worldwide emergency and urgent care
<b>Other Services and Member Resources</b>		
<b>Online Member Materials</b>	Members can choose to have their materials delivered electronically through their personal HealthPartners account.	
<b>Online Bill Pay</b>	Members of direct bill groups can save time and a stamp and pay their premium online.	
<b>HealthPartners Mail Order Pharmacy</b>	Members can receive a 3-month supply of medicine for two copays.	
<b>HealthPartners RxCheckup</b>	HealthPartners free Medication Therapy Management Program allows members to meet 1:1 with a clinical pharmacist and review the medications to make sure they are safe, effective, and fit the member's lifestyle.	
<b>New Logo &amp; ID Card</b>	All members will be sent an ID card with the new HealthPartners logo.	