

MINUTES  
BOARD OF ALDERMEN  
CONTINUED BUDGET WORK SESSION  
MAY 12, 2016

Mayor Blair called the meeting to order at 5:00 p.m. in Council Chambers of Town Hall and noted that this was a continued budget work session from May 5, 2016.

Attendance: Mayor William J. Blair III, Mayor Pro Tem Darryl Mills, Alderman Henry E. Miller III, and Alderman Lisa Weeks; together with Town Manager Timothy W. Owens and Town Clerk Sylvia J. Holleman. Departmental representation: Human Resources Officer Sara Wilson, Planning and Parks Director Tony Wilson, Police Chief Daniel House, Fire Chief Glen Rogers, and Public Works Director Bill Squires. Laymon Group representation: Perry Laymon, Benefits Specialists for the Town.

Absent: Alderman Elizabeth King due to a scheduling conflict.

**OVERVIEW OF 2016/2017 EMPLOYEE HEALTHCARE OPTIONS**

Perry Laymon, the Town's Benefits Specialist with the Laymon Group, gave a brief summary of the Town's healthcare choices for FY2016/2017: "This year, we went out for quotes from all of the licensed companies in North Carolina including Cigna, Aetna, United Healthcare and First Carolina Care. We were with Blue Cross Blue Shield and worked off their renewal. Cigna declined to quote because the rates were not competitive with Blue Cross's renewal. Aetna came in \$120,000 above First Carolina Care's quote. United Healthcare declined to quote because we only stayed with them last year for a year and now they've set a policy that if someone leaves after one year, they won't quote for another year. First Carolina Care's quotes are included in your spreadsheet. From the employee standpoint, Blue Cross would be the most user friendly; First Carolina second, Cigna third, and Aetna is our least friendly company for employees to work with. From the management standpoint, First Carolina Care is the most user friendly, second is Blue Cross, third is United Healthcare, then Cigna and Aetna. On the spreadsheet, for perspective, I wanted to show where we were when we renewed July 1, 2014. In 2015, we moved to Blue Cross. In 2016, you see Blue Cross's renewal and then the proposal this year to compete with the Blue Cross renewal is First Carolina Care. In 2014, the employer's cost was based on 77 employees on the PPO Plan, 6 on the HSA Plan, and pre-sixty-five retirees at an approximate cost of \$449,850; so we moved to Blue Cross and we've only paid out to date \$1,200 in claims. So you saved \$60,000-\$90,000 in premiums by going with a lesser plan with Blue Cross. Blue Cross is asking for a 12% renewal, which would get us back to 2014 numbers. First Carolina Care came in competitive at a 6.1% increase which is 5.5% lower than 2014. It also reduces our HRA exposure for the out-of-pocket max. Note, we haven't had any claims to date for the out-of-pocket max for this year. We all know about Blue Cross but some of the highlights for First Carolina Care are: 1) they've reduced the out-of-pocket max, 2) they've reduced the specialist visit to \$45 from \$50, 3) the primary care visit has gone up \$10, 4) we reduced the RX copays, and 5) we have a more competitive drug card so we won't have to do an HRA for that. It does put the Town at risk but it's a calculated risk that works very well. A couple of things I like about First Carolina – and I'm not being a proponent that we need to move to them, that is up to the Board based on what you see fit but the reason I think they are number one as far as management is their transparency. They're the only company that will give us detailed claims experience, not per person, but detailed claims experience quarterly so that we can look at how you're doing. Their renewal track record in the ten years I've been working

with them, they've only had one rate increase over 8%. So, they're very consistent over a period of time. The Town has moved every year for three or four years; we need to get two or three years under our belt if we can so that we can continue to work with all of the insurance companies. We had First Carolina Care in here in 2009; we had a zero percent increase at the end of the year. United Healthcare came in at the last minute a hundred thousand under that, so the Town moved. Our best opportunity to keep a carrier for three or four years, I believe, is with First Carolina Care. They have excellent customer service. They're a small company owned by First Health out of Pinehurst. Being a small company, they're much more involved in claims and that can create some issues. The issue that comes up with every company is with step therapy where the insurance company wants an employee to start with the cheaper drug and work his way up to the more expensive one. I would say that First Carolina Care is a little more aggressive at that so the incident rate with the employee is a little bit higher than it would be with Blue Cross. Then there's precertification; there's a list of services that First Carolina Care wants you to pre-cert before you incur those expenses and I would say First Carolina Care is a little more aggressive at that but it helps keep claims down. Then the formulary – what tier the drugs fall in such as generic, brand names, non-preferred, etc., that varies from every company and that's always an issue when you change carriers.”

Mr. Owens said, “We did discuss this at the department head meeting and, for the most part, people did want to stay with Blue Cross. However, I know this is a business decision and I have confidence in First Carolina Care. I know there will be hiccups with the change because it's a new way of doing things and some doctors may or may not be in the network. The Town did have, from what I understand, a bad experience with First Carolina Care in 2009. But I've talked to other folks with fine experiences that have been with them for seven or eight years.” Alderman Weeks asked about the in-network in Wilmington. Mr. Laymon said the MedCost Network is the second largest network in North Carolina. He said most of the insurance companies have a proprietary network (they own their own network) but First Carolina Care leases their network from MedCost.

Following a brief discussion regarding the stability of First Carolina Care, Mayor Blair asked if that was the Town Manager's recommendation. Mr. Owens said it was. Mayor Pro Tem Mills then made the motion to go with First Carolina Care. The motion was seconded by Alderman Weeks and unanimously approved.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE MEETING WAS ADJOURNED AT 5:17 P.M.

Respectfully submitted,

Sylvia J. Holleman  
Town Clerk