

**APPROVED MINUTES  
BOARD OF TRUSTEES FOR THE CITY OF GALVESTON  
EMPLOYEE HEALTH BENEFITS PLAN  
REGULAR MEETING  
July 10, 2019**

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**1. Declaration of a Quorum, Call Meeting to Order, and Roll Call.**

*With a quorum present, the July 2019 Meeting was called to order at 2:10 p.m. by Chairman Stewart Goff. The following Trustees and persons were in attendance:*

Stewart Goff (Chair) – Trustee	Denise Andrew – Boon-Chapman
Andrew Jefferies – Trustee	Kimberly Danesi – Park Board
Xavier Hancock – Trustee	Christy Shinn – City Staff
Kent Etienne – Trustee	Mareia Schreiber – City Staff
Mike Loftin – Trustee	Donna Fairweather – City Staff
Mark Murchison (Vice Chair) – Trustee	Debbi Pierce – City Staff
Stacey Minton – Boon-Chapman	Megan Boswell – City Staff
Matthew Gauen – Boon-Chapman	Tammy Jacobs – City Staff

**2. Conflicts of Interest.**

*None.*

**3. Public Comment on Agenda Items and Non-Agenda Items.**

*The City Council adopted a policy requiring that agendas for all City board, commission, and committee meetings include a section designated for public comment on both agenda items and non-agenda items. Members of the public may speak for a maximum of three (3) minutes regardless of the number of items being addressed.*

No Public Comment was received.

**4. Approval of the Minutes for the Regular Board Meeting of June 24, 2019.**

*Motion to Approve the Minutes from the June 2019 Meeting made by Kent Etienne with a second by Xavier Hancock. Abstained: Stewart Goff. Motion Carries.*

**5. EXECUTIVE SESSION**

**A. Pursuant to Texas Government Code Section 551.0785 to deliberate (1) the medical or psychiatric records of an individual for a benefit from the Plan; or (2) a matter that includes consideration of information in the medical or psychiatric records of an individual for a benefit from the Plan.**

- An appeal filed by a Plan Member regarding the denial of certain health coverage.

**B. Pursuant to Texas Government Code Section 551.071(2) “Consultation with Attorney” to discuss and receive legal advice on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code.**

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- **An appeal filed by a Plan Member regarding the denial of certain health coverage.**
- 6. Discuss and consider for action the appeal regarding the denial of certain health coverage.**

*Executive Session and Item # 6 were tabled as the Plan Member did not attend the meeting to present the appeal.*

- 7. Continuing report on implementation of CareHere Clinic participant “no show” administrative procedures, report on employee Health Risk Assessment participation, and overall employee health plan/financial participation-utilization information.**

Kent Etienne delivered a report on current no shows and HRA completion. CareHere is providing on-site HRA days for the City, Port, and Park Board. All entities on the health plan need to be mindful of the fast-approaching September 30th deadline for members to qualify for the discounted monthly premium rates.

- 8. Receive updates and announcements from Boon-Chapman regarding the Health Plan. This item is for informational purposes only and no action will be taken by the Board.**

Stacey Minton provided an update regarding the new League City CareHere location. The contract was approved by the County of Galveston. The actual buildout has not commenced.

- 9. Financial reports as of June 2019 to include large claim cases and reimbursements by SA Benefit Services as reinsurer for year effective 10/1/2018.**

Kent Etienne went over the current stop loss report. There are currently four plan members over the stop loss limit of \$200,000. There are no lasers for this year, so the plan will receive reimbursements for any amounts over \$200,000 per plan member.

Stacey Minton explained how the stop loss process works and how long it takes to receive the reimbursements. If a claim is submitted for the first time for a plan member, it can take up to 30 days to receive. There are more claimants over \$50,000 for the current plan year. There are more small claims that do not go over the reimbursement amount. Last year, there were 11 plan members over \$50,000, but under the stop loss amount. This year, there are 22 plan members over \$50,000, but under the reimbursement amount.

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---

Michael Loftin provided a 5-year forecast to the budget. This information was provided to City Council to highlight areas of concern. An approximate amount of \$1.7 million is needed to catch up for this year and to prepare for an estimated 8% increase for next year. The health plan cash fund has a balance of about \$90,000. The City is going to make a contribution to the health plan now instead of waiting for payroll processing to pull funds and send them to the health account each pay period. The plan needs to look at a minimum fund balance with \$1 million as an ideal balance. If the account runs negative, the plan will still need to pay claims. The money would have to be reimbursed from other funds. If the needed funds were distributed based on head count, it would be heavily weighted on the City. Contribution would be \$700,087 from the City, \$72,400 from the Port, and \$84,000 from the Park Board. The funds needed at this point in the plan year were not budgeted. The money would have to come from another fund balance. The City came up with numbers needed from each entity to leave the fund balance at \$1 million at the end of the plan year. The numbers the City Finance Team came up with are \$530,000 from the City, \$367,000 from the Port, and \$46,000 from the Park Board. These numbers were calculated by including headcount and a percentage of the overages. The contribution needs to be made to the fund before the end of the fiscal year.

Mark Murchison indicated that it may not be realistic for each entity to provide this funding in the next 60 days.

*Motion made by Michael Loftin with a second by Kent Etienne for the board to delegate a group of representatives from each of the participating entities on the plan to meet and propose a course of action at the next meeting. Unanimously Approved by those Trustees present.*

**10. Discuss and consider for action premium and plan benefit changes necessary in FY2019 and FY2020 to sustain the Plan's financial solvency.**

Stacey Minton delivered information on proposed plan changes. The options include maintaining the grandfathered status or choosing to lose the grandfathered status in favor of certain changes. If the plan loses grandfathered status, it will become subject to new regulations. There will be some additional costs initially. Once the plan loses its grandfathered status, it cannot go back. A handout was provided to board members that showed the maximum amount the plan can elect for deductible, co-pay, out of pocket, co-insurance, and prescription costs while maintaining grandfathered status. An additional handout showed a summary of proposed premium rates. All options showed the costs savings the changes would bring to the plan. Increasing items to the maximum allowed under the grandfathered status would generate almost \$380,000 in savings. Option one

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---

exceeds the maximum amount allowed under the grandfathered status and option two is a middle ground. Lump sum contributions to the plan do not count towards employee contributions to the plan. The plan needs to decide if it wants to stay grandfathered. There are a list of medications and services that would have to be covered in full instead of the current co-pay. An example is genetic testing. At a minimum, the additional costs would be an additional \$100,000. The rates provided are based on the employer contribution being \$560 per month.

**Michael Loftin:** The employer contribution needs to be \$854 monthly per employee. If the plan leaves the employer contribution at \$560 per month, the plan will be in the same position in the future.

**Stacey Minton:** If we change the employer contribution from \$560 to \$800, we can charge \$109 for employee only and \$543 for dependent rate. For employees that are not HRA compliant, it would be \$181.80 for employee only and \$615 for dependents. This would generate \$2,790,720 from the employer and \$1,438,205 from the employees. This is \$4,228,925 total. This shows the maximum rates under the grandfathered status at an employer contribution of \$800 per month.

**Stewart Goff:** The plan is electing \$75 monthly for employee only coverage and \$380 monthly for dependent coverage. The deductible will be \$1,750 and the emergency room deductible will be \$75. Office visit co-pays will be \$40 and \$50 for a specialist.

**Stacey Minton:** The proposed changes will result in \$147,145 in plan savings while maintaining the plans grandfathered status.

*Motion made to approve proposed changes to the health plan made by Kent Etienne with a second by Stewart Goff. Unanimously Approved by those Trustees present.*

- 11. City Staff will update the Board regarding the responses received for the Request for Proposals for employee health insurance including the tentative timeline for recommendations from the Board and presentation to the Galveston City Council.**

Mike Loftin delivered an update on the RFP responses. The City is using an advisory group – Gallagher – to assist with the review of responses. The results will be shared with the board.

- 12. Discuss tentative date(s) for next Board Meeting.**

*Tentatively agreed upon for Tuesday, July 30, 2019 at 2:00 p.m.*

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**13. Adjournment.**

*Motion to Adjourn made by Xavier Hancock with a second by Andrew Jeffries.  
Unanimously Approved by those Trustees present. The Meeting was adjourned at 3:43 p.m.*

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STEWART Goff  
Stewart Goff, Chair

Tuesday, July 30, 2019  
Date Approved