

2007
HEALTHCARE MANAGEMENT AND BARGAINING PLAN

As we complete phase II of the Healthcare management plan it is time to evaluate what has been accomplished and set a new plan for the future. The City has made significant progress in efforts to control healthcare costs over the last 2 years. Last year the City defined the size of the health insurance liability for the City and found that over time the liability was in the hundreds of millions of dollars. Our previous healthcare management program provided a multi year list of objectives to start a process to control healthcare costs. The Marsh Mclellan study of 2004 made many recommendations to help control healthcare costs, which have been acted upon by the City. The following lists some of the progress that has been made the past 2 years :

1. Implemented a City wellness program
2. Increased deductibles for single and family plans
3. Expanded maximum 125 flex benefit plan to \$5,000
4. Implemented a 5% premium share with caps
5. Implemented a non-participation incentive program
6. Increased out-of-network deductible
7. Increase out-of-network out-of-pocket maximums
8. established co-pay for emergency room and doctor visits
9. Ended life time health coverage for new employees
10. Created City-County clinic increasing city discounts and decreasing provider charges
11. Started 3 tier prescription program (non-represented)

Using the accomplishments we have made the last 2 years as a based to work from, it is time to set a new course in our goal to control health care and labor costs. The previous plan started with non-union personnel taking the lead on changes. This plan proposes the changes will be first initiated with union or represented personnel taking the lead.

The following are the policies and philosophy to be used in contract negotiations:

1. Agreements should contain a sunset zipper clause for all side letter agreements
2. The employees should pay 10-15% of premium share
3. Co-pays should be expanded
4. Continue exploration of all opportunities to contain health care costs including changes in health care networks and associations and continue collaborations such as the City/County Clinic
5. Completion of a 3 tiered drug program
6. Increase deductibles
7. Use the 125 Flex Benefit plan to offset adverse impacts where possible

8. Pursue non-participation incentive programs
9. Increase out-of-network deductibles to leverage network discounts
10. Increase out-of-network out-of-pocket maximums
11. Pursue ending healthcare coverage after 65 years of age
12. Implement compensation adjustments on “ability to pay” basis
13. Pursue spousal carve-out program
14. Pursue elimination of two family or combined single/family policies

Since other issues may arise as time goes by, the City will have to be flexible in this process and adjust to changing conditions.

Upon approval, these policies will be utilized in future negotiations and planning activities. No contracts will be open in 2007 and the next round of negotiations will begin in 2008.