MINUTES SPECIAL FINANCE COMMITTEE MEETING
July 22, 2002

Members of Finance Committee present: William L. Hills, Mel Clemens, Eric Gilbert, Sarah Cannella.
Other members of Council present: Lane Beougher, Ron Stake, Council President Bradley L. McCloud. Councilman Jim Wade was absent.

Mr. Hills: I'd like to call the Special Finance Committee meeting to order on July 22 at 7:15 p.m. I'm going to be discussing, or I'm going to ask that we discuss both items 2 and 3 together. Item 2 is the withdrawal from the Central Ohio Healthcare Consortium, the (Pool), and item 3 is discussion of authorization of agreement with United Health Care. These are on the committee meeting tonight at the request of the Administration who has recommended that we enter into the new agreement and discontinue our old agreement. I will say that certainly the information that we have been provided would indicate that this change is going to provide the same or better coverage for the employees, all of the employees. And we certainly are aware of the collective bargaining organizations and arrangements and portions of the contract that need to be complied with. With that, any questions from, I do have three speaker slips so you'll know and does anybody on Council have any comments or statements they'd like to make before we ask the Mayor if he has any comment? Mayor do you have any comments?

Mayor McPherson: Thank you Chairman Hills. Yes, the Administration does fully support the change from our Central Ohio Health Care Consortium to the UHC program. I think Mr. Hills summed it up pretty well. We believe when you run a comparison analysis that the changes are beneficial to everyone in the City. You'll see there is substantial dollar savings in the various hospitalization, in-patient, out-patient, and as we discuss this, you know, through at least with the contract of the FOP it will come out, you know all the pluses and all the benefits to going with the new program. The one thing I do want to remind Council is that there is a participation on the premiums. That percentage, by lowering the premium will also lower the amount that each employee has to pay each month. So there are many pluses to the program and we just look forward to being in a position to discussing it, you know as we go along. Thank you.

Mr. Hills: Does that raise any questions from anyone on Council or any comments that would like to be made at this time? Seeing none, I will move on to my speaker list, Bill Early. If you would just give your name and address Bill and for the record since we do tape the meetings.

Mr. Early: Thank you ladies and gentlemen of Council, Mr. Mayor. My name is Bill Early, I'm a police officer with the Division of Police and I'm also a representative of Capital Lodge 9. As you may or may not have known, I was on the negotiating team that negotiated the current collective bargaining agreement. As Mr. Hills made note, there is some language in the contract after about 18 months of negotiations we took our proposal and the City's proposal to a fact finder. And what we arrived at was the language that we have in the current collective bargaining agreement which I would like to read for you. Under Section 31.8 under the title of <u>Change In Carriers</u>, "Should the City propose to change its insurance carrier for medical insurance coverage

where such a change would result in a lesser level of coverage than was in effect on January 1, 2001, the City shall provide the Lodge with at least ninety days notice of such intended change. Upon request of the Lodge, the parties shall meet to discuss the City's proposal. If, after these discussions, the City and the Lodge are in agreement as to any change, the City may implement the agreed-upon change. If, after these discussions, the City and the Lodge are in disagreement as to any change, the parties shall submit their dispute to binding arbitration under the provisions of Article 6 of this contract. The arbitrator shall issue a binding decision resolving the parties dispute." The first that I've been made privy to any of the information as for the change to UHC would have been this morning. Clearly there was absolutely no notification of the Lodge that the City intended to change carriers and there have been no discussions, much less we haven't had 90 days notice to do this. It's my belief, and I believe it'll probably be the belief of the membership that this violates our current collective bargaining agreement. Further than that, as a City employee, I don't believe that a change to UHC at this time without looking at the total plan and having people have time to look at this plan to determine whether or not, you know the overall benefit is going to be for everyone. I hope that my comments and concerns tonight have not fallen on deaf ears and that you will listen to the other people that are going to speak. This is not a new issue I'm sure to anyone as you may have recalled when we were still currently in negotiations for this collective bargaining agreement, Steve Baughn who's both a citizen and a police officer addressed you when there was a concern that we were going to change from the Central Ohio Healthcare Consortium at that time. And that's all I have for you. Thank you for your time.

Mr. Hills: Any questions of Mr. Early? Mr. Clemens.

Mr. Clemens: Yes. As I read Section 31.8, Change of Carriers, the second sentence, the second line says "lesser level of coverage". I believe we feel and the City feels that this is not a lesser level of coverage and therefore, we are not as you say, breaking the agreement. So as long as the City feels this is not a lesser level of coverage, and that will be decided when we do have our 90 days for discussion with the FOP and if need be go to arbitration. But at this time, as the Mayor said, I believe that Council feels and the Mayor feels that this is not a lesser level of coverage. Therefore, we did not have to notify you.

Mr. Early: Mr. Clemens, truly I can appreciate your position but if we believe it's a lesser level of coverage, although we've not even had the information to see, and you make the move to UHC, how can you make that determination now without even discussing it?

Mr. Clemens: The City has made the determination. It'll be up to when we get together and discuss it how it comes out and how you feel it comes out and how when we have to go to arbitration. It doesn't say here that we have to negotiate with you if we feel it's under a lesser level of coverage. And therefore, that's how we feel, that's how our legal staff feels and that's why it's here this evening.
Mr. Early: I understand that, sir. But the purpose of the language from what we got when we went to the fact finder was so that if there was going to be made a change that it would discussed. It hasn't even been discussed.

Mr. Hills: Mr. Early if I could, and because we're not going to become argumentative, we're going

to stay at our positions and we're going to move forward.

Mr. Early: And I understand sir.

Mr. Hills: Our positions are different on this. And you've had discussions with your Counsel, we've had discussions with our Counsel, the positions are different. The coverage that we are looking at and the information we have is not of a lesser level of coverage. I would certainly encourage all employees to look closely at this policy and I would include your Lodge in that. There's certainly, your Lodge will receive the notification that is appropriate by your contract when it's appropriate to get it. And our advice is that it's not right now. You will get your notification when it's appropriate. And we are following our Counsel's guidelines. Your Counsel has sent your letter and we've seen that. We've all been copied on it. There is some differences what is that saying in part of the first sentence. Okay? And I mean there's no, we're not going to sit here and agree on that tonight. And there's not much point in battering that one back and forth because it's not going to be done here because if it's not in our mind and the City's mind and as they made a recommendation to us, and when we have to make whatever motions we make or votes we take will be based on the information that was given us. And the key is whether it's a lesser level of coverage. And certainly I am, I'm fully aware of the contract and I would certainly hope that when we sit down and go through this it won't take 14 months. I don't think it was 18, I think it was 14. But, any other questions of Mr. Early? Do you have any other statements Bill?

Mr. Early: No I do not sir. Thank you very much for your time.

Mr. Hills: Thank you very much for coming. Ronald Snyder. Mr. Snyder if you would just give your name and address for the record please.

Mr. Snyder: Thank you, yes. My name is Ronald Snyder. I'm an attorney. My address is 225 East Broad Street, Columbus, Ohio. I'm an attorney for the Fraternal Order of Police Capital City Lodge Number 9. Members of Council, Mr. Mayor, actually in light of Mr. Early's remarks my remarks will be relatively brief. I don't want to take your time repeating arguments that have already been made but there are a couple of comments that I would like to make. I guess first of all, I have a question and I don't know if anyone can answer it. But one of the concerns I think that the membership has is whether there is some time frame that the City has in mind in terms of implementation of this. I mean we have, as far as I know today for the first time been given some information about the UHC proposed program. But as far as I know no one has been provided with information as to whether there was a particular time frame in mind in terms of this proposal.
Mr. Hills: Well certainly we'll be going into the next contractual year with it and I don't know why I wouldn't mention that but Mayor, if I understand this properly, certainly in order to withdraw from the Consortium they must be informed not later than September 1. I think there are some discussions with Administration right now of what they call an overlap where you start in with the new company a month or so earlier so you don't have lost claims and you can pick up coverage to be sure that there isn't anything that you're paying out of pocket that one of the plans wouldn't have taken. And I know there's been the possibility of November. The possibility of December but certainly if we are out of the Consortium and give them notice by September 1, their contract

year if I'm correct Millie or the Mayor, is January 1 and it certainly, they'll be new coverage in place prior to January 1.

Mr. Snyder: Thank you, sir. I appreciate that. Just a couple of comments with regard to the situation. In addition to the contractual provision that Mr. Early noted, as you're also no doubt aware, there's also another provision of the contract, Section 31.1 which provides in part that the City shall provide for the life of this contract comparable coverage for hospitalization, surgical, major medical and drug participation coverage which was in effect as of January 1, 2001. Obviously a concern that the Lodge members have is that the proposed change may have an impact which does not leave them with comparable coverage. Again, we don't have the benefit of having had the opportunity to review the proposed coverage for any length of time. I understand as most of our members have seen it today for the first time. The initial reactions that I have heard is that there are concerns that this does provide a lesser degree of coverage, that it would not be comparable to the existing policy and that's quite frankly our concern. Our concern is that if the City's considering it at this point, and in fact it is a lesser level of coverage, and no notice has been provided, then we have a concern that the City would implement such a provision without the notice to the Lodge and the discussions taking place. Our view is that it's not something that the City ought to do unilaterally either under the language of the contract or in terms of, quite frankly, the relationship with the FOP members. I understand, I believe that some of the assertions that have been made by the committee members, however I would like to note that one of the concerns that I believe we have, quite frankly, is that if in fact there is a move here which is going to result in a change in carriers from one to another, and if in fact that is determined ultimately to result in a reduction in the level of coverage for FOP members, our concern quite frankly is that the committee and Council and the City not go down that road in a way that's irreversible. And our concern is that we would like to have the opportunity to review the proposed changes if in fact, as our first analysis indicates there is what we believe to be a reduction, to have those discussions take place and to have an opportunity to address those concerns to the City before a decision is made to change carriers as opposed to afterwards when in fact potentially it could cost the City even more money if carriers are changed and then an arbitrator for example were to say 'you have reduced coverage, you must somehow implement changes that will keep the benefits for the FOP members at the correct level, despite the fact that you've changed carriers'. All we're saying I believe is at this point, what I want to say is we believe the prudent course would be to provide an opportunity to review the proposed changes and an opportunity to have discussions take place before a decision is made as to whether to change characters, carriers rather, so that the City does not go down a road which will potentially cost additional funds in order to implement what's necessary to keep the coverage at the correct level under the contract. I know that there are a number of members here tonight. I discussed the matter with President Bill Capretta of the FOP Capital City Lodge Number 9 this afternoon. The Lodge very much would like to participate in discussions with the City if there is to be a proposed change. We would very much urge you to allow that participation to take place before any decision is made in change of carriers. We do however want to make it clear that we very much intend to do what's necessary to make sure that the provisions of the contract are adhered to and again at this point in time if you have any questions I'd be glad to address them.

Mr. Hills: Any questions of Mr. Snyder? Mr. Snyder again, I guess I would say the same thing.

We wouldn't be doing what we're doing if we would have felt that this was a lesser level of coverage, whether it be for your contract employees or the other employees of this City. We were, as you advised the Lodge, we get our advice too and we certainly are following our advice you'll receive the notice when the notice is appropriate. I encourage cooperation and a willingness to work to be sure that all is understood. The way I understand it, no one's going to come up short on here. Now I would hope again that it, the communication would be somewhat better than it's been in our past at times. Mayor did you say you had some comments you wanted to make?

Mayor McPherson: Well only to expand a little bit on that. Notice to the Lodge after the decision is made by City Council tonight will be provided tomorrow morning. Even though it says "90 days prior to any anticipated change", that's going to give us about, almost what, 5 months. August, September, October, November, December to iron out any difference that there might be between what the FOP and what the City feel are differences. I think I said earlier that as you go through it you're going to find there are far more pluses and increased coverages in the UHC than anything that will be a negative to the employees. Our goal is to provide equal to, or better coverage for every employee in the City, including the FOP members. And that was our goal when we started looking at it. That remains our goal and that will continue to be our goal. So you know, we're looking forward as Administration to sitting down during this 90 day period and working out any differences that we might have on it.

Mr. Hills: Okay. Anything else of Mr. Snyder? Mr. Snyder do you have anything you'd like to add?

Mr. Snyder: Members of Council, Mr. Mayor, the only thing that I would like to clarify is that again our view on this is that, and I understand that, I believe it to be the Mayor and Council's position that once the decision is made there is a 90 day period during which these discussions may take place. I would simply reiterate that it is I believe the Lodge's and members' views, that particularly where this kind of a major change is taking place that the appropriate way to proceed would be to provide notice before Council makes its final decision as opposed to implementing a decision and then notifying the Lodge as to what was done. That's all I have.

Mr. Hills: Thank you Mr. Snyder.
Mr. Snyder: Thank you.

Mr. Hills: Third slip I have is from Steve Baughn. Steve if you would give your name and address for the record please.

Mr. Baughn: My name is Steve Baughn. My address is 7374 East Rich Street, Reynoldsburg, Ohio. First off I'd like to take this opportunity to thank President McCloud and members of Council and the Administration for allowing us to speak here tonight. I'm going to try to make my comments a little briefer than both Mr. Early's and Mr. Snyder's. I've been a bargaining unit member of the department and the Lodge for better than 20 years and I'm sure as this Council remembers we were in the same position about 2 years ago. At that time we were at least afforded enough advance notice to be able to sit down and do a side by side comparison of the programs that

the City was looking at then. One of which was UHC, the other being Cigna. After some side by side cost comparisons, we brought that information back to Council and I think showed some clear and convincing evidence that the coverage was not comparable at that time when in fact I believe Council was under the impression then that the coverage they were looking at of these other programs were comparable also. What we go by here tonight is based solely on the information that the Administration's own Human Resources Department's provided us. And there's nothing in there about any exceptions for Lodge members or bargaining unit members or anything else. And when you look at changes in deductibles and you know, elimination of benefits and stuff that we have presently, I'm not sure that you can come to any other conclusion other than it's a lesser coverage. But like I said I don't, I mean it's become painfully aware that we're not going to settle this here tonight. So, you know I guess that's really the extent of my comments other than you know, again we believe that it's incumbent upon the City to open up discussions with us before the change is made and not that the City unilaterally try to take this action. That's all I have. Thank you.

Mr. Hills: Any questions for Mr. Baughn? Steve, thank you very much.

Mr. Baughn: Thank you.

Mr. Hills: Any comments from anyone on Council? Mr. Stake, go right ahead.

Mr. Stake: Thank you Chairman Hills. We're faced with a financial situation here where we need to save some money and I don't think we're doing this just to save money. I think what we're trying to do is to get out of a situation. I happen to be in the health insurance business. I've been doing this for about 20 years. I run an employee benefits company and I've looked at these plans very carefully and it's my opinion that we've come up with a better plan overall for the employees and if there are some discrepancies with the FOP I think that the Administration will make good on those and will fill in those gaps. At least that's the word I got from the Administration on that. But I think we have a good plan here. We have an opportunity to save the City some money. We also have an opportunity to save some of the employees, or save the employees some money and I think overall we have better benefits. I'd be happy to sit down and discuss line by line any of the benefits we have with UHC versus the Consortium plan. And one of the things when you're looking at plans like this and I understand where the FOP is coming from and the employees are coming from in making the change and they want to be involved and we certainly want them to be involved but with the Consortium plan I see a danger in possibly being forced some day into another plan where neither would the Administration, Council or the employees or FOP have an opportunity really to be careful in what they're doing and be forced to maybe take some deal that we don't want to take. So, I think this is the most prudent way to go about this and I appreciate the Administration bringing this forward at this time so we have an opportunity to do this in a timely manner for everybody and appreciate the leadership from Mr. Hills on this. We've been very, very careful in looking at this and we feel this is the way to go. Thank you.

Mr. Hills: Thank you Mr. Stake. Mr. Clemens.

Mr. Clemens: Yes. And I agree with Mr. Stake. And I think one thing that we have to look at

and I do think that the insurance plan is comfortable. I certainly wouldn't want to do anything that would harm the employees. Any of them. Period. But also I'd like to see them save some money. If you look at the difference what we're talking about is the difference between $782 a month and $1,500. Now when we start talking about $1,500 for insurance, we're talking about a lot of money and you're talking about a percentage that the employees have to pay out on that. If we can come up with a comparable insurance and I think this is, we're talking about saving the City close to $400,000 a month. And I'd like everybody to think just a little bit about what type of insurance our taxpayers have. An average person in Reynoldsburg, whether they carry this and Senior Citizens, whether they have this type of insurance, over $1,000 a month. So I think it's important that we're in a situation where we'll sit here as elected officials and we're elected by the City residents and the taxpayers to handle their money in a proper fashion and I think it's something we've got to think about on how we spend our taxpayers' funds. Now as I say this is a savings for the employees as far as their percentage. We're not increasing the percentage. If we went to a situation where we increased the insurance, certainly we'd have to increase the percentage the employees pay. And I don't want to see that happen. So I think that this is a good plan. I think that the Administration's worked hard on this. And I want to thank them for bringing this plan; the Mayor has worked on this for the last year. This time we've actually put a lot of effort into the plan and I want to thank the Administration for bringing it forward and I think it's a good plan for everybody concerned.

Mr. Hills: Thank you Mr. Clemens. Any other comments from anyone on Council? With that and for clarity purposes then I would in item number 2, I will recommend that we send an ordinance forward authorizing the Mayor to withdraw the City of Reynoldsburg from the Central Ohio Health Care Consortium with recommendation for adoption as an emergency. Is there a second? Second by Mrs. Cannella. All in favor state aye. (All voted "Aye").

And item number 3 I'd recommend an ordinance authorizing the Mayor to declare, enter into agreement with United Health Care, recommendation for adoption as an emergency. Is there a second? Second by Mr. Clemens. All in favor state aye. (All voted "Aye"). Opposed? (No response). It will go forward to tonight's meeting for a reading as an emergency with recommendation for adoption. Thank you very much.

And with that we will conclude Finance Special Committee Meeting at approximately 7:40.

Special Finance Committee
- --Nancy C. Frazier, Clerk of Council
(Transcribed - Susie Smith)
July 22, 2002