CITY OF McALLEN

Mayor Javier Villalobos
Mayor Pro Tem/Commissioner Joaquin Zamora
Commissioner Tony Aguirre, Jr.
Commissioner J. Omar Quintanilla
Commissioner Rodolfo "Rudy" Castillo
Commissioner Victor "Seby" Haddad
Commissioner Pepe Cabeza de Vaca
City Manager Roel "Roy" Rodriguez, P.E.

NOTICE OF WORKSHOP TO BE HELD BY THE MCALLEN BOARD OF COMMISSIONERS
MONDAY, JUNE 13, 2022 – 4:00 PM
MCALLEN CITY HALL
CITY COMMISSION CHAMBERS; 3RD FLOOR
1300 HOUSTON AVENUE
MCALLEN TEXAS, 78501

AGENDA
https://zoom.us/j/5087553077?pwd=TjduYjR4U2l3cWU1NjlsZzlsM2hJUT09

Members of the public that wish to listen to the meeting can log in to the virtual Zoom meeting or dial (346) 248-7799 US (Houston) Meeting ID: 508 755 3077 Passcode: 878576.

Individuals that wish to participate in the meeting or comment on an agenda item should call (956) 681-1020 by 3:30 pm. Any individual dialing in acknowledges his or her phone number may be visible to the public.

"At any time during the course of this meeting, the City Commission may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the City Commission under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at any time during the course of this meeting, the City Commission may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code."

CALL TO ORDER

1. Present questions to staff relating to the June 13, 2022 Regular Meeting Agenda, to be discussed at such meeting.

2. Status Report on City of McAllen Health Plan.

3. **EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 (CONSULTATION WITH ATTORNEY), SECTION 551.072 (DELIBERATION REGARDING REAL PROPERTY), SECTION 551.074 (PERSONNEL MATTERS) AND SECTION 551.087 (ECONOMIC DEVELOPMENT)**

A) Discussion and possible lease, sale or purchase of Real Property; Tract 1, Tract 2 & Tract 3. (Section 551.072, T.G.C.)

B) Consultation with City Attorney regarding litigation matters. (Section 551.071, T.G.C.)

C) Consultation with City Attorney regarding legal issues with entertainment contract. (Section 551.071, T.G.C.)

D) Consultation with City Attorney regarding legal issues with McAllen Convention Center Marquis. (Section 551.071, T.G.C.)

ADJOURNMENT

IF ANY ACCOMMODATION FOR A DISABILITY IS REQUIRED (OR INTERPRETERS FOR THE DEAF), NOTIFY THE CITY SECRETARY'S DEPARTMENT AT 681-1020 FORTY-EIGHT (48) HOURS PRIOR TO THE MEETING DATE. WITH REGARD TO ANY ITEM, THE BOARD OF COMMISSIONERS MAY TAKE VARIOUS ACTIONS INCLUDING BUT NOT LIMITED TO RESCHEDULING AN ITEM IN ITS ENTIRETY FOR A FUTURE DATE OR TIME.

C E R T I F I C A T I O N

I, the Undersigned Authority, do hereby certify that the attached agenda of the meeting of the McAllen Board of Commissioners is a true and correct copy and that I posted a true and correct copy of said notice on the bulletin board in the Municipal Building, a place convenient and readily accessible to the general public at all times, and said Notice was posted on June 10, 2022 at 3:30 PM and will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.

/s/
Perla Lara, TRMC/CMC, CPM
City Secretary

CITY OF McALLEN

ITEM SUMMARY

BOARD: City Commission	AGENDA ITEM	1.
	DATE SUBMITTED	06/07/2022
	MEETING DATE	6/13/2022

1. Agenda Item: Present questions to staff relating to the June 13, 2022 Regular Meeting Agenda, to be discussed at such meeting.

2. Party Making Request:

3. Nature of Request:

4. Routing:

Cindy Gonzalez	Created/Initiated - 6/7/2022
Perla Lara	Approved - 6/7/2022
Isaac Tawil	Final Approval - 6/7/2022

5. Staff Recommendation:

6. Advisory Board:

7. City Attorney:

8. Manager's Recommendation:

CITY OF McALLEN

ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM	2.
DATE SUBMITTED	06/03/2022
MEETING DATE	6/13/2022

1. Agenda Item: Status Report on City of McAllen Health Plan.

2. Party Making Request: Jolee Perez

3. Nature of Request: Review Health Plan status for FY21-22 with FY22-23 projection.

4. Routing:

Jolee Perez	Created/Initiated - 6/3/2022
Jeff Johnston	Approved - 6/3/2022
Isaac Tawil	Final Approval - 6/7/2022

5. Staff Recommendation: Informational report only.

6. Advisory Board:

7. City Attorney:

8. Manager's Recommendation:

City of McAllen
EMPLOYEE
BENEFITS

MEMORANDUM

TO: Roy Rodriguez; City Manager
CC: Jeff Johnston; Assistant City Manager
FROM: Jolee Perez; Director of Employee Benefits
DATE: June 13, 2022
RE: Health Plan Review

Enclosed you will find a Health Plan Update presentation that covers last fiscal year and gives insights into this year and next year projections, along with a preview of items that being worked on for future funding stability.

JUNE 2022

Health Plan Update

Review of fiscal end 20-21 with current and long term funding insights.

Presented to
City Commission & Public Utility Board

Presented by
Jolee Perez
Employee Benefits Director

Financial Experience

for the year ending September 30, 2021

	ACTIVE	RETIREE
BEG WORKING CAPITAL	($177,123)	$47,009
REVENUE	$15,428,091	$1,628,574
EXPENSES	$14,379,597	$2,103,459
END WORKING CAPITAL	$871,372	($427,876)

ACTIVE FUND

- Culmination of three year aggressive plan that resulted in positive ending capital after seven year deficit.
- Revenues included budget of $2.6M in transfers from various other funds.
- This positive ending balance was experienced despite start of the pandemic in 2020.

RETIREE FUND

- The start of the pandemic ate $700K surplus funds the prior year, leaving only $47K starting capital.
- Pandemic testing and cases, along with several high dollar claimants hit this fund hard in 20-21, realizing a deficit for the first time in twelve years.

Performance Summary

for the year ending September 30, 2021

- Primary medical cost drivers were neoplasms, Infectious and parasitic diseases, and other conditions.
- Primary pharmacy cost drivers were diabetes, inflammatory conditions and oncology.
- Some high dollar pharmacy expenses we are seeing:
  - Inflammatory conditions with an average script cost of $5.1K.
  - Lynparza (cancer drug) utilization running at $15K per script.
  - Hyponatremia scripts running $16K per script.
- Site of care selection by members has helped drive approximately $95K in savings over the last five years. Though in 20-21 we still had $59 claimants that went to a free-standing ER.
- Transition of 11% of members to a higher disease state (leads to diabetes and heart disease). Expecting another 8.3% to move within the next year as well.
- There are 18 high needs families enrolled in health plan (have patients with conditions such as down syndrome, autism).
- Three claimants received transplant services (2 bone marrow transplants, 1 kidney transplant). All were conducted at Centers of Excellence.
- Savings from clinical pharmacy programs that are in our programs was about $1.3M.
- Of cancer claimants, 59% of the cases were complex. Of these, 23% could have been found through common screenings.
- Opportunity areas:
  - Site of care choice education to reduce non-necessary ER utilization and complete refrain from free standing ER utilization. Promotion of alternative options (virtual visits, nurseline, preferred PCP).
  - Diabetic care education - proper medication administration, nutrition, excercise, etc.
  - Behavioral health support promotion including Sanvello & Talk Space
  - Helping members who avoid care to feel comfortable with early care for condition onset, preventative care and screenings.

Medical claims trend went down .2% and is 39% below book of business.

Pharmacy trend went up about 14%, though still below normal book of business by 26.7%.

Catastrophic cases drove -2 pts of total trend.

Specialty drug spend was up 7.7%.

Diabetic population grew by 5.3%.

Cancer patients decreased by 22%.

Substance abuse increased by 11.1%.

Depression script users increased by 16.3%

Behavioral health ran $3.43 PMPM.

Catastrophic claims (those above $50K) were a total of 46 cases.

Maternity claims were up 38.3% (COVID Baby Boom!)

Financial Projections

for the year ending September 30, 2022

	ACTIVE	RETIREE
BEG WORKING CAPITAL	$871,372	($427,876)
REVENUE INCLUDES $954,292 TRANSFERS	$14,676,728	$1,660,765
EXPENSES	$15,546,986	$1,062,995
END WORKING CAPITAL	$1,114	$169,894

ACTIVE FUND

- Expenses include over $1.3M of the $2M in COVID related claims and testing expenses incurred since 2020.
- We're seeing increased claims due to 1) Non-Urgent care that was delayed in 2020-2021 and 2) Claims resulting from delayed care / lack of preventative care in 2020-2021.
- Increase in behavioral health claims.

RETIREE FUND

- Same impacts to expenses as mentioned in active fund above.
- Some high dollar claimants are no longer on plan, thus we're not likely to see those high claims expenses that were experienced in 20-21.

Performance Factors

for the eight months to April 30, 2022

- Healthcare inflation is over 200% higher in 2022 than 2021.

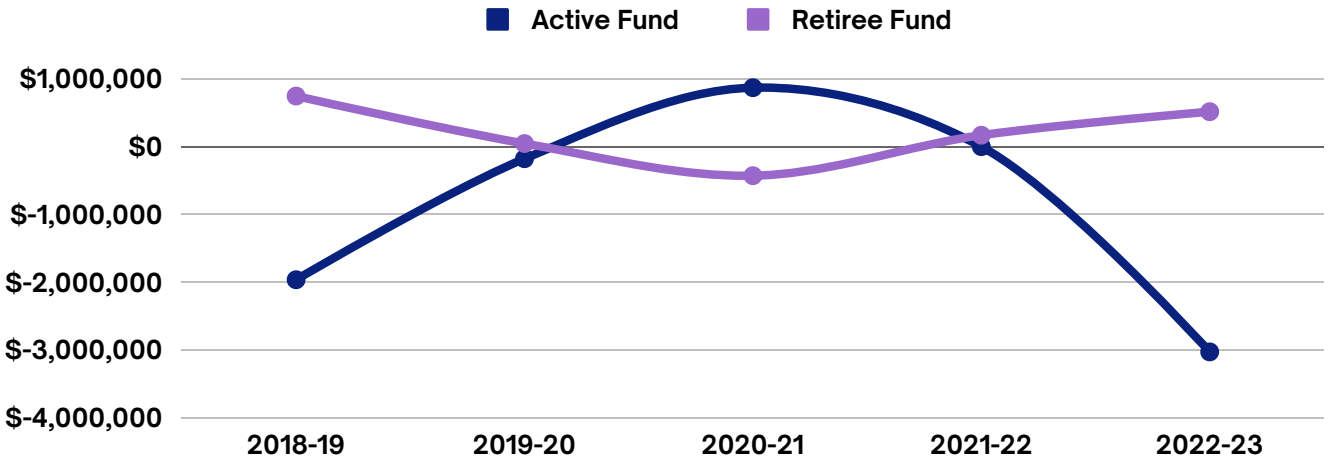
- Five claimants have incurred claims above $100K but less than stop loss of $250K, resulting in $622K of expenses. No claims above stop loss have been experienced.

- COVID testing has become very minimal as of May 2022. However, our most saturated testing utilization and expense was in this fiscal year.
  - 43% of all testing since July 2020 was conducted in this fiscal year (1536 claimants).
  - Of the claimants this year, 86% of them were between December 2021 and January 2022.

Looking Towards 2022-23

	ACTIVE	RETIREE
BEG WORKING CAPITAL	$1,114	$169,894
REVENUE	$13,213,985	$1,655,507
EXPENSES	$16,244,526	$1,308,494
END WORKING CAPITAL	($3,029,427)	$516,907

Fund Balance



Action Plan

for Fiscal Year 2022-23

In coming meetings, we'll be presenting a series of strategic recommendations aimed at not only reducing plan expenses, but working towards long term health outcomes.

The items listed to the right are just a few of the items we're working on for upcoming presentation.

We're working with our partners and peers alike to ensure the recommendations that we are analyzing have a sustainable role in ensuring quality healthcare is continued to be received by City of McAllen employees with the least burdensome expense to the plan and members.

Furthermore, we seek to ensure that our health plan remains one of the many employer of choice benefits bringing value to the employees that serve our community on a daily basis.

1

$1.8M

We'll be taking a look at plan design features (deductibles, copays, coinsurance, premiums, max out of pocket limits) for some tweaks that help drive engaged healthcare.

2

$225K

We're analyzing our stop loss threshold for individual claims to determine if the insurance premium incurred is financially beneficial at its current threshold and will seek to find a good balance.

3

$879K

As the No Surprises Act becomes effective October 1st, we're taking a look at our wrap Out of Network negotiations and how to work within the system developed by the Act to further reduce Out of Network expenses.

4

$1.0M

And we'll be looking at some innovative recommendations that are improving health outcomes of members, driving member satisfaction and ultimately reducing both member and plan expenses, while attempting to build a rainy day fund balance for any unexpected losses in future years.

Employee Benefits

Jolee Perez / Director
1300 W Houston Avenue
McAllen, TX 78501
956-681-1400
jrperez@mcallen.net

CITY OF McALLEN

ITEM SUMMARY

BOARD: City Commission	AGENDA ITEM	3.A.
	DATE SUBMITTED	
	MEETING DATE	6/13/2022

1. Agenda Item: Discussion and possible lease, sale or purchase of Real Property; Tract 1, Tract 2 & Tract 3. (Section 551.072, T.G.C.)

2. Party Making Request: Isaac Tawil

3. Nature of Request: Discussion and possible lease, sale or purchase of Real Property; Tract 1, Tract 2 & Tract 3. (Section 551.072, T.G.C.)

4. Routing:
   Leilani Estrada Colima Created -

5. Staff Recommendation:

6. Advisory Board:

7. City Attorney:

8. Manager's Recommendation:

CITY OF McALLEN

ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM 3.B.
DATE SUBMITTED
MEETING DATE 6/13/2022

1. Agenda Item: Consultation with City Attorney regarding litigation matters. (Section 551.071, T.G.C.)

2. Party Making Request: Isaac Tawil

3. Applicant:

4. Nature of Request: Consultation with City Attorney regarding Litigation matters. (Section 551.071, T.G.C.)

5. Fiscal Impact Summary:

6. Budgeted:

Bid Amount:	_____	Budgeted Amount:	_____
Under Budget:	_____	Over Budget:	_____
		Amount Remaining:	_____

7. Routing:
Leilani Estrada Colima Created -

8. Staff Recommendation:

9. Advisory Board:

10. City Attorney:

11. Manager's Recommendation:

CITY OF McALLEN

ITEM SUMMARY

BOARD:	AGENDA ITEM	3.C.
	DATE SUBMITTED	
	MEETING DATE	6/13/2022

1. Agenda Item: Consultation with City Attorney regarding legal issues with entertainment contract. (Section 551.071, T.G.C.)

2. Party Making Request: Isaac Tawil

3. Nature of Request: Consultation with City Attorney regarding legal issues with entertainment contract. (Section 551.071, T.G.C.)

4. Routing:
   Leilani Estrada Colima Created -

5. Staff Recommendation:

6. Advisory Board:

7. City Attorney:

8. Manager's Recommendation:

CITY OF McALLEN

ITEM SUMMARY

BOARD:	AGENDA ITEM	3.D.
	DATE SUBMITTED	
	MEETING DATE	6/13/2022

1. Agenda Item: Consultation with City Attorney regarding legal issues with McAllen Convention Center Marquis. (Section 551.071, T.G.C.)

2. Party Making Request: Isaac Tawil

3. Nature of Request: Consultation with City Attorney regarding legal issues with McAllen Convention Center Marquis. (Section 551.071, T.G.C.)

4. Routing:
   Leilani Estrada Colima Created -

5. Staff Recommendation:

6. Advisory Board:

7. City Attorney:

8. Manager's Recommendation: