

**STATE OF TEXAS
COUNTY OF HIDALGO
CITY OF MCALLEN**

The McAllen Board of Commissioners convened in a Special Meeting on **Monday, January 18, 2019** at 12:00 pm, at McAllen City Hall Third Floor (3rd) Commission Chambers, with the following present:

Mayor Jim Darling, Mayor Pro Tem Aida Ramirez, Commissioner Javier Villalobos, Commissioner Joaquin Zamora, Commissioner Omar Quintanilla, Commissioner John Ingram and Commissioner Veronica Whitacre

MPUB: Vice Chairman Tony Aguirre, Trustee Charles Amos, Trustee Ernest Williams

Absent: Trustee Albert Cardenas

Staff: City Manager Roy Rodriguez, City Attorney Kevin Pagan, Assistant City Manager Michelle Rivera, Assistant City Manager Jeff Johnston, Assistant City Manager Joe Vera, Benefits Director Jolee Perez Secretary Perla Lara

CALL TO ORDER

JOINT MEETING WITH THE MCALLEN PUBLIC UTILITY BOARD.

Mayor Jim Darling called the meeting to order.

Vice Chairman Tony Aguirre called the McAllen Public Utility meeting to order.

1. DISCUSSION AND POSSIBLE ACTION ON HEALTH PLAN FUNDING STRATEGIES.

Staff briefed the Mayor and City Commission by giving them an update on the history since the passage of the Affordable Care (ACA). Staff noted that the City has seen what surplus existed in the Health Fund disappear due to increased expenses as a Plan Sponsor. Staff highlighted on the following:

- Expansion of Women's Health
- Increased Age Limits with Decrease enrollment eligibility restrictions
- Removal of Lifetime Benefits Limitations
- Addition of no cost shared preventative care
- Mental Health Parity
- Other ACA Aspects

Staff mentioned that the presentation included in their binders was intended to help develop a game plan to overcome the deficit that exists between the revenue and expense line items for the health fund. Staff touched on four methods as follows:

- Design Adjustments
- Third Party Administrator Assessment
- Ratio Changes to Premiums
- Total Premium Increase

Comments and concerns were expressed by the Mayor and City Commission. Questions were asked relating to: 1) What portion was the Employees and or City's, 2) Overall Premium, 3) % of employees who use PCI and 4) Lab Corp and Savings. Staff answered questions posed by Mayor and City Commission.

Staff briefly reviewed the Health Plan Survey 2018 Results noting that in mid-October 1551 City of McAllen employees were invited to participate and 391 participated which represented 25%. It was mentioned that numerous emails were sent to those who were invited, along with the Directors and Supervisors receiving instructions to have their employees participate. Furthermore, posters were distributed and hung around the City Departments and time clocks.

Comments and concerns were expressed by the Mayor and City Commission. Questions were raised as it related to: 1) Fraud/Abuse/Waste, 2) Incentive on Health Plan, 3) Average and 4) Is there more understanding. Staff answered questions posed by the Mayor and City Commission.

Handout pages 25 – 27 from the binder depicting figures 6.4, 6.5, C, 1.13, 7.19, 7.45 were reviewed individually. Questions were asked relating to: 1) Maximum Out of Pocket, 2) Plan Design, 3) Local City School District and State Wide Costs, 4) Increases in Family Premiums, 5) What is being funded and what should be funded and 6) Worse Case Scenarios. Staff answered questions posed by the Mayor and City Commission.

Staff also reviewed historical reports included in their binders as follows: 1) Health Fund Analysis (year by year comparison on key points of the health plan and 2) Plan Design History (Changes that have been made to the design of the City's Health Plan since 2010).

Staff reported on Honest Rx Audit Summary noting that the City was able to reduce administrative expenses on the pharmacy side in the amount of \$488,371 as well as reduce pharmacy claims by an estimated \$330,960. Concerns were outlined as follows:

- Specialty program/Contract Pricing – Several specialty drug claims were found to have been processed outside of Brivoa (Optum's Specialty Pharmacy) which means they were filled at a retail location and processed at a higher expense. Optum agreed with the findings except with one particular HIV/Hemophilia drug that is allowed with a Prior Authorization at retail
- PDL/DRUG COVERAGE: Crestor exclusion was delayed 3 months and should have been executed on 7/1/16 whereas it took effect 11/1/16.

Comments and concerns were expressed and it was noted that next time staff goes out for RFP's that they will be amending request.

Budget reports were reviewed and staff touched on the summary of the working capital from the fiscal 2009-10 to 2017-18 for both the Active Health Fund and the Retiree Health Fund. Also reviewed was the per employee per year expense trend from fiscal 2009 -10 through 2018-2019 estimates.

Recommendation options and premium projections were also reviewed. Staff reviewed the following:

- Employee Only Per Month (Base Plan)
- Employee + Spouse Per Month (Base Plan)
- Employee + Child Per Month (Base Plan)
- Employee + Family Per Month (Base Plan)

A discussion was held. A question and answer session followed. Staff answered questions posed by the Mayor and City Commission.

Staff discussed the agency evaluation noting that the annual income/loss to the Health Plan on behalf of our City Agencies: 1) Chamber of Commerce, 2) Affordable Homes of South Texas, Inc., 3) McAllen Housing Authority, 4) International Museum of Arts & Sciences, 5) MEDC, 6) McAllen Foreign Trade Zone and 7) Valley Symphony Orchestra.

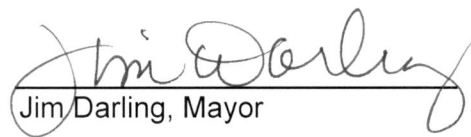
Staff recommended a change to the TPA Fee Charged to the agencies as follows:

- Recommendation is \$75 Per Employee Per Month
- Recommendation for fee to be implemented across the board on all employees, whether or not benefits are selected
- Employee Assistance Plan – Additionally it was recommended that Agencies should be charged for their employees benefit in the Employee Assistance Plan (Currently \$1.28 per person, per month). It was noted that this fees have been absorbed by the City, but given fund hardship, it may be time to consider passing these fees along to the Agencies that are incurring them

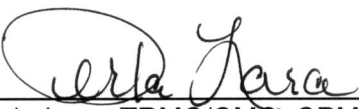
It was the consensus of the Mayor and City Commission to pass along the fees as recommended and to place this item on the next regular city commission meeting agenda.

ADJOURNMENT

There being no other business to come before the Commission, the meeting was adjourned at 4:00 p.m.


Jim Darling, Mayor

Attest:


Perla Lara, TRMC/CMC, CPM
City Secretary