

**CITY OF BAYPORT
CITY COUNCIL HEALTH INSURANCE SUBCOMMITTEE
WORKSHOP MINUTES
FEBRUARY 1, 2010
5:00 P.M.**

CALL TO ORDER

Pursuant to due call and notice, Mayor Nowaczek called the City Council workshop meeting of February 1, 2010 to order at 5:00 p.m.

ROLL CALL

Members Present: Mayor Jon Nowaczek (via conference call), Councilmembers Dan Johnson, Judy Seeberger

Members Absent: None

Others Present: Administrator Mitch Berg, Finance Officer Wanda Madsen, Assistant City Administrator/Planner Sara Taylor, and Insurance Coordinator Al Roth

BUSINESS

Mayor Nowaczek stated the purpose of the workshop was for the subcommittee to review and discuss options for employee health insurance, in an effort to reduce city costs.

Administrator Berg and Insurance Coordinator Roth explained the city's current healthcare plan, including premium rates, deductible amounts, and employee contributions. In 2009, the city bid out insurance rates and Medica was the least expensive of the four insurance carriers in Minnesota. However, to ensure competitive rates, the city will bid out rates again for 2011. Administrator Berg and Insurance Coordinator Roth also reviewed alternative healthcare options to help reduce costs, including selecting a smaller provider network, implementing a higher deductible, reducing the percentage of coverage after the deductible is met, unblending the employee premium rates, and reducing the city's contribution toward family coverage.

Discussion followed on the pros and cons of alternative healthcare options and how Bayport compared with other similar sized cities for healthcare benefits and rates. The subcommittee also discussed the option of pursuing a flex plan, in which the city would designate a fixed dollar amount in which to give each employee toward healthcare, and the employee would then choose how to spend the dollar amount (purchase their own insurance or participate in an insurance plan offered by the city). Discussion followed on the potential problems this option could pose, should only a limited number of employees elect to participate in the city plan, which could impact premium rates and possibly eligibility to participate in a group plan.

Following much discussion, it was agreed that the subcommittee would reconvene sometime this spring, to discuss these options in further detail, when the city begins contract negotiations with the public works and police unions.

ADJOURNMENT

The workshop was adjourned at 5:58 p.m.