# Moscow City Council

**Regular Meeting**
**~Minutes~**

Laurie M. Hopkins
City Clerk

www.ci.moscow.id.us

208.883.7015

| | | |
|---|---|---|
| **Monday May 21, 2018** | **7:00 PM** | **Council Chambers 206 E. Third St.** |

**The meeting was called to order at 7:00 PM**

PRESENT: Kathryn Bonzo Council President, Gina Taruscio Council Vice President, Art Bettge Councilmember, Jim Boland Councilmember, Brandy Sullivan Councilmember, Anne Zabala Councilmember, Bill Lambert Mayor

STAFF: Gary J. Riedner, James Fry, Jen Pfiffner, Brian Nickerson, Bill Belknap, Mike Ray, Mia Vowels, Debby Carscallen, Judi Davis

**Pledge of Allegiance**
Councilmember Bettge led the Pledge of Allegiance.

**Emergency Medical Services Week Proclamation**
Mayor Lambert read the proclamation and presented it to Debby Carscallen and Fire Chief Nickerson.

**1. Consent Agenda**

**A. Approval of Moscow City Council May 7, 2018 Minutes – Laurie M. Hopkins**

**B. Disbursement Report for April 2018 - Gary J. Riedner**
Staff will present the Accounts Payable Report for the month ending April 2018. This was reviewed, signed and recommended for approval by the Public Works/Finance Committee on May 14, 2018.

**ACTION:** Approve the Disbursements Report for the month of April 2018.

**C. Artwalk Beer and Wine Garden Resolution And Artwalk Sidewalk Cafe Temporary Expansion Resolution - Jen Pfiffner**
Artwalk 2018 is scheduled for June 15, 2018. Since 2016, Council has permitted beer and wine gardens within the City streets and rights-of-way in the Moscow Central Business District for select events by way of Council Resolution. The current proposal will allow appropriate City staff to issue permits for beer and wine gardens during Artwalk June 15th, 2018. An establishment interested in participating in Artwalk by hosting a beer/wine garden would contact the Community Events Manager to coordinate participation in accordance with this resolution and the authorized street closure permit process. Approved participating establishments are required to apply for a catering permit with the City of Moscow in accordance with State Liquor regulations. Additionally, the City regulates sidewalk cafes in the downtown central business to the area immediately in front of an establishment. In an effort to add to the festive and enticing atmosphere of Artwalk businesses may opt to expand their currently permitted sidewalk cafe to the abutting neighboring business property lines with the neighboring business' permission. An establishment wishing to temporarily expand its sidewalk cafe for Artwalk, pursuant to Resolution, would be required to file an amended Sidewalk Cafe Licensed Area diagram to the City Clerk with written permission from the neighboring business allowing the extension of the area in front of the neighboring business. Those establishments permitted to serve alcohol, would be required to apply for a catering permit with the City of Moscow in accordance with State Liquor regulations. This

was reviewed and recommended for approval by the Public Works/Finance Committee on May 14, 2018.

**ACTION:** Approve the Resolution related to beer and wine gardens and the Resolution related to temporary expansion of sidewalk cafes.

**D. 736 Vista Street and 822 Getaway Court Lot Line Adjustment - Michael Ray**

Richard Burnham is requesting a lot line adjustment between two parcels of land currently addressed as 736 Vista Street and 822 Getaway Court. 736 Vista Street is 9,386 sf in size and 822 Getaway Court is 18,169 sf in size. The applicant is proposing to adjust the common lot line between the two parcels in order to convey a 6,837 sf area from 822 Getaway Court to 736 Vista Street. The subject properties are located in the Moderate Density Single-Family Residential (R-2) Zoning District which has a minimum lot area of 7,000 sf and a minimum lot width of 60 feet. Both parcels will also meet the minimum lot area and width requirements for the R-2 Zone. 736 Vista Street currently has a single family dwelling constructed upon it, which will meet all setback requirements for the proposed lot line adjustment. This was reviewed and recommended for approval by the Public Works/Finance Committee on May 14, 2018.

**ACTION:** Approve the lot line adjustment request with no conditions.

**E. Purchase Agreement for North Welcome Sign Property - Gary J. Riedner**

In 1998, the City of Moscow installed welcome signs at the west, east and north entrances to the City. The south entrance sign installation was delayed pending the completion of modifications to US95 by the Idaho Transportation Department. The funding for the entrance signs included participation from the City, University of Idaho, Associated Students of the University of Idaho, Moscow School District and the Associated Students of Moscow School District. The north entrance sign was constructed on land granted by a permanent easement granted by Gainford Mix, the owner of the property. Recent surveys have determined that the location of the sign is partially upon the easement, and portions of the sign and attendant landscaping are outside of the easement area, upon property owned by Mr. & Mrs. Richard Beebe and Mr. Edward Shipley. The Beebes and Mr. Shipley have indicated that they are willing to sell the property to the City. Staff has worked with the property owners and have negotiated a price of $4,200 for the City to obtain fee title to the property. This was reviewed and recommended for approval by the Public Works/Finance Committee on May 14, 2018.

**ACTION:** Approve purchase of property for the north entrance sign.

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| **RESULT:** | **ADOPTED CONSENT AGENDA [UNANIMOUS]** |
| **MOVER:** | Art Bettge, Councilmember |
| **SECONDER:** | Gina Taruscio, Council Vice President |
| **AYES:** | Bonzo, Taruscio, Bettge, Boland, Sullivan, Zabala |

## 2. Staff Recognition Report - Gary J. Riedner
None offered.

## 3. Mayors Appointments
None offered.

## 4. Public Comment and Mayor's Response Period (limit 15 minutes)
None offered.

5. **Public Hearing: Amendment of Title 4, Chapters 1, 2, 3, 4, 6, 11, and 12 of Moscow City Code Regarding the Use Table Ordinance - Michael Ray**
As part of the ongoing work of the Planning and Zoning Commission and Community Development Department to update the Zoning Code, the Commission has been working on a code amendment to convert portions of the Zoning Code from a narrative format to a table format. In order to accommodate the conversion of these portions of the code there is restructuring and relocation of certain sections of the code for ease of use and also the creation of new sections for instruction or explanation. Also included within this amendment are: the conversion of commercial use definitions to the North American Industry Classification System (NAICS); minor amendments to the sign code; the insertion of standards for drive-through facilities; and the insertion of illustrations to more clearly convey requirements. The Planning and Zoning Commission conducted a public hearing on the proposed ordinance on April 11, 2018 and recommended approval of the ordinance to City Council with a slight modification. This was reviewed by the Administrative Committee on May 14, 2018.

**PROPOSED ACTIONS:** Conduct the public hearing and upon consideration of testimony presented, approve the Ordinance under suspension of the rules requiring three complete and separate readings and that it be read by title and published by summary; or consider the Ordinance on first reading and that it be read by title; or reject the Ordinance; or take such other action deemed appropriate.

Ray presented the item as written in the above description. Definitions were moved from Section 11-9 into Chapter 1 and includes the conversion to NAICS definitions. Previously zoning districts were split out into three chapters. All zoning districts are now in one chapter (Chapter 2) and also includes the overlay zones. Chapter 3 introduces and interprets the permitted land uses and includes the new table. Chapter 3 also includes the specific use standards moved from Chapter 12 and new to the code is requirements for drive-through facilities. Chapter 4 is the Bulk and Placement regulations in table format. Setback information including definition, how to measure, exceptions, etc., and illustrations are also in Chapter 4. Chapter 6 is shortened as a lot of the information has been moved elsewhere. Off-street parking requirements have been converted from a per employee count to a static square footage. The maximum sign area restriction has been eliminated in certain zoning districts to accommodate larger properties. Reporting violations process is still included in Chapter 11. The Educational Services as defined by NAICS is being used and Ray explained.

Mayor Lambert opened the public hearing at 7:38 p.m. Hearing no testimony, the hearing was closed at 7:39 p.m.

Sullivan moved to approve the ordinance with removal of the educational services as a permitted use in the Central Business Zoning District (CBZD). Zabala seconded.

Belknap explained the educational services definition includes technical and trade schools, fine arts schools, elementary, junior college and universities, among others. It would have a wide impact in the area and wanted to be sure the Council understood. Sullivan clarified the schools that are already within the CBZD were already approved and this removal of educational services would be moving forward, thus capping the growth as the CBZD purpose is to be a center for business and commerce.

Bettge is not in favor of the modification to educational services at this time but feels it can be reviewed perhaps by Planning and Zoning Commission. Boland agreed it should be reconsidered as an amendment at a future meeting. Taruscio also agreed more deliberation is needed.

Pfiffner explained the citizen survey included a question whether educational uses should be allowed in the CBZD through a conditional use permit. Sixty-two percent of the respondents said yes to the CUP process. Thirty-two percent said no. Belknap explained the list of uses within the conditional use option are uses that have been deemed permitted by the Council but may need mitigation to insure they are compatible.

Zabala feels the survey question asks do you or do you not support what is already there as opposed to future expansion. Sullivan hesitates to read too much into the results of that question as it can be interpreted more than one way.

Riedner explained if educational services were removed from the CBZD, the preexisting uses downtown would become preexisting non-conforming uses. Boland confirmed with Sullivan that her intent with the motion is to have Council consider the effect of educational institutions in the CBZD moving forward.

Taruscio called for question. Vote by roll call: Ayes: Three (Zabala, Bonzo, Sullivan). Nays: Three (Bettge, Taruscio, Boland). Mayor broke the tie with a nay vote. Motion defeated.

Boland moved to approve the ordinance as presented under suspension of the rules requiring three complete and separate readings and that it be read by title and published by summary. Zabala seconded.

Sullivan moved to amend the motion with a change to the educational services in the CBZD, adding a footnote to not include 6111, 6112, 6113 as conditionally permitted. Bonzo seconded. Bettge and Taruscio still feel this change should go back to P&Z and be reconsidered. Boland and Bonzo feel more information is needed. Boland called the question for the amendment. Vote by roll call: Ayes: One (Sullivan). Nays: Five. Amendment defeated.

Lambert repeated the original motion for vote. Vote by roll call: Ayes: Five. Nays: One (Sullivan). Motion carries.

Mayor Lambert read Ordinance 2018-07:

AN ORDINANCE OF THE CITY OF MOSCOW, IDAHO, A MUNICIPAL CORPORATION OF THE STATE OF IDAHO; PROVIDING FOR THE AMENDMENT OF MOSCOW CITY CODE TITLE 4, CHAPTERS 1, 2, 3, 4, 6, 11 AND 12; PROVIDING FOR THE CONVERSION OF PORTIONS OF THE ZONING CODE FROM NARRATIVE TO TABLE FORMAT; PROVIDING FOR THE RESTRUCTURING OF CERTAIN CHAPTERS WITHIN THE ZONING CODE; PROVIDING FOR THE CONVERSION OF COMMERCIAL USE DEFINITIONS TO THE NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM; PROVIDING FOR THE AMENDMENT OF THE SIGN REGULATIONS TO ACCOMMODATE LARGER PROPERTIES; PROVIDING FOR THE INSERTION OF DRIVE-THROUGH FACILITIES WITHIN THE SPECIFIC USE STANDARDS; PROVIDING FOR THE INSERTION OF ILLUSTRATIONS TO BETTER CONVEY REQUIREMENTS; PROVIDING THAT THE PROVISIONS OF THIS ORDINANCE BE DEEMED SEVERABLE; AND PROVIDING FOR THIS ORDINANCE TO BE IN FULL FORCE AND EFFECT FROM THE DATE OF ITS PASSAGE, APPROVAL AND PUBLICATION ACCORDING TO LAW.

Discussion ensued regarding what information should be explored regarding educational institutions in the CBZD and who should review it. Councilmembers expressed their thoughts and it was determined to have staff provide information to the Administrative Committee and get further direction from there.

**6. FMPP Grant Application - Jen Pfiffner**

The Farmers Market Promotion Program is a federally administered USDA grant. The Moscow Farmers Market has identified two projects requiring assistance that match the capacity building requirements of this grant to enhance the development, improvement and expansion of direct producer to consumer market opportunities. As identified in the Moscow Farmers Market Strategic Plan, the issue of Market Layout is Unsafe, Restrictive and Limits Growth Decisions has been listed as a project as well as a desire to identify a clear and distinctive branding message outlining what makes the Moscow Farmers Market unique. This was reviewed and recommended for approval by the Public Works/Finance Committee on May 14, 2018.

**PROPOSED ACTIONS:** Approve ratification of submittal of the grant request for the 2018 Farmers Market Promotion Program (FMPP) with total project costs estimated not exceed to $135,000 with no local match required or take other such action deemed appropriate.

Pfiffner explained the item as written in the above paragraph. The branding project will be based on the Chamber's process with public input, market customer input, vendors benefit, and all tied back to the economic impact study to benefit Moscow as a whole. If approved for the grant, a request would go out for both the branding and the layout projects. The ratification of the submittal of the grant request for the 2018 Farmers Market Promotion Program with total project costs estimated not to exceed $135,000 with no local match was approved by roll call vote.

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| **RESULT:** | **ADOPTED [UNANIMOUS]** |
| **MOVER:** | Gina Taruscio, Council Vice President |
| **SECONDER:** | Kathryn Bonzo, Council President |
| **AYES:** | Bonzo, Taruscio, Bettge, Boland, Sullivan, Zabala |

**7. Internet Crimes Against Children MOU - James Fry**

The Idaho Attorney General's Office has selected the Moscow Police Department to enter into a Memorandum of Understanding (MOU) allowing MPD Detective Eric Kjorness to become an agent under the Internet Crimes Against Children task force. This partnership allows the Moscow Police Department to hire an additional cyber crime investigator, as under the MOU, the Attorney General provides reimbursement to the City of all expenses for Det. Kjorness, including salary, as well as training and equipment. The MOU will provide better support and succession planning for the City of Moscow and the Moscow Police Department's commitment to the safety of children. This was reviewed and recommended for approval by the Public Works/Finance Committee on May 14, 2018.

**PROPOSED ACTIONS:** Approve the Memorandum of Understanding with the Idaho Attorney General's Office; or take other action deemed appropriate.

Chief Fry presented the item as written above adding this would allow the department to begin succession planning for a second internet crimes against children investigator. Part of the 2015 strategic plan was to keep up with the ever-changing demand of forensic and electronic investigations. In 2012, MPD ran 22 forensic examinations; 2013 had 81; 2014 had 61. Kjorness was hired two years ago and has already completed 129 forensic investigations, some of which have been child porn and heinous crimes. Kjorness is one of the best investigators in the northwest. He attended the National Computer Forensic Institute recently for which the Secret Service recommended him.

Riedner stated the only time the City would not be reimbursed would be if he is working on non-cybercrime. The City can terminate the contract at any time. This will allow us to expand to an additional detective. Kjorness will still be employed by the City but with recovering the funds, it will give us capacity to hire a second cyber detective.

The memorandum of understanding with the Idaho Attorney General's Office was approved by roll call vote.

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| **RESULT:** | **APPROVED [UNANIMOUS]** |
| **MOVER:** | Kathryn Bonzo, Council President |
| **SECONDER:** | Art Bettge, Councilmember |
| **AYES:** | Bonzo, Taruscio, Bettge, Boland, Sullivan, Zabala |

**8. Medical Insurance Proposal and Direction - Gary J. Riedner**

Healthcare costs for both the City and employees continues to rise year after year. As our employee base becomes more diverse with different age groups and preferences for service, the model that has served us for many years is being reviewed, given changes in the healthcare industry. Per the Human Resources Strategic Plan and in support of long-range planning initiatives, exploration of available options for managing the City's health insurance including medical insurance costs for the City and the employees is being conducted.

Murray Group, the City's consultant for employee benefits, will provide an overview and presentation relating to self-funded health insurance options. The presentation has been made to the Administrative Committee, Employee Advisory Committee, Employee Benefits Committee and City Management on Monday, May 14.

**PROPOSED ACTIONS:** Review presentation and direct staff to proceed with development of a self-funded City Employee Health Insurance proposal for City Council consideration, or take such other action deemed appropriate.

Riedner presented the item and introduced Chad Murray and Nellie Armstrong from Murray Group, the City's health benefit consultants of 11 years. Regence has been the City's health care provider since 1996. Since 2006, the City averages a 5 1/2 percent increase in health benefit prices. For several years, staff has been looking at how to continue competitive employee benefits for a sustainable program. For the last 15 months, an employee benefits committee has been reviewing benefits including deductibles, VEBA accounts, and other models of programs, including self-insured programs.

Murray said health care costs are not going down and went through the priorities for the City. Items to consider are longevity of switching rather than year to year, open to change, affordable benefits, employee choice, and a culture of wellness. Currently, the City pays Regence to take care of the health plan, including the risk. In a self-funding plan the City would take the risk and fiduciary responsibility of the health plan. Murray explained the administrative options including Administrative Services Only (ASO), a Third Party Administration (TPA) and Self-Administration. In an ASO, Regence would continue to pay the claims and the City would pay a monthly fee to do so. A stop loss amount is set where Regence would pay anything over that amount. He gave an example. In the current arrangement with Regence, if there are a lot of claims there is profit built in the fee and those profits go to Regence. In a self-funding plan, the City would know what the fixed costs are and how much they are. If there is a low claim month, the premium money stays in the city reserves. Murray went through pros and cons of self-funding. See attached presentation. Within the Regence premiums, state and health care reform taxes are passed on. With self-funding, those taxes are removed and would be a savings of approximately 4.5%. Regulation of self-insured public entities is done by the Department of Insurance (DOI) and they require a board of trustees to manage the finances. The board is made up of managers and employees. Murray went through a timeline where the next step is to engage with an actuary for a required analysis and the selection of the trustees. With the timeline, the City would still renew the current plan just in case the DOI denies self-funding. Murray displayed a graph showing the expected claim amount and what the actual claim amount was for the last four years. Every month below the expected amount, the City is paying Regence more than actual claims. If self-insured, that money would go back to the trust to help on those years that claims are higher.

Riedner explained self-insurance becomes a better deal if you can manage the risk. As the City gains experience, we will know where to set the stop loss to maximum dollars. The next step is to engage in actuary. There is funding in the budget that was set aside for the bond consultants which has been delayed and could be used for the actuary. Staff is looking for direction from the Council to continue with the investigation and bring it forward to Council. When it is time to submit the application to the DOI, that will be a separate action. Currently the premium is negotiated every year and the only direct impact is adjusting the deductible.

Once the actuarial data is received, staff will look at how to fund. There will be a run out of claims where Regence will pay the claims they are responsible for and the City will pay the claims they are responsible for. Premiums would be considered contributions in self-funding and will be set according to experience and administration costs and determined for the next year. The contributions not spent out in claims are then left in reserve to offset those bad claim years so huge increases are not passed on to employees.

Direction of staff to proceed with the development of a self-funded city employee health insurance proposal for City Council consideration was approved by roll call vote.

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| **RESULT:** | **APPROVED [UNANIMOUS]** |
| **MOVER:** | Kathryn Bonzo, Council President |
| **SECONDER:** | Gina Taruscio, Council Vice President |
| **AYES:** | Bonzo, Taruscio, Bettge, Boland, Sullivan, Zabala |

**Reports**

*City Council*
*Moscow Volunteer Fire Department* - Taruscio said they brought in new members and talked about the new engine.

*Palouse Basin Aquifer Committee* - Boland said they had a presentation by grad student on a project regarding recharge from the aquifer. Research on where the water comes from and how old that water is continues. Budget-wise the Committee is spending more than contributions. They have a reserve for now but that will need to be dealt with eventually.

*Moscow Pathways Commission* - Sullivan said they had the bike to work day; working on planning the next bike tour with incorporation of the underpass.

*Sustainable Environment Commission* - Sullivan reported the Commission heard a presentation from Paul Kimmell regarding a solar farm in Adams County; discussion on upcoming potential Avista and Hydro One merger; public input on that merger on June 12 at 1912 Center; discussion on the pesticide free area at Lillian Otness Park.

*Clearwater Resource Conservation & Development Council* - Sullivan reported the Potlatch Youth Conservation Corp is new and looking at summer projects.

*Palouse Knowledge Corridor* - Bettge said they continue planning the Bootcamp.

*Moscow Urban Renewal Agency* - Bettge said they had to cancel the DDA with Sangria so will be working with Palouse Commercial for remarketing; proceeding with possible underpass under Highway 8 and Highway 95; working on Phase II Environmental assessment on property near Highway 8 and Highway 95.

*Planning and Zoning Commission* - Zabala reported they discussed orphan sidewalks outside of new development; discussed parkland dedication.

*Mayor*
Lambert said he attended the presentation "13 Ways To Kill Your Community" by Doug Griffiths.

*Staff*
No report.

**Adjourn to Executive Session per Idaho Code 74-206 (1)(B), (1)(C) and (1)(F) - The meeting will not reconvene.**

The meeting was adjourned to Executive Session at 9:38 PM

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Bill Lambert, Mayor

ATTEST:

_____________________________________

Laurie M. Hopkins, City Clerk

**CITY OF MOSCOW**
**MINUTES OF CITY COUNCIL EXECUTIVE SESSION**
**May 21, 2018**

Present: Mayor Lambert, Art Bettge, Jim Boland, Kathryn Bonzo, Brandy Sullivan, Gina Taruscio, Anne Zabala

Also Present: Gary J. Riedner, City Supervisor; Mia Vowels, City Attorney

The Council adjourned to executive session per Idaho Code 74-206(1)(B), (C) and (F). The session was called to order at 9:40 p.m. The session concluded at 9:53 p.m.

THE MURRAY GROUP

# Benefits Strategy Roadmap

## The City of Moscow

May 14, 2018

# Agenda

- Benefits Strategy
- Timeline
- Experience
- Questions

# Benefit Strategy Development
# City of Moscow

1

### MACRO CONTEXT

Environmental context

- *Vitals for Change*
- *Market trends*

2

### YOUR BASELINE

Understanding current state

- *Leadership input*
- *EBC & EAC Input*
- *Benchmarking*

3

### YOUR STRATEGY

Go forward strategy

- *Finalize your plan and take action*

4

### YOUR OPTIONS

Evaluating approaches

- *Your opportunities and solutions*

THE MURRAY GROUP

# Benefit Strategy Development
# City of Moscow

## BUSINESS PRIORITIES

- Affordable Benefits for all employees, including their dependents
- Employee Choice/Accountability
- Ensure healthcare/benefits strategy and solutions are relevant to the employees
- Offer competitive benefits, comparable or better programs
- Promote Well-being – Ongoing cultural change
- Managed Cost/Budget
- Secure "best in class" services and benefits administration solutions
- Achieve the Triple Aim:
    - Improve the health of the City of Moscow's employee population
    - Improve the overall patient experience
    - Improve the sustainability of healthcare program

## COST PRIORITIES

- Keep health care spending below a determined threshold
- Maximize options, but minimize cost pass through to all employees
- Develop and expand upon a Value-Based Care Model
- Ongoing evaluation of innovative cost containment strategies management opportunities.

## EMPLOYEE PRIORITIES

- Maximize employee benefit choice
- Empower employee benefit accountability
- Offer programs to support employee health improvement
- Access to consumer driven engagement tools, well-being resources, and incentives

# Benefit Strategy Development
# City of Moscow

### Care Delivery

**How and where a member accesses care**

- Carrier network optimization while still providing good access to quality providers

### Employee Health

**How an employer influences behavior & health**

- Health status awareness
- Education/access to resources
- Incentive strategy
- Physical health environment
- Health management programs
- Well-being focus

### Program Design

**Who is offered what benefits and how they pay for them**

- Plan design offerings/ values
- Contribution strategy
- Eligibility
- Enrollment/shopping experience
- Expanding "core" and "voluntary"
- CDH/VEBA - Promote consumerism

### Delivery Infrastructure

**How an employer organizes to deliver and finance benefits**

- Vendor management
- Data warehouse
- Funding strategy
- Insourcing vs. outsourcing
- Carve-in vs. carve-out
- Risk management (stop-loss)
- ACA reporting

# Self-Funded

Employer assumes all or a portion of the risk for health benefits

Administrative options available to employers choosing self-funding:

- Administrative Services Only (ASO)
- Third Party Administration (TPA)
- Self-administrator

# Self-Funded Terms

**Administrative Fee:**

Fee charged for claims adjudication, billing, eligibility, customer service, plan document maintenance, access fees and managed care fees.

**Expected Claim:**

Total claims the underwriter expects you to have in one policy year; actuarially determined from your past claims experience.

# Self-Funded Terms

### Specific Stop Loss Insurance:

Purchased to protect you when eligible claims during the policy year on any one individual exceed the specific liability limit.

When this does occur, you are reimbursed by the insurance company.

### Aggregate Stop Loss Insurance:

Protects you from eligible claims for the entire group that exceed the annual aggregate liability limit

This is 125 percent above your expected claims level

- Claims that exceed this level are reimbursed by Stop Loss carrier
- 125 percent = Aggregate Attachment Factor; percentage can vary, but 125 percent is most common

# Individual & Aggregate Stop Loss

***Example of how a $127,000 claim would be handled:***

Employer pays the deductible amount:

$25,000

If the individual **stop loss deductible** is $25,000...

The insurance company pays the excess over the deductible amount: $102,000

*The amount funded but not reimbursed ($25,000 in this example) will apply toward the **annual aggregate deductible**.*

# Is the Employer ready for self-funding?

- Risk Tolerance
- How has the plan run historically – claims experience?
- Employer's workforce – stable, turnover?
- Rate and plan design history?
- Employer philosophy towards providing benefits? "I have to offer a plan to stay competitive, or I want to offer a plan to take care of my employees", both?
- Does the employer have a short-term perspective (dipping their toe in the water), or does the employer understand self-funding with a long term-term focus?
- What is the employer's philosophy towards promoting wellness – in and out of the workplace?

# Pros & Cons to Self Funding:

## PROS

### Cash Flow

Under the current fully insured arrangement, there are monthly premium payments. If the plan is self-funded, the City holds reserves.

### Plan Design Flexibility & Control

Ability to make changes within the plan design to better fit the City's goals.

### Cost Efficiencies

With the monthly claims reconciliation and the competitive administrative fee, there does not appear to be undue profit in the current arrangement

### Not Subject To Most State-Mandated Benefits

Less of an advantage in Idaho due to minimal state-mandated benefits that apply to fully-insured plans, but not to self-funded plans (ERISA pre- emption).

### Employer Holds Reserves – ROI

The City holds the reserves under a self-funded arrangement.

### Expanded Availability Of Reporting

Need to understand from reserves the level of access to data and reporting capabilities under the current insured arrangement vs. a self-funded arrangement

## PROS

### Eliminate State Premium Taxes & Assessments

Estimated plan savings of 1.5% for removal of ACA insured carrier fees and state premium tax

### Minimal Impact On Plan Participants

A conversion to self-funding would be seamless to plan participants

### Stable Workforce-more Predictable Claims

The City's workforce is generally stable, reducing the claims fluctuation risk under self-funding

### Flexibility In Choice Of Carriers/Vendors – "Best Of Best" Choice In Partners For All Programs Or Solutions

- Option to partner with carrier(s) or Third-Party Administrator(s) Option to outsource reinsurance
- Option to determine most appropriate networks or direct contract arrangements
- Option to choose most appropriate Prescription Benefit Manager
- Potential to outsource care management solutions
- Potential to integrate with wellness vendors

# Pros & Cons to Self Funding:

## CONS

- **Claims Fluctuations**
  The City is considered small so the claims fluctuation is a risk. This will be managed through the reserve policy. Claims will vary on a monthly basis.

- **Potential Financial Risk**
  See above.

- **More involvement Required by City's Human Resource and Finance Staff**
  Some increased requirements, but a conversion to self-funding can be managed with current staff

- **HIPAA Compliance Responsibility**
  Current plan is HIPAA compliant, this requirement will need to be maintained.

- **Legal and Fiduciary Responsibility**
  Increased legal and fiduciary responsibility when an employer goes self-funded.

# Benefit Strategy Development
# City of Moscow

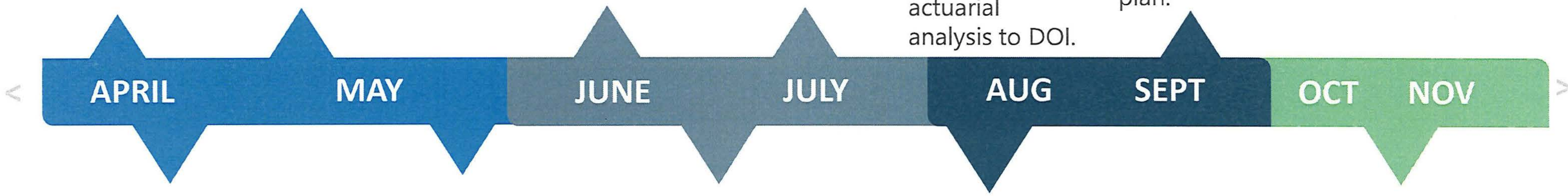
TMG will call DOI & advise them that The City may go Self-funded 01/01/19

TMG will begin gathering information to submit to Actuary for analysis required.

DOI will request call with City, TMG, & selected Trustees.

TMG to submit self-funded application & info from actuarial analysis to DOI.

Throughout the fall, DOI will request data to have updated claims in order to approve appropriate funding for the plan.




TMG will attain the most current self-funded application from the DOI

Selection of Trustees of for They City of Moscow health insurance trust

Biographical Affidavits will need to be provided to DOI for each Trustee

TMG will provide options to The City of Moscow on various plan designs & recommendations.

Have self-funded plan approved by DOI by Nov for a self-funded 'go live' date of 01/01/2019

# City of Moscow
# Aug 2017 – Mar 2018 - Paid

## Membership

| | Current | Prior | Change |
|---|---|---|---|
| Membership | Aug '17 - Mar '18 | Aug '16 - Mar '17 | % Inc./(Dec) |
| Total Employee Months | 1,178 | 1,187 | -0.76% |
| Avg. Enrollment Per Month | 147 | 148 | -0.76% |

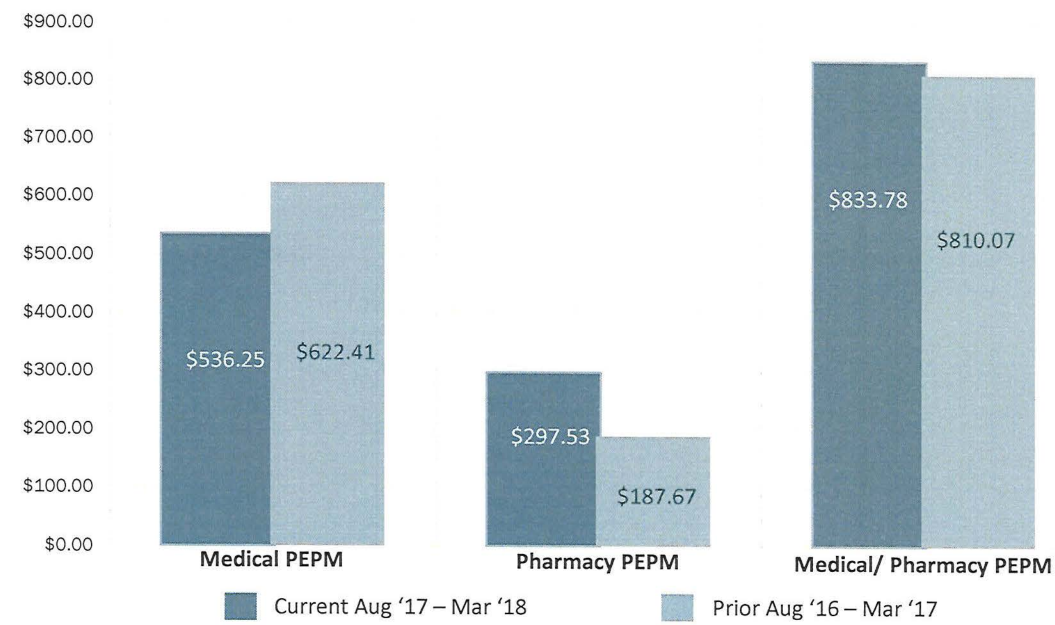
## Claims Experience

| | Current | Prior | Change |
|---|---|---|---|
| Claims Expense | Aug '17 - Mar '18 | Aug '16 - Mar '17 | % Inc./(Dec) |
| Medical Claims | $631,703.65 | $738,797.79 | -14.50% |
| **Medical PEPM** | $536.25 | **$622.41** | **-13.84%** |
| Pharmacy Claims | $350,490.60 | $222,759.17 | 57.34% |
| **Pharmacy PEPM** | $297.53 | **$187.67** | **58.54%** |
| Total Medical/Pharmacy Claims | $982,194.25 | $961,556.96 | 2.15% |
| **Medical/ Pharmacy PEPM** | **$833.78** | **$810.07** | **2.93%** |
| Total Claims Plan Year | $982,194.25 | $961,556.96 | 2.15% |

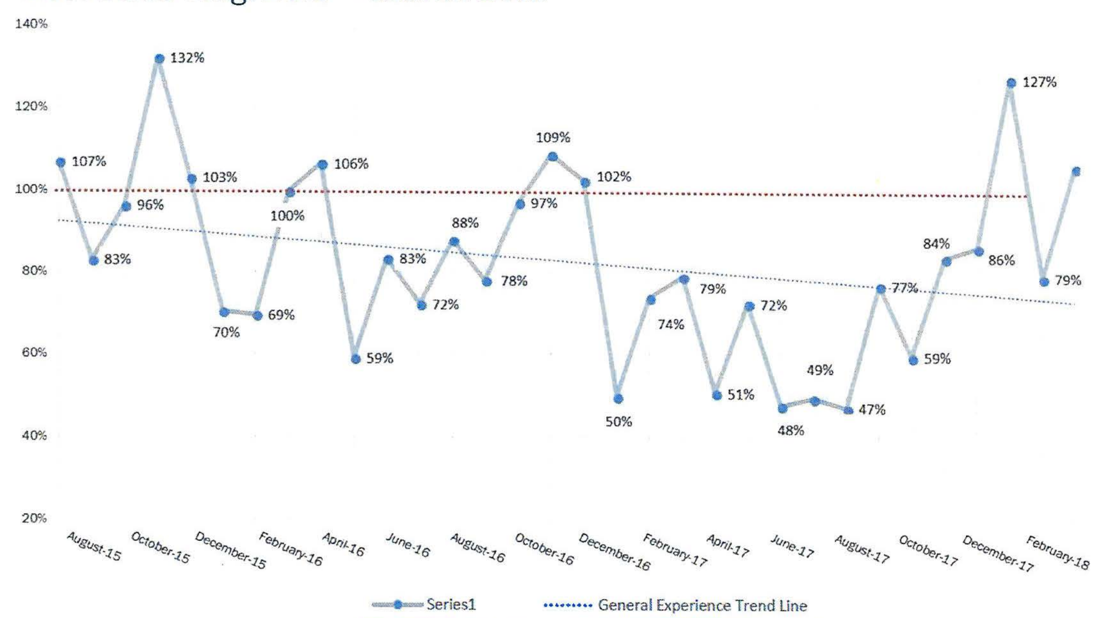
## Premium vs. Paid Claims

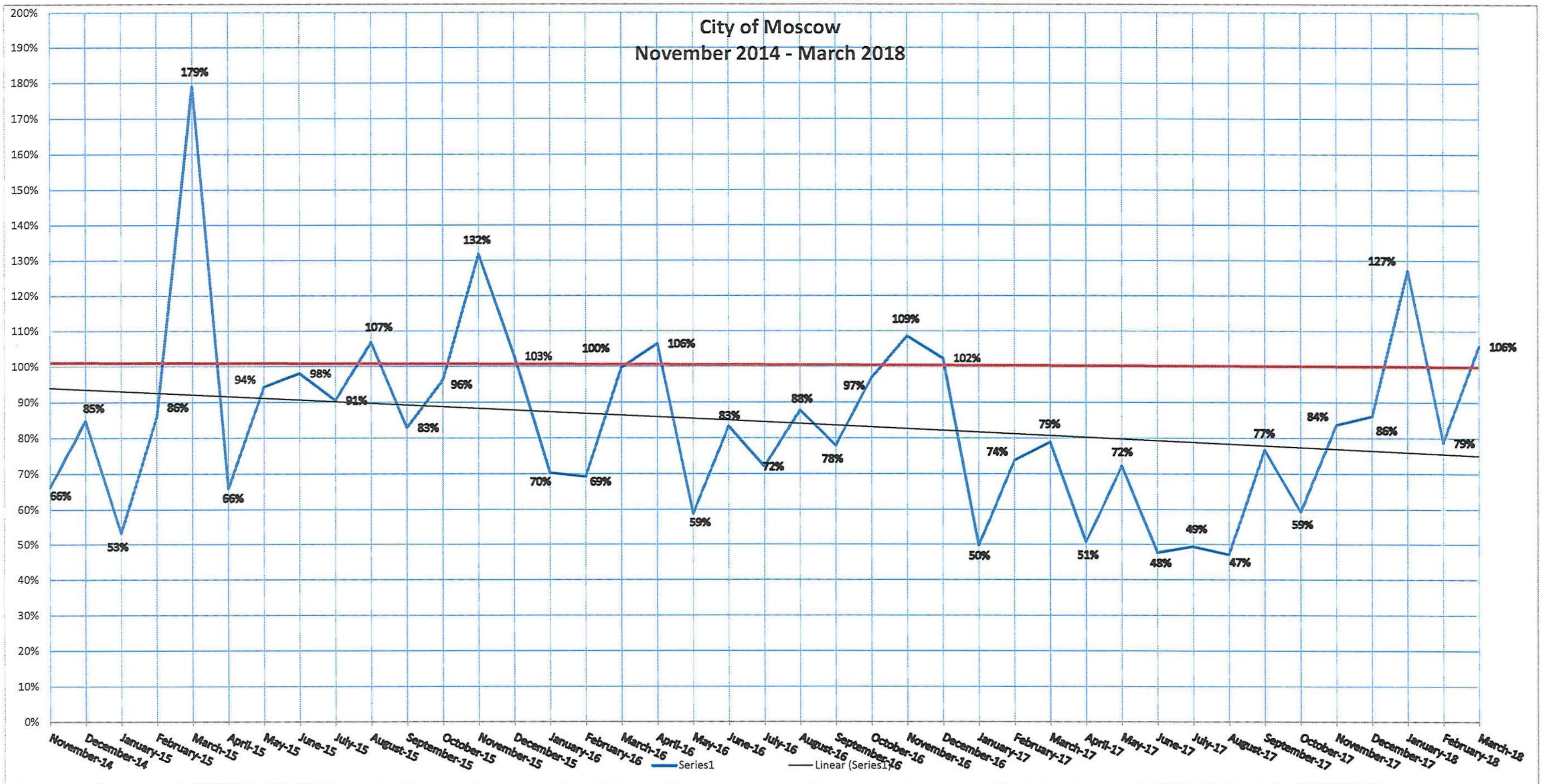
| | Current | Prior | Change |
|---|---|---|---|
| Loss Ratio | Aug '17 - Mar '18 | Aug '16 - Mar '17 | % Inc./(Dec) |
| YTD Paid Premium | $1,186,337.00 | $1,136,952.80 | 4.34% |
| YTD Total Paid Claims | $982,194.25 | $961,556.96 | 2.15% |
| Loss Ratio | 82.79% | 84.57% | -2.11% |
| Loss Ratio | Aug '17 - Mar '18 | Aug '16 - Mar '17 | % Inc./(Dec) |
| Dental | 63.47% | 71.30% | -10.98% |
| Vision | 61.46% | 30.02% | 104.73% |

## PEPM Claims Costs




## Loss Ratio Aug. 2015 – March 2018



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# Questions...

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