



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
HEALTH INSURANCE COMMITTEE MEETING MINUTES
April 10, 2012
12:00 p.m.**

**City Council Conference Room B
Suite 425, City Hall
117 W. Duval Street**

Attendance: Committee Members Gamal Lyons (Chair), Marcella Lowe, Joe Andrews

Also: Jeff Clements – Council Research Division; Randy Deen – former TRUE Commissioner

The meeting was called to order at 12:02 p.m. by Chairman Lyons.

Former TRUE Commissioner Randy Deen who is employed in the pension management and employee benefits field with Bank of New York/Mellon and was deeply involved in the commission's previous work on City employee health self-insurance gave an overview of the commission's work on employee health self-insurance in 2007 and 2008. The commission examined self-insurance as a means of saving costs in the City budget and heard two presentations from John Robinson of RobinsonBush Consulting, a well-known employee benefits consulting firm based in Orlando. Mr. Deen's recollection was that Orange County had changed to self-insurance and was saving \$10-15 million per year at the time. The Duval County School Board was also considering self-insurance but the TRUE Commission got no interest from the City officials in the Human Resources division or the Finance Department, including CFO Mickey Miller.

Mr. Deen explained that there are multiple options for how far a jurisdiction wants to go with self-insurance, including purchasing commercial insurance for to deal with catastrophic losses, options for prescription drug coverage, etc. The TRUE Commission committee at the time felt that the City might be able to save considerably on costs, either with the existing purchased insurance program or in self-insurance, by combining employees of the City, School District, JEA and possibly others into a very large group to get the best possible rates. Mr. Deen felt that the City should at least hire an employee benefits consultant to examine the available options, particularly given the extreme budget stress the City is likely to face over the next several years.

Commissioner Lowe explained that the TRUE Commission is being invited to give its thoughts on employee health insurance to the City Council's RCDPHS Committee at the request of Council Member Boyer who remembered attending a TRUE Commission meeting at which health insurance was discussed. The RCDPHS Committee was addressing employee insurance in the context of a question by Council Member Gulliford about why the City requires all employees to be covered by City health insurance and to have that coverage as their primary policy (except for military retirees covered by Tri Care). Mr. Deen said that the City of Jacksonville is one of the few, if not the only, governments he knows that requires all employees to be covered by the City policy. Commissioner Lyons said that insurance companies like to see a very high percentage of employees covered by the plan but employers cannot mandate that employees be covered by insurance they don't want. Mr. Deen said that in the past he's heard it said that

the City has to cover all employees because it's required by the federal ERISA (Employee Retirement Insurance Security Act); this is not the case. ERISA does *not* require the City to cover its employees with a health insurance plan.

Commissioner Lowe believes the School District is self-insured and saving \$5-6 million per year over the cost of purchased insurance. The RCDPHS Committee should be interested in the possibility of potentially large savings in tight budget times. Mr. Deen noted that RobinsonBush has a very good reputation among the local governments with whom he works and would be a good choice for at least an initial examination of the costs and benefits of self-insurance. The firm is purely a consultant and not an insurance broker that would have a potential interest in selling a product or service to the City.

The committee agreed to make the following recommendations to the RDCPHS Committee:

- 1) The City should hire a consultant to examine the alternatives for providing employee health insurance at lower cost;
- 2) The City should check with Orange County FL and with the Duval County Schools about their experience with self-insurance for employee health care; and
- 3) The City should examine the feasibility of combining the City's workforce with the School District, JEA, and the other independent authorities to get the best possible rate for insurance coverage.

Commissioner Lowe said that the TRUE Commission needs to indicate its willingness to help the City in this study process, but needs buy-in and support from the City Council and new administration. If they are not interested, then there is no point to the TRUE Commission going any further.

There being no further business, the meeting was adjourned at 12:43 p.m.

Jeff Clements, Chief
Council Research Division
630-1405

Posted 4.11.12
5:30 p.m.