

Joint City/GUC Pay & Benefits Committee

Monday, August 26, 2019

3:00 p.m.

City Hall, Room 337

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – March 26, 2019
- IV. Mercer Presentation: COG/GUC 2020 Recommendations for Health/Dental Insurance
- V. Discussion of Recommendations for the Joint Board Meeting
- VI. Classification and Compensation Study Update
- VII. Adjournment

PROPOSED MINUTES
JOINT PAY AND BENEFITS COMMITTEE
TUESDAY, MARCH 26, 2019

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) met on Tuesday, March 26, 2019, in the third floor Conference Room at Greenville Utilities Commission located at 401 S. Greene Street, Greenville, NC.

Committee members present included Council Member Rick Smiley, Mayor Pro-Tem Rose Glover (via phone) and GUC Commissioners Joel Butler and Kelly L. Darden, Jr.

Other City officials and staff present included City Manager Ann E. Wall, Assistant City Manager Michael Cowin, Director of Human Resources Leah Futrell, and Human Resources Manager Jenise Phillips.

Other GUC officials and staff present included General Manager/CEO Tony Cannon, Chief Administrative Officer Chris Padgett, Director of Human Resources Richie Shreves, Benefits Administrator Leah Herring, Human Resources Manager Lena Previll, Executive Assistant to the General Manager/CEO Amy Wade, Public Information Officer/Communications Manager Steve Hawley, General Counsel Phil Dixon and Secretary to the General Manager/CEO Lou Norris.

Others present included Ginger Livingston from The Daily Reflector.

Mr. Tony Cannon, General Manager/CEO, provided a safety brief.

ITEM I-CALL TO ORDER

Council Member Smiley called the meeting to order at 10:00 a.m. and a quorum was ascertained.

ITEM II-APPROVAL OF THE AGENDA

Council Member Smiley moved to accept the agenda. Commissioner Butler seconded the motion, which passed by unanimous vote.

ITEM III-APPROVAL OF MINUTES

Council Member Smiley moved to approve the August 9, 2018 minutes. Commissioner Butler seconded the motion, which passed by unanimous vote.

ITEM IV-MARKET ADJUSTMENT AND MERIT ALLOCATION

Mr. Chris Padgett welcomed the newest member, Commissioner Darden, to the Committee. Mr. Padgett explained that the Joint Pay and Benefits Committee meet each spring to look at market data and make recommendations to the GUC Board of Commissioners and the Greenville City Council.

Mr. Padgett reminded the Committee that the objective is to maintain an effective pay system for our employees that is internally equitable and compatible, and is as competitive as possible in relation to the external marketplace. He added that, as in previous years, data is collected from various sources to provide the Committee information related to the market, so they can make an informed decision on the merit allocation and market adjustment for the upcoming year.

This year data was collected from 6 reputable survey groups consisting of Aon Hewitt, Capital Associated Industries (CAI), Korn Ferry (fka Hay Group), Mercer, Willis Towers Watson and WorldatWork. The wage projections and trends for 2019 are relatively consistent ranging from 2.7% to 3.2%.

Staff also surveyed established public-sector benchmark organizations and local private-sector employers to determine their plans related to compensation decisions for FY 2019-20. Twenty-five of the 26 public-sector organizations responded and were comprised of municipalities and utilities and gave their employees an average increase of 3.1% (market and/or merit). Some are still developing their FY 2019-20 budgets and sixteen of these public employers provided their projections with the average pay increase projection for FY 2019-20 at 3.3% (market and/or merit). Eight of the 11 local private-sector employers responded and reported projections at an average increase of 3.0% (market and/or merit) for the current year, 2019.

After some discussion, Council Member Smiley made a motion to recommend to the City Council and GUC Board of Commissioners at the Joint Meeting on April 24, 2019, a 2.7% market adjustment/merit allocation for FY 2019-20 and each entity will determine the best way to apply the funds (i.e. market/merit). Commissioner Butler seconded the motion, which passed by unanimous vote.

ITEM V-SALARY STRUCTURE ADJUSTMENT

Ms. Chris Padgett reminded the Committee that Segal Waters, the City's and GUC's classification and compensation consultant, recommends reviewing salary structures annually to ensure they remain competitive in the market. Segal Waters uses and recommends WorldatWork data because their Salary Budget Survey is the largest and most trusted resource of salary structure adjustment data used by compensation professionals nationally and internationally. Mr. Padgett added that WorldatWork projects salary structures to increase 2.1% for 2019.

After discussion, Council Member Smiley made a motion to recommend to the City Council and GUC Board of Commissioners at the Joint Meeting on April 24, 2019, a 2.1% salary structure adjustment. Commissioner Butler seconded the motion, which passed by unanimous vote.

ITEM VI-UPDATE ON COMPENSATION STUDY

Ms. Richie Shreves stated that GUC and the City are working together to select a consultant to start the compensation study on July 1, 2019. Varying proposals have been received for this project with quotes ranging from \$120,000 to \$260,000 in cost to be split between the COG and GUC. It was suggested to select the best quality consultant for the scope of work. Ms. Shreves stated that references are being contacted. A timeline for the study was reviewed. Once the consultant is selected, it is expected to have the results of the study by March or April of 2020 with approval/implementation by July 1, 2020.

ITEM VII-NEXT STEPS

It was the consensus of the Committee to cancel the April 10, 2019, Joint Pay and Benefits Committee meeting.

Recommendations regarding the market adjustment/merit allocation, the salary structure adjustment, and the recommendation for the consultant for the compensation study will be presented to the City Council and the GUC Board of Commissioners at the Joint Meeting scheduled for April 24, 2019, at 6:00 p.m. at City Hall.

ITEM VIII-ADJOURNMENT

There being no further discussion, Council Member Smiley made the motion to adjourn the meeting and Commissioner Butler seconded the motion. The vote was unanimous, and the meeting was adjourned at 10:36 a.m.

Respectfully submitted,

Amy Carson Wade
Executive Secretary

HEALTH WEALTH CAREER

JOINT COMMITTEE MEETING 2020 PLANNING

CITY OF GREENVILLE
GREENVILLE UTILITIES
COMMISSION

AUGUST 26, 2019

Steve Graybill, Principal
Tara Hostetter, Senior Associate
Parker Cramer, Senior Associate
Taylor Ryan, Associate



MAKE TOMORROW, TODAY



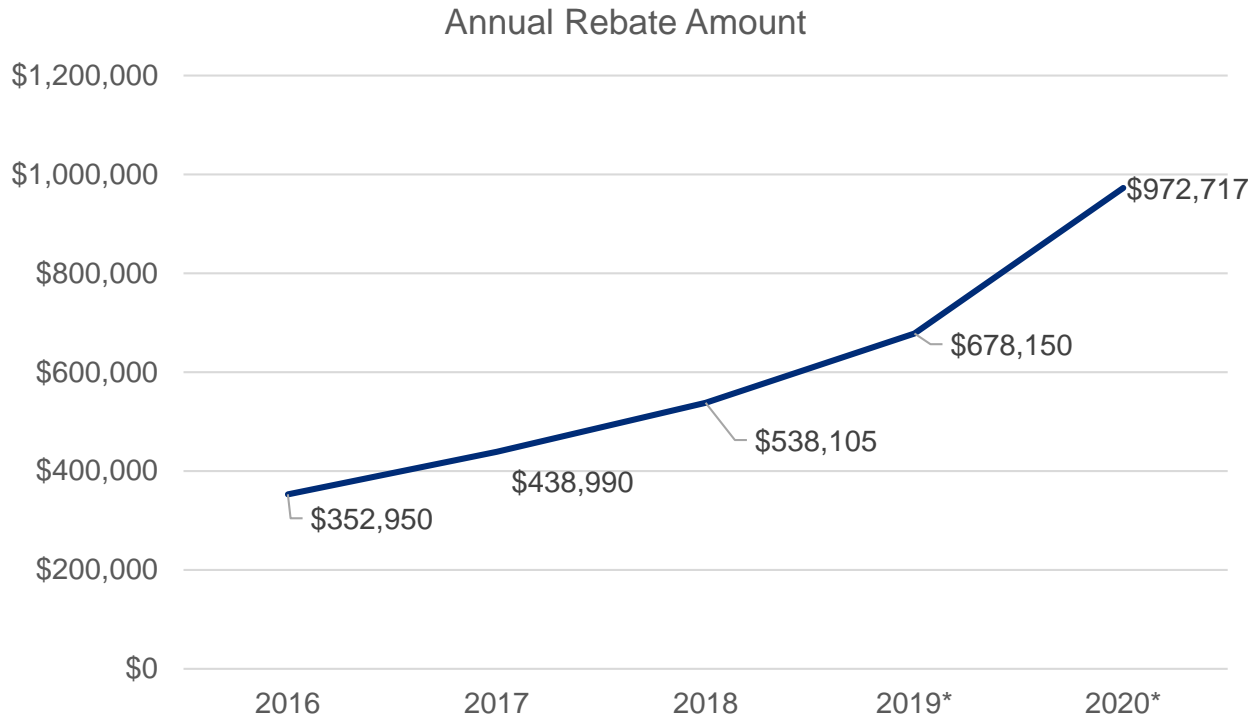
POINT SOLUTIONS OBESITY & PRE-DIABETES



- Per Cigna, 8% of the population has been diagnosed with hypertension; another 8% of the population has been diagnosed with Obesity
 - 66% of COG/GUC's population has a chronic condition and the top conditions include Diabetes & Hypertension
- Omada is a digital behavioral counseling program that combines an interactive curriculum with smart tech and human health coaching to help at-risk people reduce their risk of obesity-related chronic diseases
- **Parameters for Participating:** BMI of 25+ with one or more of the following risk factors: prediabetes diagnosis, high triglycerides, low HDL, high blood pressure, or high blood sugar
- **Cost:** One-time enrollment fee of \$235 only for those who engage in the program (covers the cost of the scale, pairing them with a health coach and peer group, marketing, etc.). There is no additional cost unless that person loses at least 1% of their body weight. (Each month a participants weight loss is compared to the initial weight or “baseline weight” record when joining the program)
- Cigna estimates the two-year net savings of the Omada program to be **\$31,376**.
 - The year one program enrollment cost is \$17,390* based on estimated enrollment of 74 members
- Program will be implemented 1/1/2020

*Does not include the additional weight loss cost if a member loses at least 1% of body weight

CIGNA HISTORICAL PHARMACY REBATES



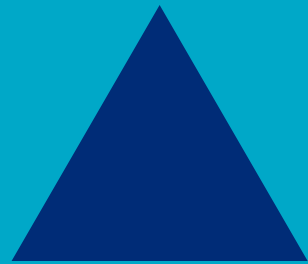
*2019 and 2020 rebate information is estimated by Cigna

5-YEAR HISTORICAL ENROLLMENT BY PLAN

	City of Greenville			Greenville Utilities Commission		
	HSA	Core	Enhanced	HSA	Core	Enhanced
2019*	72	649	215	42	352	158
2018	61	577	304	33	308	195
2017	48	532	352	26	272	227
2016	54	486	380	24	239	246
2015	n/a	373	536	n/a	189	319
2014	n/a	322	602	n/a	135	367

	City of Greenville			Greenville Utilities Commission		
	HSA	Core	Enhanced	HSA	Core	Enhanced
2019*	8%	69%	23%	8%	64%	29%
2018	6%	61%	32%	6%	57%	36%
2017	5%	57%	38%	5%	52%	43%
2016	6%	53%	41%	5%	47%	48%
2015	n/a	41%	59%	n/a	37%	63%
2014	n/a	35%	65%	n/a	27%	73%

FINANCIALS



MEDICAL/RX/VISION PLAN ASSUMPTIONS

Medical plan costs have been projected to 2020 with no changes to the current designs. The baseline cost was estimated based on the following assumptions:

- Updated 2019 and 2020 projections based on 24 months of historical claim experience (July 2017 – June 2019) with 70% weight on the most recent 12 months and 30% on the other.
- Adjustments were made to the historical claims experience to reflect current (2019) plan design, Rx formulary, migration, and the average contract size.
- 2020 Rx projections reflect estimated claim savings and rebates provided by Cigna.
- Annual trend rates = 5.75% for medical claims, 9.50% for Rx claims, and 4% for vision claims.
- Includes margin of 2% to account for claim fluctuations.
- 2020 fixed fees based on Cigna renewal and 15.0% assumed increase for stop loss.
- Smoker and spousal surcharge estimated based on enrollment provided by Client.
- Employer HSA funding amounts of \$500/\$1,000 for single/dependent tiers is assumed to remain unchanged.

2019 AND 2020 MEDICAL/RX/VISION PROJECTIONS

COG/GUC 2019 Reforecast and 2020 Status Quo Projections					
Description	Initial 2019 Projection	2019 Reforecast	2020 Status Quo ²	2020 from 2019 Reforecast	
	June 2018	June 2019	June 2019	\$ Difference	% Difference
Enrollment	1,481	1,492	1,492	0	0%
Paid Claims (Medical/Rx/Vision)	\$18,655,000	\$17,780,000	\$18,943,000	\$1,163,000	7%
Rx Rebates ¹	(\$678,000)	(\$678,000)	(\$973,000)	(\$295,000)	44%
Fixed Cost (ASO and Stop Loss Premiums)	\$1,805,000	\$1,739,000	\$1,893,000	\$154,000	9%
Projected HSA Seed Money Contributions ¹	\$67,000	\$84,000	\$84,000	\$0	0%
Total Projected Cost	\$19,849,000	\$18,925,000	\$19,947,000	\$1,022,000	5%
2019 Projected Budgeted Premiums	\$20,460,000	\$20,103,000	\$20,103,000	\$0	0%
<i>Projected (Surplus)/Deficit \$ from 2019</i>	(\$611,000)	(\$1,178,000)	(\$156,000)		
<i>Projected (Surplus)/Deficit % from 2019</i>	(3.0%)	(5.9%)	(0.8%)		
Projected Employee Contributions	(\$3,518,000)	(\$3,232,000)	(\$3,232,000)	\$0	0%
Projected Tobacco Surcharge Contributions	(\$122,400)	(\$98,000)	(\$98,000)	\$0	0%
Projected Spousal Surcharge Contributions	(\$123,600)	(\$77,000)	(\$77,000)	\$0	0%
COG/GUC Total Net Cost	\$16,085,000	\$15,518,000	\$16,540,000	\$1,022,000	7%
COG/GUC Cost Share	81.0%	82.0%	82.9%		

¹HSA Seed contributions and Rx rebates were not included in final 2019 rates

²2020 Status Quo projections assume a 0.0% increase to employee contributions

- 2019 reforecast gross and net cost is **\$18.9M** and **\$15.5M**, respectively
 - Includes 2019 projected pharmacy rebates of \$678K
 - COG/GUC net cost has decreased from initial projection due to lower than expected claims experience
 - COG/GUC percent cost share has increased somewhat due to employee migration to lower cost (but higher % cost share) plans and tiers
- 2020 required rate decrease is **-0.8%**; Mercer recommends holding total and employee rates flat

EMPLOYEE MEDICAL CONTRIBUTIONS

STATUS QUO INCREASE OF 0.0%

	Bi-Weekly Active Contributions											
	2019	2020	Change	2019	2020	Change	2019	2020	Change	2019	2020	Change
Salary Bands	< \$32,278			\$32,278 - \$46,951			\$46,952 - \$61,623			> \$61,623		
HSA												
EE	\$6.34	\$6.34	\$0.00	\$7.53	\$7.53	\$0.00	\$8.72	\$8.72	\$0.00	\$9.90	\$9.90	\$0.00
EE+SP	\$53.23	\$53.23	\$0.00	\$63.20	\$63.20	\$0.00	\$73.19	\$73.19	\$0.00	\$83.18	\$83.18	\$0.00
EE+CHILD(REN)	\$51.97	\$51.97	\$0.00	\$61.71	\$61.71	\$0.00	\$71.46	\$71.46	\$0.00	\$81.18	\$81.18	\$0.00
FAMILY	\$75.99	\$75.99	\$0.00	\$90.26	\$90.26	\$0.00	\$104.50	\$104.50	\$0.00	\$118.76	\$118.76	\$0.00
CORE												
EE	\$19.60	\$19.60	\$0.00	\$21.51	\$21.51	\$0.00	\$25.46	\$25.46	\$0.00	\$29.39	\$29.39	\$0.00
EE+SP	\$82.29	\$82.29	\$0.00	\$90.33	\$90.33	\$0.00	\$106.90	\$106.90	\$0.00	\$123.44	\$123.44	\$0.00
EE+CHILD(REN)	\$80.35	\$80.35	\$0.00	\$88.18	\$88.18	\$0.00	\$104.36	\$104.36	\$0.00	\$120.52	\$120.52	\$0.00
FAMILY	\$117.50	\$117.50	\$0.00	\$128.97	\$128.97	\$0.00	\$152.61	\$152.61	\$0.00	\$176.24	\$176.24	\$0.00
ENHANCED												
EE	\$35.65	\$35.65	\$0.00	\$38.01	\$38.01	\$0.00	\$42.87	\$42.87	\$0.00	\$47.72	\$47.72	\$0.00
EE+SP	\$149.73	\$149.73	\$0.00	\$159.63	\$159.63	\$0.00	\$180.03	\$180.03	\$0.00	\$200.42	\$200.42	\$0.00
EE+CHILD(REN)	\$146.16	\$146.16	\$0.00	\$155.80	\$155.80	\$0.00	\$175.75	\$175.75	\$0.00	\$195.66	\$195.66	\$0.00
FAMILY	\$213.80	\$213.80	\$0.00	\$227.91	\$227.91	\$0.00	\$257.04	\$257.04	\$0.00	\$286.17	\$286.17	\$0.00

RETIREE MEDICAL CONTRIBUTIONS

STATUS QUO INCREASE OF 0.0%

	Retirees	2020 Premium Equivalent Rates	2019 Retiree Monthly Contributions	2020 Retiree Monthly Contributions	Cost Share	Increase From 2019
CORE						
EE Only	106	\$674.61	\$33.73	\$33.73	5.00%	\$0.00
EE + Sp	16	\$1,416.68	\$775.80	\$775.80	54.76%	\$0.00
EE + Ch	4	\$1,382.95	\$742.07	\$742.07	53.66%	\$0.00
EE + Family	0	\$2,022.60	\$1,381.72	\$1,381.72	68.31%	\$0.00
ENHANCED						
EE Only	113	\$718.03	\$77.15	\$77.15	10.74%	\$0.00
EE + Sp	9	\$1,507.79	\$866.91	\$866.91	57.50%	\$0.00
EE + Ch	0	\$1,471.90	\$831.02	\$831.02	56.46%	\$0.00
EE + Family	2	\$2,152.71	\$1,511.83	\$1,511.83	70.23%	\$0.00

2019 AND 2020 DENTAL PROJECTIONS

Description	2019 Initial Projection	2019 Reforecast	2020 Projection
	June 2018	June 2019	June 2019
Enrollment	1,219	1,226	1,226
Paid Dental Claims	\$1,038,000	\$979,000	\$1,016,000
Administrative Fees	<u>\$47,000</u>	<u>\$46,000</u>	<u>\$47,000</u>
Total Projected Cost	\$1,085,000	\$1,025,000	\$1,063,000
2019 Projected Budgeted Premiums	\$1,085,000	\$1,078,000	\$1,078,000
<i>Projected (Surplus)/Deficit \$ from 2019</i>	\$0	<i>(\$53,000)</i>	<i>(\$15,000)</i>
<i>Projected (Surplus)/Deficit % from 2019</i>	0.0%	<i>(4.9%)</i>	<i>(1.4%)</i>
Employee Contributions	<i>(\$483,000)</i>	<i>(\$480,000)</i>	<i>(\$480,000)</i>
COG/GUC Total Net Cost	\$602,000	\$545,000	\$583,000

*2020 Status Quo projections assume EE contributions are unchanged from 2019

- 2019 is projected to come in 4.9% under budget, and current rates are expected to be sufficient for 2020 costs.
 - Mercer recommends a rate hold on both premium equivalent rates and employee contributions.

EMPLOYEE DENTAL CONTRIBUTIONS

2020 RATE HOLD

	Enrollment	2019 Premiums	2020 Premiums	2019 Contributions	2020 Contributions	% Difference in Contributions	\$ Difference in Contributions
DENTAL							
EE	336	\$15.81	\$15.81	\$3.37	\$3.37	0.0%	\$0.00
EE+SP	80	\$33.21	\$33.21	\$12.85	\$12.85	0.0%	\$0.00
EE+Child(ren)	85	\$29.26	\$29.26	\$11.32	\$11.32	0.0%	\$0.00
Family	161	\$47.46	\$47.46	\$18.38	\$18.38	0.0%	\$0.00
DENTAL PLUS							
EE	211	\$21.80	\$21.80	\$9.36	\$9.36	0.0%	\$0.00
EE+SP	41	\$45.78	\$45.78	\$25.41	\$25.41	0.0%	\$0.00
EE+Child(ren)	140	\$40.33	\$40.33	\$22.38	\$22.38	0.0%	\$0.00
Family	172	\$65.40	\$65.40	\$36.32	\$36.32	0.0%	\$0.00

- 2020 rates are assumed unchanged from 2019 to minimize fluctuations inherent in annual rate setting process.

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.



MERCER

MAKE TOMORROW, TODAY

JOINT CLASSIFICATION & COMPENSATION STUDY

Timeline for Remaining Steps

