

MINUTES

METROPOLITAN EMPLOYEE BENEFIT BOARD

STUDY & FORMULATING COMMITTEE

September 30, 2011

The Metropolitan Employee Benefit Board's Study & Formulating Committee met on Friday, September 30, 2011 at approximately 9:00 a.m., in Room 163, Civil Service Conference Room in the 222 Building.

Committee Members present: Chair: Dorothy Shell-Berry; Vice-Chair: Gerald Nicely; Members: Steve Farner, Betty Nixon and Bruce Sullivan.

Other Members present: Shannon Hall, Metro Human Resources, Margaret Darby and Nicki Eke, Metro Legal Department.

Dorothy Shell-Berry called the meeting to order and acknowledged Councilmen Doug Pardue and Steve Glover.

Dorothy Shell-Berry asked if there were any amendments, corrections or questions of the minutes from the last meeting held on August 18, 2011. With two clarifications and two corrections, Bruce Sullivan moved for approval of the minutes. Steve Farner seconded and the Committee approved without objection.

The Human Resources staff submitted the following for the Committee's consideration and appropriate action:

1. New public comments regarding employee benefits.

Dorothy Shell-Berry made note of correspondence received from Gary Moore, International Association of Fire Fighters, (IAFF) Local 140, regarding concerns with some of the topics the Committee will be reviewing. She advised that this Committee is not a part of these discussions. She further stated that this Committee only makes recommendations regarding employee benefits.

Dorothy Shell-Berry opened the floor to any new comments regarding employee benefits.

There were no new comments made regarding employee benefits.

The Committee discussed future meeting dates and times and noted that the next meeting is scheduled for October 20th.

It was also noted that copies of the financial statements are available for the Committee's review.

2. Committee deliberation on items raised at previous meeting(s).

Shannon Hall reported to the Committee that all of the items raised at the previous meetings have been summarized for the Committee. She also noted that copies of all the items are available for the Committee's review and use as working documents.

The Committee discussed a format for the items presented and the final report.

There was discussion on the status of obtaining a consultant and Shannon Hall informed the Committee that staff may have an intent to award at the next meeting.

The Committee discussed how to proceed with reviewing the items presented for the Committee's review. It was noted that information related to items that have already been raised will be supplied to this Committee for review.

The Committee discussed the role of the consultant, the procurement process and when the Committee and staff can expect to or will begin working with the consultant.

2. Committee deliberation on items raised at previous meeting(s). (continued)

Shannon Hall reviewed the procurement process, the role of the evaluation committee, the intent to award and the anticipated date to begin working with the consultant.

After some discussion of information currently available to the Committee, the Committee was in agreement to begin their study/review with the items that already have information (costing) available and then proceed with items that have not been studied.

Shannon Hall reviewed some options for the Committee in order to help with reviewing the items raised.

There was further discussion of the role of the consultant and other staff and resources available to the Committee.

Kevin Sullivan, Bryan, Pendleton, Swats and McAllister was present to address the Committee's questions.

Kim McDoniel, Finance Department, was present and reviewed the financial statements associated with the costs of post-employment benefits.

The Committee discussed the formula used on the assumptions for the liabilities (current employees and retirees), changes in the assumptions based on population and the accounting board standards.

Kevin Sullivan reviewed how the unfunded liability and the actual accrued liabilities are determined and changes in the contribution rates.

There was discussion of computing the cost implication of changes for new employees, who sets the benefit plan structure, and conditions of employment.

There was discussion of what other entities are doing regarding some benefits, the effects of defined contribution plans and government sponsored plans.

In regard to Gary Moore's correspondence, it was noted that this Committee is charged with making recommendations regarding the benefits of Metro employees. There was also discussion of the process after the recommendations are made and the charge/role of the Committee.

Councilman Steve Glover addressed the Committee regarding the work to be done by the Committee.

The Committee discussed the requests regarding retiree medical insurance – vesting. After some discussion of the options, (leave as is, change to 10 years for the benefit, continue 5 year vesting without the benefit or change to 10 years with no benefit if not retiring from Metro), the Committee requested information on the options, the number of those that have left Metro and come back to receive the benefit and the associated costs.

The Committee discussed the impact of Medicare on the retiree medical benefit and the average and earliest retirement age.

The Committee also requested information regarding what other employers do with allowing former employees to re-enter the medical plans at retirement.

At this time the Committee took a break and then reconvened with deliberation on the remaining items.

The Committee discussed service pension vesting and the request to study and change the vesting period from 5 years to 10 years. There was discussion of previous studies done on going from 10 years to 5 and requested costing of such a change for new employees.

On the retiree medical benefits – pensioner contribution rate for Metro health plan based on years of service, the Committee discussed reviewing this item with the consultant for different scenarios.

2. Committee deliberation on items raised at previous meeting(s). (continued)

The Committee discussed the retiree medical benefits – eliminate retiree medical coverage post 65. There was discussion of the recommendation to review something similar to what the State of TN offers (Medicare and purchase a supplemental policy) and how others handle retiree medical benefits. The Committee discussed Metro's retiree medical benefits, how it coordinates with Medicare and some additional benefits.

On the issue of service pension – employee contribution to pension plan, the Committee requested information on the pros and cons of a defined benefit plan and what other government entities are doing. The Committee also discussed why the change was made from the employees contributing to the pension plan.

The issue of in line of duty injury leave (payments) is under the jurisdiction of the Civil Service rules and not a part of the system of employee benefits as defined in the Code, however, the Committee questioned whether or not there was something they could recommend regarding this request.

Nicki Eke, Legal Department, stated that the issue of injury on duty leave payments is under the jurisdiction of the Civil Service Commission. She also stated that if this is a proposal to change the entire injury on duty system it would have to be studied further.

The Committee was in agreement that there needs to be clarification on this issue.

There was further discussion of the Committee's role, Margaret Darby reviewed what the Charter states regarding the role/charge of the Committee, which is to study benefits, contributions, extent of coverage, actuarial soundness and related matters in connection with the system of benefit plans and to submit to the Employee Benefit Board such amendments as such study may indicate as necessary.

On the issue of in line of duty medical benefits – use of General Hospital, the Committee requested information on the pros and cons of such a change.

Doug Collier, Service International Employees Union, (SEIU), addressed the Committee regarding the in line of duty medical benefits – use of General Hospital.

There was discussion of the injury on duty program as it is today and how the program previously worked, and obtaining information on the structure of General Hospital, quality of care, and incentives with regard to this change.

On the request on injured on duty medical benefits – eliminate injury on duty medical care on Metro's health plans, the Committee requested information regarding what other entities are doing and cost differentials. The Committee discussed some of the current costs and the options presented thus far (only use General Hospital or only use the injury on duty network) regarding injury on duty.

After discussion on how the injury on duty program works, how it came to be implemented, and contractual agreements with the injury on duty program providers, the Committee was in agreement to have all the options regarding injury on duty reviewed as a whole.

The Committee requested that the issue of injured on duty (IOD) medical benefits – workers compensation be included in the discussions regarding the injury on duty options.

The Committee discussed obtaining additional information on what others are doing regarding service pension – defined contribution plan for new employees.

On the request regarding retiree medical benefits - Medicare Part D, the Committee requested additional information.

The Committee discussed the options (leave as is or allow opt out with proof of other coverage other than Medicare) related to the medical benefits - retiree opt out and potential savings.

With nothing further presented, the meeting was adjourned at 12:05 p.m.

ATTEST:

APPROVED:

***Mrs. Rita Roberts-Turner, Director
Human Resources***

***Mrs. Dorothy Shell-Berry, Chair
Study & Formulating Committee***