

MINUTES

METROPOLITAN EMPLOYEE BENEFIT BOARD

STUDY & FORMULATING COMMITTEE

March 31, 2014

The Metropolitan Employee Benefit Board's Study & Formulating Committee met on Monday, March 31, 2014 at 9:00 a.m., in Room 163, Civil Service Conference Room, in the 222 Building.

Committee Members present: Chair: Michael Shmerling; Vice-Chair: Lucia Folk; Member(s): *Debra Grimes and Ivanetta Samuels.

Committee Member Glenn Farner was unable to be present.

Benefit Board Member(s) present: Veronica Frazier

Other(s) present: Justin Stack, Metro Human Resources, and Nicki Eke, Metro Legal Department.

Michael Shmerling called the meeting to order and asked if there were any amendments, corrections or questions of the minutes from the last meeting held on March 14, 2014. With no corrections, Ivanetta Samuels moved for approval of the minutes. Lucia Folk seconded and the minutes were approved without objection.

*Denotes the arrival of Debra Grimes.

Justin Stack reviewed a timeline with the Committee in order to meet the May 1st deadline of submitting a report to Council. Mr. Stack stated that a recommendation would have to be made by this Committee and presented to the Benefit Board for discussion/review at the April 15th Study Session, with a Special Called meeting after that for action.

Michael Shmerling gave an overview of what the Committee has reviewed to date. He stated that the Mayor and HR staff are hopeful that this Committee will take some action and make a formal recommendation today regarding domestic partner benefits and then possibly reviewing other issues appropriate for this Committee. He stated that today's presentation is related to administrative impacts and cost associated with that benefit.

BENEFIT BOARD ITEMS

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

1. Domestic partner benefits – Administrative issues.

Greg Drennan and Mike Gilmartin, Deloitte, were present.

Greg Drennan reviewed variables related to cost to consider in terms of participation and how the Board may implement a domestic partner benefit. He stated that items that need to be considered relate to eligibility, same sex or both same sex and opposite sex, domestic partners dependent children; whether or not Metro would offer COBRA benefits to domestic partners and dependent life; will Metro offer survivor benefits and extend health benefits after the employee/pensioner dies; technology and processes and communications. He also noted that the biggest issue for the Committee will be whether the recommendation would apply to same sex only or both same sex and opposite sex domestic partnerships.

There was some discussion of the current coverages that are offered to those that are married and Greg Drennan noted that the domestic partner process for a survivor benefit could be tricky to administer and would need to be tied to the health benefit.

Greg Drennan stated that the cost projections presented today include the costs given by the actuary.

The Committee discussed additional staffing and or integrating administration of this benefit into the current staff in the beginning.

1. Domestic partner benefits – Administrative issues. (continued)

Greg Drennan informed the Committee that they have been in discussions with payroll and the Information Technology department and their current consultant and the current system is not set up to handle administration of the domestic partner benefit.

There was discussion of the information received from the cities that currently offer this benefit and the documentation that Metro receives regarding marriages and divorces. Justin Stack indicated that Metro will use how other cities administer this benefit as a guide.

The Committee also discussed situations where an individual does not submit the required documentation in a timely manner to add/remove a dependent and how Metro handles those situations.

Mike Gilmartin reviewed the range of initial cost projections.

There was also discussion of the initial and ongoing costs.

The Committee was in agreement to offer a domestic partner benefit to new and existing employees and pensioners.

The Committee discussed whether or not to offer the benefit to same sex or opposite sex couples and if there is any information available regarding live in situations, whether it is same sex or opposite sex.

The Committee discussed spouses being able to take Metro's benefits versus taking them from another employer and how some entities do not allow that on their plans.

Nicki Eke, Legal Department, stated that Metro's benefit system does not force employees to verify that there is no other coverage available for a spouse.

There was some discussion of coordination of benefits and a recommendation from the last Study and Formulating Committee regarding retirees and Medicare. The Committee also discussed making a recommendation regarding spouses not being eligible for Metro's plan if they have coverage offered.

Ginger Hall, HR staff, mentioned how that would interact with Health Care Reform.

Greg Drennan indicated that Metro currently has only two tiers for coverage and administration could become complex as the tier structure would have to be addressed.

There was discussion of recommending spouses not being eligible for Metro's plan if they have other coverage offered and having an actuarial study on the impact of that change.

The Committee was in agreement that they would like to recommend; 1) to cover domestic partners, both same sex and opposite sex, in Metro's health and pension plans; and 2) to exclude partners and spouses that are offered medical coverage by another employer.

There was discussion to clarify excluding working partners and spouses that are offered medical coverage by another employer, the benefits that would apply to and obtaining statistics.

Robert Weaver, Fraternal order of Police, (FOP), addressed the Committee regarding excluding spouses and possibly creating an additional tier.

There was some discussion of the plans, making basic assumptions and how to make the plans more equitable across the board.

Mark Young, union representative, brought up the issue of a change in status for the spouse and whether or not they would be allowed on Metro's plan.

1. Domestic partner benefits – Administrative issues. (continued)

There was discussion that adding an additional tier structure would require additional staff and technology upgrades to the current system.

After discussion and the Committee being in agreement that the benefits currently offered to married couples should be offered to domestic partners, Lucia Folk moved to recommend domestic partner benefits (medical and pension) to both same sex and opposite sex couples that mimic what is currently offered to married couples. Debra Grimes seconded.

After clarification that this benefit would apply to any benefit entitled to a spouse (medical, dental, vision, life insurance, flexible spending account and survivor pension benefits), tax issues with flexible spending accounts and discussion of whether or not the insurance company would consider a domestic partner as having an insurable interest.

Mark Young, union representative, brought up the issue of what if the benefit offered to the spouses is not affordable.

The Committee discussed employer paid coverage, different levels of subsidy, what other entities require to show that the spouse would not be eligible for coverage and a minimum or standard benefit when coverage is not affordable.

After further discussion of excluding spouses, the Committee was in agreement that more information is required on excluding spouses if other coverage is offered.

Lucia Folk restated her motion to approve domestic partner benefits for same sex and opposite sex couples that mimic exactly what Metro currently offers to married couples (medical and pension) to the extent allowable under the federal tax code. Debra Grimes seconded and the Committee approved without objection.

The Committee requested additional information on what other employers offer regarding other coverages.

Michael Shmerling informed the Committee that the Pew Organization will be attending the next meeting.

2. Summary of 2011-2012 Study and Formulating Committee review and recommendations.

David Shaub and Kevin Sullivan, Bryan, Pendleton, Swats & McAllister, distributed copies of information related to items from the last Study and Formulating Committee report.

Michael Shmerling stated that this item will be reviewed at the next meeting.

David Shaub and Kevin Sullivan instructed the Committee on how to navigate through the information and highlighted some of the main topics considered.

With nothing further presented, the meeting adjourned at 11:08 a.m.

ATTEST:

APPROVED:

***Ms. Veronica T. Frazier, Interim Director
Human Resources***

***Mr. Michael Shmerling, Chair
Study & Formulating Committee***