

MEMORANDUM

TO: Mayor and City Council
Greenville Utilities Board of Commissioners

FROM: Barbara Lipscomb, City Manager *BL*
Anthony C. Cannon, General Manager/CEO *AC*

DATE: September 14, 2016

SUBJECT: Joint City/GUC Pay and Benefits Committee
Recommendations for Plan Year 2017

The Joint City/GUC Pay and Benefits Committee, comprised of City Council Members Rose Glover and Rick Smiley and GUC Commissioners Joel Butler and Toya Jacobs, met on August 23, 2016 to develop recommendations for Plan Year 2017 Health and Dental benefits. The following recommendations will be considered by City Council and GUC Board of Commissioners at their upcoming Joint Meeting scheduled for Monday, September 19, 2016 at 6:00 p.m. in the Greenville Utilities Board Room.

Joint Committee Recommendation on Plan Year 2017 Health/Dental Insurance Benefits:

On September 22, 2014, City Council and the GUC Board of Commissioners adopted a Health Benefits Strategic Plan. The plan was intended to guide the provision of said benefits over a three-year period (2015-2017). One component of the strategy was the elimination of the Enhanced plan in 2017, due in large part to the looming Excise Tax expected to be effective January 1, 2018. With the postponement of the Excise Tax until January 1, 2020, projected unfavorable financial impacts due to Plan migration, and the continued desire to systematically move towards an 80% / 20% employer / employee cost share, the Joint City/GUC Pay and Benefits Committee unanimously recommend adopting an updated three-year strategy for 2017-2019.

In accordance with the proposed three-year strategy, the recommendations for 2017 are as follows:

- Maintain current plan options (HSA, Core, and Enhanced);
- Increase employee only cost share to 50% of the dependent tier cost share percentages for Core and Enhanced plans, and to 25% for HSA;
- Increase dependent tier contributions by 11.2% (expected trend plus 3%);

- Continue the “first-year incentive” HSA seed bonus for new HSA enrollees (\$250 for individual coverage and \$500 for family coverage) to encourage migration to the HSA; and
- Introduce a buy-up dental option so that employees can choose the level of coverage that best addresses their needs, with the employee paying the price difference.

The Joint City/GUC Pay and Benefits Committee unanimously recommend adoption of the proposed changes for Plan Year 2017.

We look forward to seeing you at the upcoming Joint Meeting on September 19, 2016 at 6:00 p.m. in the GUC Board Room. A light meal will be served at 5:30 p.m.

cc: Michael Cowin, COG Assistant City Manager
Merrill Flood, COG Assistant City Manager
Chris Padgett, GUC Chief Administrative Officer
Leah Futrell, COG Director of Human Resources
Richie Shreves, GUC Director of Human Resources

JOINT MEETING
Greenville City Council/Greenville Utilities Commission

Monday, September 19, 2016
6:00 p.m.
Greenville Utilities Board Room
401 South Greene Street

1. Call Meeting to Order: Mayor Thomas
Chairman Mills
2. Approval of Agenda: City Council
Greenville Utilities Commission
3. Public Comment Period - For issues that are germane to both the City Council and Greenville Utilities Commission.

The Public Comment Period is a period reserved for comments by the public. Items that were or are scheduled to be the subject of public hearings conducted at the same meeting or another meeting during the same week shall not be discussed. A total of 30 minutes is allocated with each individual being allowed no more than 3 minutes. Individuals who registered with the City Clerk to speak will speak in the order registered until the allocated 30 minutes expires. If time remains after all persons who registered have spoken, individuals who did not register will have an opportunity to speak until the allocated 30 minutes expires.

4. Approval of Proposed Minutes – April 25, 2016
5. Consideration of Joint Pay and Benefits Committee Recommendation on Plan Year 2017 Medical and Dental Benefits
6. Consideration of Joint Pay and Benefits Committee Recommendation on Proposed Three-Year Strategy for Medical and Dental Benefits for Plan Years 2017-2019
7. Adjournment: Greenville Utilities Commission
Recess and Reconvene: City Council*

***City Council will reconvene for Closed Session in City Hall
Conference Room 337, 200 West Fifth Street**

8. Closed Session: City Council – To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee
9. Adjournment: City Council

PROPOSED MINUTES OF JOINT MEETING OF THE
GREENVILLE CITY COUNCIL
AND THE GREENVILLE UTILITIES COMMISSION
BOARD OF COMMISSIONERS
MONDAY, APRIL 25, 2016

Having been properly advertised, a joint session of the Greenville City Council and the Greenville Utilities Commission GUC Board of Commissioners (GUC Board) was held on Monday, April 25, 2016 in the GUC Board Room, located on the second floor of the Greenville Utilities Main Office Building at 401 S. Greene Street in Greenville, with Mayor Allen M. Thomas presiding for the City Council and Chair John Minges presiding for GUC. Mayor Thomas and GUC Chair Minges called the meeting to order at 6:00 p.m.

Those present from the City Council:

Mayor Allen M. Thomas; Mayor Pro-Tem Kandie Smith; and Council Members Calvin Mercer, Rick Smiley, McLean Godley and PJ Connelly

Also present from the City of Greenville:

Barbara Lipscomb, City Manager; Michael Cowin, Assistant City Manager; Merrill Flood, Assistant City Manager; Leah Futrell, Human Resources Director; Dave Holec, City Attorney; Bernita Demery, Director of Financial Services; and Carol L. Barwick, City Clerk

Those present from the Greenville Utilities Commission Board of Commissioners:

Chair John Minges, Chair-Elect Don Mills, Secretary Dennis Mitchell, and Commissioners Rebecca Blount, Joel Butler, Parker Overton, Tommy Stoughton and Barbara Lipscomb

Also present from the Greenville Utilities Commission:

Tony Cannon, General Manager/CEO; Chris Padgett, Chief Administrative Officer; Jeff McCauley, Chief Financial Officer; Phillip R. Dixon, General Counsel; Steve Hawley, Public Information Officer/Communications Manager; Richie Shreves, Director of Human Resources; Amy Quinn, Executive Assistant to the General Manager/CEO; Debbie Jones, Benefits Administrator and Lou Norris, Secretary to the General Manager/CEO

Others present:

Kevin Keifferon and Ronita Stanford, Chamber Leadership Institute

Those absent:

Council Member Rose Glover was absent from the City Council.

APPROVAL OF THE AGENDA

Upon motion by Council Member Smiley and seconded by Mayor Pro Tem Smith, the Greenville City Council unanimously approved the agenda.

Upon motion by Commissioner Butler and seconded by Commissioner Mills, the GUC Board unanimously approved the agenda.

PUBLIC COMMENT PERIOD

Mayor Thomas opened the public comment period at 6:02 p.m. and explained the procedures to be followed by anyone who wished to speak.

There being no one present who wished to speak, Mayor Thomas closed the public comment period at 6:03 p.m.

APPROVAL OF PROPOSED MINUTES- SEPTEMBER 21, 2015

Upon motion by Council Member Smiley and seconded by Council Member Connelly, the Greenville City Council unanimously approved the September 21, 2015 Joint Minutes as presented.

Upon motion by Commissioner Blount and seconded by Commissioner Overton, the GUC Board unanimously approved the September 21, 2015 Joint Minutes as presented.

CONSIDERATION OF MARKET ADJUSTMENT/MERIT PROGRAM FOR FY 2016-17

Mr. Chris Padgett, Chief Administrative Officer for GUC, stated that the City and GUC annually review the competitive market pay posture of the joint pay plan. The objective is to maintain an effective pay system for employees that is internally equitable and compatible, and is as competitive as possible in relation to the external marketplace.

The City and GUC have traditionally used the Capital Associated Industries (CAI) survey as the primary benchmark guide for establishing the market related to wage growth. Over the past several years, staff received requests to include data from other reputable surveys, other public sector organizations and local employers to ensure that CAI is truly representative of the market.

Wage projections and trends for 2016 are relatively consistent among the surveys received from Aon Hewitt, CAI, Hay Group, Mercer, Towers Watson, and WorldAtWork. Mr. Padgett noted that traditionally the CAI survey is used as the primary benchmark guide and is actually the lowest on the survey with a 2.7% projected increase for 2016. Based on the surveys reviewed, 2016 wage projections and trends average is 2.93%. The public sector benchmark organizations/local private employers were reviewed. The local private employers included 14 local businesses and they responded reporting an average salary adjustment of 3.05%. He stated that the Joint Pay and Benefits Committee recommends that the City and the GUC fund an employee pay adjustment of 3.0% for FY 2016-17 in order to maintain market competitiveness.

Council Member Godley asked for a list of the public sector benchmark organizations and Mr. Padgett provided a list which was distributed to the group.

Following much discussion, Council Member Smiley made a motion to fund an employee pay adjustment of 3.0% for FY 2016-2017 applied as deemed appropriate by each entity, in order to maintain market competitiveness; Council Member Mercer seconded the motion. After discussion, the motion was tabled.

Commissioner Mitchell made a motion for GUC to fund an employee market/merit adjustment of 3.0% for FY 2016-2017 applied as deemed appropriate by each entity, in order to maintain market competitiveness, Commissioner Butler seconded the motion, which passed by unanimous vote.

Council Member Godley made a new motion to address employee market/merit adjustments at the May 9 City Council meeting when more budget information will be available for review. Council Member Connelly seconded the motion, which passed by unanimous vote.

Mr. Cannon added that if the City Council has a different outcome of the vote on May 9, then he recommends that another joint meeting be scheduled.

CONSIDERATION OF SALARY STRUCTURE ADJUSTMENT FOR FY 2016-2017

Mr. Michael Cowin, Assistant City Manager, stated that in 2015, the City of Greenville and GUC partnered with Segal Waters Consulting to conduct a 5-Year True Up Market Study. This study was to ensure that the compensation and compensation structure of the two entities have remained in line and competitive with the market. Segal Waters' study noted that our salary structure should be reviewed annually to ensure that it remains competitive with the market.

WorldAtWork projects salary structures to increase by 2% for 2016. Mr. Cowin added that adjusting our salary structure will have minimal, if any, immediate financial impact based on current employees' position in the salary structure as it would apply to the minimum and maximum range within the pay scale.

Commissioner Stoughton made a motion for GUC to adopt a 2% adjustment to the salary structure and Commissioner Butler seconded the motion, which passed by unanimous vote.

After discussion and due to the concern by members of City Council wanting to see more budget information before making a decision about salary structure, Council Member Godley made a motion to address salary structure adjustment at the May 9 City Council meeting and Council Member Connelly seconded the motion, which passed by unanimous vote.

UPDATE ON EMPLOYEE TUITION ASSISTANCE PROGRAM (ETAP)

Ms. Leah Futrell, the City's Human Resource Director, informed the boards that last year several enhancements to the Employee Tuition Assistance Program (ETAP) were approved. These enhancements involve broadened eligible expenses, expanded employee eligibility, allowed flexibility in the timing of when funds can be disbursed, increased the annual funding cap and established repayment obligation for limited situations. As a result of these enhancements, utilization of the program has increased considerably, as noted below:

	# participants	% increase	amount awarded	% increase
FY 14/15 – COG	13		\$8,005.89	
FY 14/15 - GUC	11		\$6,103.00	
FYTD 15/16*-COG	36**	177%	\$45,381.75	467%
FYTD 15/16*-GUC	19**	72.7%	\$25,430.94	317%

*15/16 data is as of February 2016

**# of participants during FY15/16 to date

Salary Tier (annualized base salary)	# participants (COG)	# participants (GUC)
Less than \$32,278	3	1
\$32,278 - \$46,950	18	9
\$46,951 – \$61,623	9	6
Greater than \$61,623	6	3
TOTAL	36	19

Ms. Futrell shared the results related to the City employees and Richie Shreves, GUC's Human Resources Director, shared the update related to the GUC employee utilization of ETAP.

ADJOURNMENT

There being no further discussion, Council Member Mercer moved to adjourn the meeting at 6:58 p.m. Council Member Connelly seconded the motion, which was approved by unanimous vote. Mayor Thomas adjourned the meeting for the City Council at 6:58 p.m.

There being no further discussion, Commissioner Butler moved to adjourn the meeting at 6:58 p.m. Commissioner Mills seconded the motion, which was approved by unanimous vote. Chair Minges adjourned the meeting for the Greenville Utilities Commission Board at 6:58 p.m.

Respectfully submitted,

Amy Carson Quinn
Executive Secretary

APPROVED:

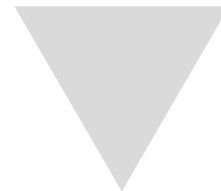
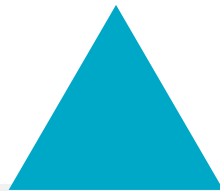
Dennis Mitchell
Secretary

HEALTH WEALTH CAREER

CITY OF GREENVILLE & GREENVILLE UTILITIES COMMISSION

HEALTH CARE BENEFITS

September 19, 2016



TODAY'S DISCUSSION

- 2017 Strategy Update
- 2017 Medical Projections and Recommendation
- 2017 Dental Projections and Recommendation
- Strategy for Next Three Years

2017 STRATEGY UPDATE

	Original 2017 Strategy	Updated 2017 Strategy
Design	<ul style="list-style-type: none"> • Eliminate Enhanced plan (contingent upon migration to Core and HSA plans and overall cost of plan) • Offer Core plan as “PPO” option along with HSA plan. Lean plan designs will provide avoidance of 2018 Excise Tax 	<ul style="list-style-type: none"> • Maintain current plan offering as Excise Tax has been postponed • Introduce Core/Buy-Up dental option • Include year 1 HSA seed bonus for new enrollees into the HSA plan
Cost	<ul style="list-style-type: none"> • Target employer subsidy: 80.0% • Modify contributions to further drive migration to HSA by increasing PPO plan contributions • Lower employer subsidy on dental plans to be more in line with benchmarks 	<ul style="list-style-type: none"> • Target employer subsidy: 83.4% • Increase employee only cost share percentages to 50% of dependent tier cost share percentages for Core and Enhanced, 25% for HSA • Increase dependent tier contributions by needed increase +3% • Employer dental plan subsidy same regardless of plan, employee pays difference • Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk • Monitor plan cost to Excise Tax requirements

- Positive migration to lower cost plans resulted in higher employer subsidy as a percentage of total cost. However, current strategy has been effective in managing overall cost.

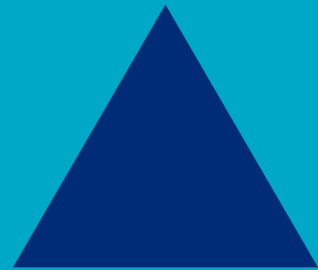
YEAR-OVER-YEAR PLAN COST INCREASE

Year	PEPY Cost	Year-Over-Year Change
2011	\$10,798	
2012	\$11,859	9.8%
2013	\$10,517	(11.3%)
2014	\$11,481	9.2%
2015	\$12,382	7.8%

Average annual cost increase of 3.9%

- Costs include paid claims (medical, Rx, vision), administrative fees, and stop loss premium.
- Claims have been adjusted for stop loss reimbursements.

MEDICAL



2016 AND 2017 MEDICAL UNDERWRITING

COG/GUC Financials	2016	2017	2017
	Updated Projection	Projection	Projection***
	Actual data through June	Status Quo*	Recommendation
Paid Claims (Medical/Rx/Vison)	\$16,598,000	\$17,758,000	\$17,758,000
Fixed Cost (ASO and stop loss premiums)	\$1,444,000	\$1,604,000	\$1,604,000
HCR Reinsurance Fee	\$81,000	N/A	N/A
Total Projected Cost	\$18,123,000	\$19,362,000	\$19,362,000
2016 Current Budgeted Premiums	\$17,911,000	\$17,905,000	\$17,905,000
<i>Projected Surplus/(Deficit) \$</i>	<i>(\$212,000)</i>	<i>(\$1,457,000)</i>	<i>(\$1,457,000)</i>
<i>Projected Surplus/(Deficit) %</i>	<i>-1.2%</i>	<i>-8.2%</i>	<i>-8.2%</i>
HSA Seed Money Contributions **	\$60,000	\$61,000	\$61,000
HSA Seed Money Year 1 Bonus **	\$30,000	\$15,000	\$15,000
Employee Contributions	(\$2,722,000)	(\$2,714,000)	(\$3,073,000)
Tobacco Surcharge Contributions	(\$98,000)	(\$98,000)	(\$98,000)
Spousal Surcharge Contributions	(\$119,000)	(\$119,000)	(\$119,000)
COG/GUC Total Net Cost	\$15,274,000	\$16,507,000	\$16,148,000
COG/GUC Cost Share	84.3%	85.3%	83.4%

* Status quo represents no plan design changes or employee contributions changes from 2016, but does include 2017 trend.

** Assumes all health savings accounts are opened and activated by participants.

*** No migration assumed.

2017 Recommendation

- No plan design changes.
- Increase all dependent tier contributions by 11.2% (needed increase + 3%).
- Increase employee only tiers:
 - HSA: 25% of dependent tier cost share percentage.
 - Core: 50% of dependent tier cost share percentage.
 - Enhanced: 50% of dependent tier cost share percentage.

MEDICAL ACTIVE EMPLOYEE CONTRIBUTIONS

2017 COST SHARE

2017 (Bi-Weekly)	Premium- Equivalent Rates	% Increase to Rates	BI-Weekly Employee Contributions by Salary Band											
			< \$32,278			\$32,278 - \$46,950			\$46,951 - \$61,623			> \$61,623		
			EE Contrib	EEs	Cost Share	EE Contrib	EEs	Cost Share	EE Contrib	EEs	Cost Share	EE Contrib	EEs	Cost Share
HSA														
EE	\$254.93	8.2%	\$5.24	4	2.1%	\$6.22	11	2.4%	\$7.20	14	2.8%	\$8.19	4	3.2%
EE+SP	\$535.33	8.2%	\$44.02	0	8.2%	\$52.26	0	9.8%	\$60.52	0	11.3%	\$68.78	3	12.8%
EE+CHILD(REN)	\$522.60	8.2%	\$42.97	0	8.2%	\$51.02	3	9.8%	\$59.08	10	11.3%	\$67.13	2	12.8%
FAMILY	\$764.30	8.2%	\$62.84	0	8.2%	\$74.63	2	9.8%	\$86.40	8	11.3%	\$98.19	16	12.8%
CORE														
EE	\$294.36	8.2%	\$16.20	63	5.5%	\$17.78	126	6.0%	\$21.05	45	7.2%	\$24.30	31	8.3%
EE+SP	\$618.16	8.2%	\$68.04	11	11.0%	\$74.70	20	12.1%	\$88.39	5	14.3%	\$102.07	10	16.5%
EE+CHILD(REN)	\$603.44	8.2%	\$66.43	22	11.0%	\$72.91	61	12.1%	\$86.29	64	14.3%	\$99.65	48	16.5%
FAMILY	\$882.54	8.2%	\$97.15	9	11.0%	\$106.64	46	12.1%	\$126.19	43	14.3%	\$145.73	39	16.5%
ENHANCED														
EE	\$313.31	8.2%	\$29.48	16	9.4%	\$31.43	77	10.0%	\$35.45	49	11.3%	\$39.46	46	12.6%
EE+SP	\$657.92	8.2%	\$123.80	5	18.8%	\$131.99	15	20.1%	\$148.86	17	22.6%	\$165.72	13	25.2%
EE+CHILD(REN)	\$642.25	8.2%	\$120.85	5	18.8%	\$128.82	42	20.1%	\$145.32	55	22.6%	\$161.79	28	25.2%
FAMILY	\$939.32	8.2%	\$176.78	3	18.8%	\$188.46	36	20.1%	\$212.54	48	22.6%	\$236.63	25	25.2%

MEDICAL ACTIVE EMPLOYEE CONTRIBUTIONS

2016 VS. 2017 INCREASE

	Bi-Weekly Active Contributions											
	2016	2017	Change	2016	2017	Change	2016	2017	Change	2016	2017	Change
Salary Bands	< \$32,278			\$32,278 - \$46,951			\$46,952 - \$61,623			> \$61,623		
HSA												
EE	\$2.50	\$5.24	\$2.74	\$3.68	\$6.22	\$2.54	\$4.86	\$7.20	\$2.34	\$6.03	\$8.19	\$2.16
EE+SP	\$39.58	\$43.34	\$3.76	\$47.00	\$51.46	\$4.46	\$54.42	\$59.59	\$5.17	\$61.85	\$67.73	\$5.88
EE+CHILD(REN)	\$38.64	\$42.31	\$3.67	\$45.88	\$50.24	\$4.36	\$53.13	\$58.18	\$5.05	\$60.37	\$66.11	\$5.74
FAMILY	\$56.51	\$61.88	\$5.37	\$67.11	\$73.49	\$6.38	\$77.70	\$85.08	\$7.38	\$88.30	\$96.69	\$8.39
CORE												
EE	\$7.37	\$16.20	\$8.83	\$8.10	\$17.78	\$9.68	\$9.58	\$21.05	\$11.47	\$11.06	\$24.30	\$13.24
EE+SP	\$61.19	\$67.01	\$5.82	\$67.17	\$73.56	\$6.39	\$79.49	\$87.04	\$7.55	\$91.79	\$100.51	\$8.72
EE+CHILD(REN)	\$59.74	\$65.42	\$5.68	\$65.57	\$71.80	\$6.23	\$77.60	\$84.97	\$7.37	\$89.61	\$98.13	\$8.52
FAMILY	\$87.37	\$95.67	\$8.30	\$95.90	\$105.01	\$9.11	\$113.48	\$124.26	\$10.78	\$131.05	\$143.50	\$12.45
ENHANCED												
EE	\$26.21	\$29.48	\$3.27	\$27.94	\$31.43	\$3.49	\$31.52	\$35.45	\$3.93	\$35.09	\$39.46	\$4.37
EE+SP	\$111.33	\$121.91	\$10.58	\$118.70	\$129.97	\$11.27	\$133.87	\$146.58	\$12.71	\$149.03	\$163.19	\$14.16
EE+CHILD(REN)	\$108.68	\$119.00	\$10.32	\$115.85	\$126.86	\$11.01	\$130.69	\$143.10	\$12.41	\$145.49	\$159.31	\$13.82
FAMILY	\$158.97	\$174.07	\$15.10	\$169.47	\$185.57	\$16.10	\$191.13	\$209.29	\$18.16	\$212.79	\$233.01	\$20.22

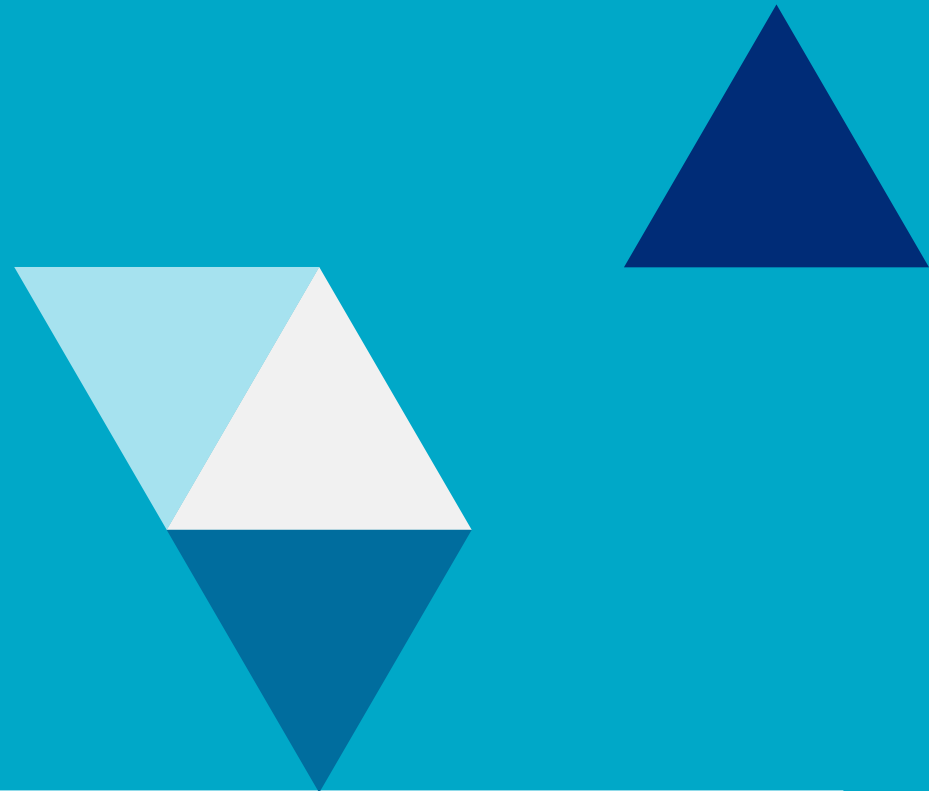
MEDICAL RETIREE EMPLOYEE CONTRIBUTIONS

2017 COST SHARE

2017 Monthly	Premium-Equivalent Rates	Retirees	Retiree Contributions	Cost Share	Increase from 2016
CORE					
REE	\$637.77	75	\$31.89	5%	\$2.42
REE+SP	\$1,339.34	8	\$733.46	55%	\$55.61
REE+CHILD(REN)	\$1,307.46	1	\$701.58	54%	\$53.19
FAMILY	\$1,912.18	1	\$1,306.30	68%	\$99.01
ENHANCED					
REE	\$678.83	129	\$72.95	11%	\$5.56
REE+SP	\$1,425.49	13	\$819.61	57%	\$62.12
REE+CHILD(REN)	\$1,391.55	1	\$785.67	56%	\$59.55
FAMILY	\$2,035.19	4	\$1,429.31	70%	\$108.34

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DENTAL



2016 AND 2017 DENTAL UNDERWRITING

Dental	2016 Updated Projection Actual Data Through June	2017 Projection Status Quo*	2017 Projection Recommendation Dual Option
Dental Claims	\$898,000	\$920,000	\$841,000
Admin Fees	\$41,000	\$42,000	\$42,000
Total Projected Cost	\$939,000	\$962,000	\$883,000
Average Enrollment	1,158	1,160	1,160
Budget (Based on 2016 premium equivalent rates)	\$953,000	\$952,000	\$883,000
Surplus/(Deficit)	\$14,000		
Surplus/(Deficit) % Change	1.5%	-1.0%	
Employee Contributions	\$335,000	\$334,000	\$368,000
Employer Net Cost	\$604,000	\$628,000	\$515,000
Employer Cost Share %	64.3%	65.3%	58.3%

* Status quo represents no plan design changes or employee contributions changes from 2016, but does include 2017 trend.

- Recommendation is to move to a dual option plan design in 2017. Employees pay the difference for the higher cost plan.

2017 DENTAL ALTERNATIVE – DUAL OPTION

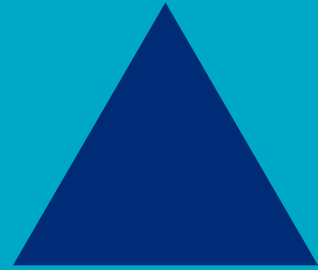
Plan Design	Status Quo	Proposed Dual Option*	
		Dental	Dental Plus
Projected 2016 Cost PEPY	\$793	\$651	\$896
Deductible - Individual	\$25	\$50	\$25
Deductible - Family	\$75	\$100	\$50
Annual Maximum	\$1,000	\$1,000	\$2,000
Class I	100%	100%	100%
Class II	80%	70%	80%
Class III	50%	50%	50%
Class IV (Orthodontia)	50%	N/A	50%
Ortho Lifetime Max	\$2,000	N/A	\$3,000
Total Impact to Claims		-18%	13%
Total Projected Enrollment	1,160	812	348
Projected Annual Claims Cost	\$920,000	\$529,000	\$312,000
Projected Annual Admin Fees	\$42,000	\$42,000	
Total Gross Cost	\$962,000	\$883,000	
<i>Estimated Savings</i>		<i>\$79,000</i>	

* Assumes 70% enrollment into the Dental plan, 30% into the Dental Plus plan.

2017 DENTAL – PREMIUM EQUIVALENT RATES & CONTRIBUTIONS

2017 Dental Rates				
Bi-Weekly	2017 Premium Equivalent Rates	2017 Employee Contributions	Cost Share	Difference from 2016
Dental				
EE	\$13.81	\$2.95	21.3%	(\$0.59)
EE+SP	\$29.01	\$11.23	38.7%	(\$2.26)
EE+CHILD(REN)	\$25.56	\$9.89	38.7%	(\$1.99)
FAMILY	\$41.45	\$16.05	38.7%	(\$3.22)
Dental Plus				
EE	\$19.04	\$8.17	42.9%	\$4.63
EE+SP	\$39.98	\$22.20	55.5%	\$8.71
EE+CHILD(REN)	\$35.22	\$19.56	55.5%	\$7.68
FAMILY	\$57.12	\$31.72	55.5%	\$12.45

JOINT PAY AND BENEFITS COMMITTEE RECOMMENDATION

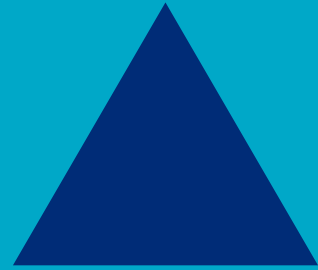


JOINT PAY AND BENEFITS COMMITTEE RECOMMENDATION

The Joint City/GUC Pay and Benefits Committee met on August 23, 2016, and recommended that the City Council and GUC Board of Commissioners approve the following for Plan Year 2017 Health and Dental Benefits:

- Maintain current plan options (HSA, Core, Enhanced);
- Include year 1 HSA seed bonus for new HSA enrollees;
- Increase employee only cost share to 50% of the dependent tier cost share percentages for Core and Enhanced, and to 25% for HSA;
- Increase dependent tier contributions by 11.2%; and
- Introduce Core/Buy-Up dental option;

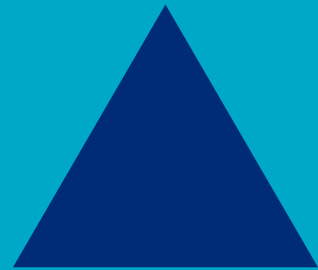
STRATEGY FOR NEXT THREE YEARS



COG/GUC THREE-YEAR STRATEGY

	2017	2018	2019
Design	<ul style="list-style-type: none"> • Maintain current plan offering as Excise Tax has been postponed • Introduce Core/Buy Up dental option • Include year 1 HSA seed bonus for new enrollees into the HSA plan 	<ul style="list-style-type: none"> • Index deductibles and out-of-pocket maximums • Modify Core and HSA plan designs to reduce overall benefit value to offset increased cost and create greater differential between plan values • Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount 	<ul style="list-style-type: none"> • Prepare current medical plan offering for transition to dual option program (i.e., HSA and single PPO) • Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount
Cost	<ul style="list-style-type: none"> • Target employer subsidy: 83.4% • Increase employee only cost share percentages to 50% of dependent tier cost share percentages for Core and Enhanced, 25% for HSA • Increase dependent tier contributions by needed increase +3% • Employer dental plan subsidy same regardless of plan, employee pays difference • Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk • Monitor plan cost to Excise Tax requirements 	<ul style="list-style-type: none"> • Target employer subsidy: 82% • Increase employee cost share across all tiers to achieve target subsidy • Monitor first year results of dual option dental plan • Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk • Monitor plan cost to Excise Tax requirements 	<ul style="list-style-type: none"> • Target employer subsidy: 81% • Increase employee cost share across all tiers to achieve target subsidy • Continue to reinforce employer subsidy • Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk • Monitor plan cost to Excise Tax requirements

JOINT PAY AND BENEFITS COMMITTEE RECOMMENDATION



JOINT PAY AND BENEFITS COMMITTEE RECOMMENDATION

The Joint City/GUC Pay and Benefits Committee met on August 23, 2016, and recommended that the City Council and GUC Board of Commissioners approve the proposed Three-Year Strategy for Medical and Dental Benefits for Plan Years 2017 – 2019.



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