

**TO:** Council  
**CC:** Mayor Kneeland  
Jennifer Teal, City Administrator  
**FROM:** Abby Cochran, Human Resources Director  
**DATE:** August 25, 2017  
**SUBJECT: Human Resources Council Update for August 28, 2017**

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**UPDATE ITEM: HEALTH INSURANCE COST REDUCTION UPDATE**

**\*No Council Action is Required\***

In the August 2017 Performance Audit, the Ohio Performance Team made the recommendation to: **R2.2 Bring employer insurance costs in line with benchmarks.** (pg 16). The audit suggests that the City could save \$396,270.12 annually by reducing insurance costs to the county average. The City currently provides insurance to employees in one of two programs. Employees who are members of the United Steel Workers union have negotiated the right to participate in a national USW plan. Their plan design and premiums are set by the USW and are not controlled by the City.

All other full-time employees, as well as a small number of part-time plus employees, are eligible to participate in insurance plans provided by the Central Ohio Healthcare Consortium (COHCC), of which the City of Gahanna is a founding member. The COHCC is made up of ten similar sized public entities in the Central Ohio area, and allows us to pool our buying power for more affordable healthcare insurance than if we were to pursue insurance on our own. This type of arrangement is unique to public sector and is allowed under Ohio [R.C. § 9.833](#)

To reduce and control costs related to providing health insurance, the Administration has been working on a number of initiatives, described below:

**1) Near Site Wellness Center**

In the coming weeks, we will be bringing forward an agreement for your consideration for a near-site health clinic for employees covered under the COHCC plan. This center, which will be located on Rocky Fork Blvd, across the street from the Police Department, will provide convenient and no- or low-cost primary and urgent care services for employees and their families.

Under this agreement, the City will pay a fixed amount for these services as a contract service and consequently, reduce the quantity and expense of claims processed through our health insurance. This means the COHCC will realize meaningful cost-savings by these claims not processing through our insurance. When the COHCC Joint Self-Funding Agreement is due for renewal next year, we will be updating it to include provisions that allow entities who engage in such cost-savings measures to be given a credit for realized savings and pay reduced insurance premiums as a result.

## **2) Third-Party Medical Plan & Network Administration RFP for 2018 Plan Year**

This spring, the COHCC issued an RFP to review options for the 2018 plan year. Five carriers responded, and the COHCC will soon vote on a Third-Party Administrator for 2018. Our goal is to ensure that we are utilizing a Third-Party Administrator that is quality driven, with outcomes-based network utilization. This will ensure that our employees maintain access to quality care without excess expenditures on the plan.

## **3) Plan Design for COHCC**

This fall, we are researching options to make changes to Gahanna's COHCC plan design to reduce plan costs while still providing affordable insurance to employees. Coupled with the use of the near site center, minor plan changes will reduce costs while employees and their families would still have broad access to healthcare.

## **4) Expansion of High Deductible Health Plan Options**

Currently the City provides a traditional PPO plan for full-time employees through the COHCC, and for those part-time plus employees eligible for insurance under the Affordable Care Act, we provide a lower cost high-deductible health plan as well. With the introduction of the near-site wellness clinic and associated reduction in out-of-pocket expenses that we anticipate will accompany it for employees who take advantage of it, we plan to introduce a lower cost high-deductible plan option for full-time employees in 2018.

## **5) United Steel Workers Health and Welfare Fund**

United Steelworkers have a fully-insured health plan available to them through their union. Their bargaining unit agreement has a cost-containment clause which allows the City and the union to review the plan costs annually. If cost of the Steelworker plan exceeds the cost of bringing the union members to the COHCC plan by more than \$10,000, the options are for the Steelworkers to move to the COHCC plan or absorb the cost difference in their premium amounts. USW members have been paying this "buy-up" amount for the last three years.

If you have any questions, please feel free to contact me!