

HEALTH INSURANCE COMMITTEE (“HIC”) FOLLOW UP MEETING

MINUTES

Date: Wednesday, August 2, 2023

Start Time: 2:05 P.M.

End Time: 3:40 P.M.

Agency: Department of Human Resources

Facilitator: Quinton M. Herbert, JD, DHR Director

Recorder: Kellie Holdridge, Executive Assistant

Location: Microsoft Teams

Total Attendees: 24

ATTENDEES

DEPARTMENT OF HUMAN RESOURCES

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|------------|-----------|--|
| 1. Quinton | Herbert | Director & Chief Human Capital Officer |
| 2. Kellie | Holdridge | Executive Assistant |
| 3. Michael | Tate | Assistant Deputy Director, Operations |
| 4. Rajesh | Gulhar | Chief, Employee Benefits |
| 5. Lisa | Handy | Senior Benefits Manager |
| 6. Julie | Colucci | HR Administrative Officer |

DEPARTMENT OF FINANCE

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|-------------|----------|-----------------------------------|
| 1. Michael | Moiseyev | Director |
| 2. Robert | Cename | Deputy Finance Director |
| 3. Yoanna | Moisides | Senior Program Assessment Analyst |
| 4. Benjamin | Brosch | Finance/BBMR |

OFFICE OF THE LABOR COMMISSIONER

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| 1. Veronica | Jones | Deputy Labor Commissioner |
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UNIONS

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| 1. Dorothy | Bryant | CUB President |
| 2. Joshua | Fannon | President, Baltimore Fire Officers Association, Local 964 |
| 3. Michael | Guye | President, Managerial and Professional Society of Baltimore, Inc. |
| 4. Dawn | Handy | AFSCME, 67 |
| 5. Stuart | Katzenberg | AFSCME, Local 44 |
| 6. Buckey | MacDonald | Fraternal Order of Police |
| 7. Wendy | Smith | President, AFSCME, Council 67 & Local 558 |

CONTRACTORS/CONSULTANTS

- | | | |
|--------------|---------|------------------------------|
| 1. Randy | Hart | Labor Business Consultant |
| 2. Cornell | Hess | MetLife |
| 3. Stephanie | Turgeon | MetLife |
| 4. Mark | Noonan | Segal, Actuary |
| 5. Stuart | Wohl | Segal, Senior Vice President |

GUESTS

- | | | |
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| 1. Pamela | Shaw | |
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MINUTES

CALL TO ORDER

Director Quinton M. Herbert, JD, convened the HEALTH INSURANCE COMMITTEE (“HIC”) FOLLOW UP MEETING at 2:05 P.M. Eastern Time on Wednesday, August 2, 2023.

WELCOME AND MESSAGE FROM THE DIRECTOR

Director Herbert welcomed everyone to the HEALTH INSURANCE COMMITTEE (“HIC”) FOLLOW UP MEETING, thanked them for attending and then provided an overview for the meeting discussion. The Director informed attendees that the meeting is being recorded.

MEETING DISCUSSION

AGENDA ITEM (1): MetLife

PRESENTER: Cornell Hess, Stephanie Turgeon

Cornell opened the discussion with a summary of the long-term care component of MetLife’s Whole Life Insurance product. He emphasized the importance of the products awareness and enrollment. Cornell then introduced the MetLife Team and handed the meeting over to Stephanie Turgeon, senior product director, to explain why MetLife is the appropriate partner for this program.

Stephanie spoke to MetLife’s Whole Life product and the City’s current Term Life Plan and how they complement one another. She explained that the City’s Term Life Plan is to cover the loss of salary in the event an employee passes away. The Whole Life Plan is fully portable and continues if the premiums are paid. Upon retirement, the current option is to continue with the Term Life Plan and to convert it to a Permanent Life Plan, which will be expensive for a new retiree. If the Whole Life Plan is purchased while an employee is actively working and the premiums are paid, they can keep the plan into retirement.

The Whole Life Plan is permanent and fixed so the insured knows their benefit amount, premium and how long they can expect to pay that premium, if it’s paid. Employees will have a greater understanding of what they are receiving.

MetLife’s proposed plan for the City is guaranteed issued coverage for the employee, spouse, and dependents to purchase without the concern of medical conditions. Employees will have up to \$150,000 guaranteed, but with an option to purchase up to \$5 million if they are willing to go through a statement of health by providing medical evidence of insurability. Spouses are guaranteed up to \$25,000 and dependents are guaranteed up to \$10,000 and will have their own certificate. As with the employee, spouses and dependents also have the option to add more insurance if they are willing to go through a statement of health by providing medical evidence of insurability. If an employee enrolls in each subsequent enrollment year, they can increase their coverage of guaranteed issue up to the maximum allowed. The plan will also allow employees who do not enroll during their first year to enroll in year two for guaranteed issue, but this will be in \$10,000 increments up to the maximum allowed. Stephanie reiterated that if premiums are paid, the coverage will stay in existence for the employee, spouse, and dependents.

The long-term care rider (accelerates the death benefit) provides 80% of the death benefit, which is payable monthly at 4% of the benefit. There are paid-up options available where the employee can choose that at age 70 or at age 100 to stop paying premiums.

The remaining 20% of the employee death benefit is payable to their beneficiaries upon death for final expenses. The beneficiaries have the option to receive the death benefit as a lump sum or via the life settlement account which is when the death benefit is placed on a debit card and available to spend as appropriate.

If the employee elects not to enroll in a plan, spouses and dependents still have the option to receive coverage.

Employees must enroll while actively employed; this benefit is not available for enrollment after the employee retires. Once an active enrolled employee retires, the employee will work directly with MetLife regarding the continuation of their coverage.

Cornell informed participants that he and Annette Green will customize cobranding and marketing language to maximize touches for the City’s workforce. This effort will be built into the pricing the City receives.

MetLife will build the enrollment system and will offer two in-person sessions for employees. For employees who do not attend an in-person session, there will be call center representatives to assist them through the enrollment process.

This benefit is not City sponsored nor is it a part of the annual open enrollment process. This benefit may be purchased directly from MetLife by the employee. The City would offer a payroll deduction for premium payments.

Cornell noted that if the City is not ready for a January 1st rollout, MetLife is open to a March 1st rollout. This approach would then be outside of the annual open enrollment, as not to confuse the product with City sponsored benefits.

At 2:47 P.M., Cornell Hess and Stephanie Turgeon disconnected from the HEALTH INSURANCE COMMITTEE (“HIC”) FOLLOW UP MEETING.

AGENDA ITEM (2): 2022 Health Plan Settlements & Current Fund

PRESENTER: Robert “Bob” Cename, Deputy Finance Director

Bob provided an update on the 2022 calendar year results that are showing in the City’s financial system. He noted that at the last meeting, Segal presented on each of the individual plans and some of the noticeable trends with numbers.

He continued with a brief overview of the accounting system and how City contributions and employee deductions are recorded as revenue for each of the active medical and prescription drug plan subaccounts. When claims are received or premiums are paid, these are recorded as expenses.

In calendar year 2022, there was a \$1.5 million surplus, due to contributions exceeding the number of claims. This is about the amount anticipated for medical; however, there was significant loss after pharmacy claims. The loss from pharmacy led to a net deficit of \$13.3 million. As a reminder from the June 2023 HIC Meeting, higher prescription drug costs on a per member basis soared due to diabetic medications. Medical and pharmacy combined, there was a net loss of \$12.3 million.

Bob noted that previous practice was to combine the rates for actives. Small medical surpluses and small pharmacy deficits were anticipated, however, due to the unexpected increase with prescription drug cost the accounting has been affected. This has led to a negative balance in the health reserve account of \$10.2 million, at least since review back to fiscal year 2017. The accountants and auditors will monitor this to ensure the City brings the health reserve account back to balance.

Regarding retirees, there was a \$105 million offset by approximately \$87.9 million of expenses, for a net surplus of \$17.9 million. There is a huge imbalance between medical and pharmacy due to the switch to Medicare Advantage Plans, making it difficult for finance to allocate the funds. Therefore, finance allocated the funds to the same account. The expenses in this fund declined approximately \$2 million year over year. Finance feels this trend is good for the overall viability of the plans. The City and retiree contributions are managed through the OPEB Trust Fund.

Bob shared that looking at the actives and retirees combined for calendar year 2022, the net would be around \$5 million. Previous methodology had the retirees subsidizing the actives so a surplus in the OPEB was expected.

Calendar year 2022 should be the last year of seeing skewed results between the accounts. Also, because the plan year is determined by a calendar year and the accounting follows a fiscal year, it can be confusing to communicate reserve account balances for the end of a calendar year.

The committee then discussed whether there was a need or no need for a margin and how accounting was documenting surpluses and deficits between actives, under 65 retirees, and over 65 retirees. There was confusion during the conversation stemming from nomenclature.

ADJOURN

There being no further business, the HEALTH INSURANCE COMMITTEE ("HIC") FOLLOW UP MEETING adjourned at 3:40 P.M. Eastern Time on Wednesday, August 2, 2023.

Respectfully submitted,

A handwritten signature in black ink that reads "Kellie Holdridge". The signature is written in a cursive, flowing style.

Kellie Holdridge
Executive Assistant