State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the Freeport Employee Benefit Trust, Texas met on Monday, July 15, 2024 at 6:03 p.m. at the Freeport Police Department, Municipal Court Room, 430 North Brazosport Boulevard, Freeport Texas for the purpose of considering the following agenda items:

City Council:	Mayor Jerry Cain Councilman Jarvis Davis- Absent Councilman Jeff Pena Councilman George Matamoros Councilman Winston Rossow
Staff:	Lance Petty, City Manager David Olson, Interim City Attorney Clarisa Molina, City Secretary Cathy Ezell, Finance Director Toby Cohen, IT Manager Donna Fisher, Human Resource Director Jennifer Howell, Police Chief Chris Motley, Fire Chief Crystal Ruiz, Executive Administrative Assistant Ana Silbas, Main Street Coordinator Wade Dillon, Museum Manager
Visitors:	David McGinty Manning Rollerson Con McCleester Diane McCleester Kenneth Hayes Pamela Dancy

Call to order.

Mayor Cain called the Employee Benefit Trust meeting to order at 6:03 P.M.

CONSENT AGENDA

Designating and Authorizing the Annual Auditors for the City of Freeport to conduct an audit for the City of Freeport Employee Benefit Trust at such time as the audit for the City of Freeport is conducted.

Annual review and adoption of an Investment Policy and a list of qualified brokers that are authorized to engage in investment transactions with the City of Freeport Employee Benefit Trust.

A motion was made by Councilman Matamoros to approve item numbers 2 and 3 on the Consent Agenda, seconded by Councilman Rossow with all present and voting "Aye" 4-0. The Council unanimously approved items number 2 and 3 from the Consent Agenda. Item #1 was moved to Regular Session at the request of Councilman Matamoros.

TRUST BUSINESS - REGULAR SESSION

Consideration and possible action on the approval of the Freeport Employee Benefit Trust meeting minutes from July 17, 2023.

Councilman Matamoros said on this item the previous minutes from the meeting on July 17,2023 there are two incorrect members of City Council on there. He said he would like to have that changed to himself and Mr. Winston Rossow with everything else being correct.

A motion was made by Councilman Matamoros to approve item number 1 with the amended changes, seconded by Councilman Rossow, with all present and voting "Aye" 4-0. The Council unanimously approved the motion.

Consider and approve proposals for employee medical insurance, dental insurance, Life and AD&D insurance, long term disability insurance, and HRA, HSA, FSA, and COBRA administration.

Finance Director Cathy Ezell said the City of Freeport issued requests for proposals for medical insurance, dental insurance, and life insurance this year. She said the only one that was not BID out was vision because there is a two year contract with the current provider that was locked in rates for two years. She said three proposals were received which are from United Health Care, Blue Cross, and Cigna. She said United Health Care was automatically pulled because their BIDs were not competitive. She said HUB International went back to Cigna and Blue Cross Blue Shield and negotiated between the two carriers to get the best price. She said Cigna final renewal price was a 4.68% increase to medical and a 5% increase on dental. She said Blue Cross Blue Shield proposed a 3.55% decrease on medical, and a 4% increase on dental, a 24% decrease on Life/AD&D, and a 11% decrease on long-term disability. Ms. Ezell said on the health coverages it is staffs recommendation to go with Blue Cross Blue Shield. She said $67,000 will be saved because they are recommending some plan changes. She said the plan changes that they are talking about is what is called the buy up plan where it has the lowest deductible, no longer offering the employees with a $500 deductible because that plan drives up the premiums on all of the rest of them so she is recommending going with a $1,000 deductible for the buy up plan for employees to buy down their deductible. She said for the Blue Cross Blue shield instead of it being a 70/30 plan which is what Cigna is. She said Blue Cross Blue Shield offers an 80/20. She said the co-pays are a little more expensive and the pharmacy is competitive with Cigna. She said so recommendation is to move over to Blue Cross Blue Shield because it gives the City the best savings with the better policy. Ms. Ezell said she is also recommending moving the FSA, HAS, and HRA management to Optum. She said Optum already has the HRA and Cigna has the other two but since they are moving away from Cigna. She said it is less expensive to go over to Optum for that management so that is what is before the Council today.

Councilman Matamoros thanked Ms. Ezell for looking at getting better rates for the employees plus the City. He asked when this was negotiated with the dental the only thing he sees is that is kind of scary for the employees is an x-ray once every 60 months and it is a long time especially for younger people who might be in the plan? Finance Director Cathy Ezell said that has now become the standard for dental care so they looked at that and this is what everyone is trending to help keep dental insurance more affordable. She said that was one of the things that was asked and HUB International explained that this is now the norm for dental policies. She said one of the things that is going to kind of be looked at maybe next year is for like the buy up plan for health insurance they had talked about bringing next year a buy up plan for dental for those parents who also have teenagers and stuff that want orthodontic because this plan does not cover that. She said that is one of the things they are looking at kind of in the future but was not able to get there this year.

Councilman Pena asked Ms. Ezell if the Blue Cross Blue Shield coverage versus the Cigna was there a calculated net gain or loss between the two? Finance Director Cathy Ezell said yes. Councilman Pena asked if the difference in terms of value a lower net gain or was it a difference of value of a higher net loss? Ms. Ezell said the City would save money and $60,000 are probably going to be saved and still tweaking it a little bit to where it could possibly save $100,000 once if approved tonight then Blue Cross Blue Shield they will go back again and then they would bundle it all together which could actually bring it to maybe $100,000. She said it is between a $60,000 to $100,000 savings to the City. Councilman Pena asked if it covered preexisting conditions? Ms. Ezell said it would role, and if covered currently it will cover on the new insurance. Councilman Pena asked if somebody comes in as an employee and they were unemployed for a while are those preexisting conditions covered? Ms. Ezell said under the law yes. Councilman Pena said he has asked this question in the past and he is just curious as he has seen it in other organizations and he is curious that this might be an option in terms of if there is like better coverage or better rates for employees that do not smoke and if they can commit to that? Ms. Ezell said Ms. Fischer has later on the agenda the City is known for having higher claims and so one of the things that they are going to put in place and if the Council decides to do so is that employees are required to have an annual physical to catch things earlier before they get out of hand like high blood pressure, diabetes, and to catch those things earlier and they will require employees to have either a biometric screening or an annual physical with their doctor if they choose not to do that based on what is going to be presented is the additional $25 a paycheck for the employee to pay for their own insurance cover. She said they are looking at those different things and Ms. Fischer is brining one of those items to the Council. Councilman Pena asked if that will not be voted upon tonight but that will be brought? Ms. Ezell said it is on the Council agenda for the meeting tonight. Councilman Pena said great he is all for making sure that there is as much coverage as possible in the annual physical if for everybody to participate and if the City is going to cover it and if they do not want to participate then it is on their own dime. Ms. Ezell said the annual physical is at no cost to the employee because that is kind of under the wellness coverage and it is free to the employee to have it. She said that is why this is being brought forward as well and to catch things earlier. Councilman Pena asked is the idea that by having these mandatory physicals is that the insurance companies are basically saying if they are able to track this early on then the likelihood of higher claims later on are going to save money? Ms. Ezell said yes that is correct and that is the whole purpose of this not only just from the insurance carriers but from Mr. Petty, herself, and Ms. Fischer have discussed because of the claims experience and the higher costs of medical care is that hopefully by installing this policy being brought forward is that they can save long term and keep the employees healthier by brining this forward. Councilman Pena asked with the annual physical requirements there would be lower premiums and better coverage? Ms. Ezell said yes it helps. Councilman Pena said he had some simple questions and just wants to make sure he covers them for the sake of conversations that he has had with residents and employees in the past and there even in the last couple of meetings and it was that these particular topics were brought up. Councilman Pena asked if an employee gets injured on the job say they were in a fender bender they are covered? Ms. Ezell said no that is not their health insurance that is covered under worker's compensation which is the Texas Municipal League IRP. Councilman Pena asked if they are driving a City vehicle? Ms. Ezell said that is workers comp and that does not affect the health care. Councilman Pena asked if an employee trips and falls at City Hall's parking lot? Ms. Ezell said if they are in work hours it is workers comp or if in the process of working. Councilman Pena asked what is categorized as not being worker's comp categorization of coverage? Ms. Ezell said if they are not being paid, on the clock and physically on the clock. Councilman Pena asked so they are at home and they fall? Ms. Ezell said that is not workers comp. Councilman Pena asked so they would only be insured there? Ms. Ezell said if there is an accident on her way home that is not covered by worker's comp. Councilman Pena so by the same token there was just a hurricane and so there is a lot of moisture around and so there might be mold and asked so if they are exposed to mold at home or whether they are exposed to mold at City Hall would they be covered and how would they delineate that? Ms. Ezell said if it is mold at home they are not covered and she can not answer the other questions because that is a

TML IRP and they would have to prove that that is where they were exposed so she can not answer that question because there is a whole process that would have to be gone through. Interim City Attorney David Olson said bottom line is that is why there is insurance so whether it is covered through personal health insurance or worker's comp there is a subrogation and they would fight it out so basically a claim would be filed with both. Councilman Pena asked so there would be a claim filed? Mr. Olson said yes for worker's comp. Councilman Pena asked but not on the insurance? Mr. Olson said correct. Councilman Pena asked but they could file an insurance claim on their own? Mr. Olson said yes of course they can and if they claim that it happened outside of the score of their work hours the traditional work duties and yes then the two insurance companies would find it out. Councilman Pena asked if it was actually affecting or it ended up being not worker's comp but the insurance then premiums would go up and everything else? Ms. Ezell said premiums do not go up just because of one claim and it is the experience of the whole population and the whole pool of employees. Ms. Ezell said there could be one high claim and a bunch of small claims but then those small claims can add up. Councilman Pena said so then Blue Cross and Cigna will all say they are kind of looking at the risk pool or the pool of employees and the risk that they all under are under in the last five years no one has been taking any annual physicals etc. Ms. Ezell said yes.

A motion was made by Councilman Pena to approve proposals for employee medical insurance, dental insurance, Life and AD&D insurance, long term disability insurance, and HRA, HAS, FSA, and COBRA administration, seconded by Councilman Matamoros with all present and voting "Aye" 4-0. The Council unanimously approved the motion.

Adjourn

A motion was made by Councilman Pena to adjourn the meeting, seconded by Councilman Matamoros, with all present voting "Aye" 4-0. Mayor Cain adjourned the meeting at 6:20 P.M.

Jerry Cain

Mayor, Jerry Cain
City of Freeport, Texas

CFR

City Secretary, Clarisa Fernandez
City of Freeport, Texas