



MINUTES

Committee on Ways and Means Friday, March 5, 2021 @ 3:15 p.m.

<https://us02web.zoom.us/j/81382997422>; ID 813 8299 7422 Dial In: (646) 876 9923

Held virtually in an effort to protect the health and safety of the public & to mitigate the spread of COVID 19

CALL TO ORDER

The meeting was called to order at 3:15 p.m.

Members Present via audio/video

Council Member Carol Wood, Chair, remotely from Lansing, Michigan

Council Member, Adam Hussain, Vice Chair, remotely from Lansing, Michigan

Council Member Peter Spadafore, remotely from Lansing, Michigan

OTHERS PRESENT

Sherrie Boak, City Council Office Manager

Joseph Abood, OCA

Lisa Hagen, OCA

Eric Brewer, Council Internal Auditor

Joe McClure, LPD

Rosalinda Arch, LPD

Mitch Whisler, Public Service

Brett Kaschinske, Parks and Recreation

Judy Kehler, Chief Strategy Officer

Mark Rubley, Retiree

Mark Parker, Retiree

Public Comment

Council Member Wood stated she would take public comment at each item.

Mr. Rubley spoke on the retiree healthcare and keeping the issues up front so people are aware.

Mr. Parker spoke on the retiree healthcare and reported that the over 65 group has been switched back as of March 1st to Humana. He then acknowledged Council Member Wood, Council Member Spitzley and rest of Council, along with the City staff in Human Resources and Ms. Kehler.

Minutes

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE MINUTES FROM FEBRUARY 19, 2021. AS PRESENTED. ROLL CALL VOTE, MOTION CARRIED 3-0.

Discussion/Action:

RESOLUTION –Grant Application; Michigan Natural Resources Trust Fund Grant

Mr. Kaschinske stated the City is applying for a number of grants, which include six grants taking to the DNR for the April 1st deadline. They require Council approval before submission, and have been before the Park Board. There is another grant for application, which still needs to go to the Park Board so that will be before Council later in March. It was noted there is no match on the grants from the City Parks and Recreation. Mr. Kaschinske then outlined the grants beginning with the area along Fine Park, 167 acres and also a possibility to connect trail system over to Anderson Park in Delta Township in the future. On a side note, with acquisition grants, DNR pays 75% and the City is responsible for 25% and includes appraisal, fees, etc. The City is asking for each of the sellers to contribute the 25% match to the City, and he has already been in discussions with the sellers for the 167 acres, Lansing School District, and it was gifted to them, and they see no issue. The \$1 million price tag is an estimate, there is an appraisal done for all properties, and whatever that comes back at is the price, the City does not negotiate. If the City puts in a grant amount, and the appraisal comes in higher than it does not happen. Council Member Spadafore asked about the Commons and the annual trash assessment near Fine Park. Mr. Kaschinske noted it is near it, but not contiguous to it, this is strictly owned by the Lansing School District now. Council Member Hussain asked about upkeep of the area, and was told there would be no changes to what is happening right now.

Mr. Kaschinske then spoke on the area near the corporate research park, the land part of trail system, and adjacent to the trail, with wetlands and ponds. This property would need an amendment to \$1 million instead of \$900,000. No were issues by the Committee on that change. Mr. Kaschinske noted this is owned by the MSU Foundation, and they have been asked for the 25% donation give back. Mr. Whisler stated there are two parcels; northern owned by McLaren and the other portion is the MSU Foundation owned. Not questions from the Committee on this portion.

Mr. Kaschinske moved into the development grants, which are a competitive process in the Trust Fund, and all of these are the maximum the City can apply for. The location of this park is across from the former Gannon Parking Structure, adding a parking lot for individuals with disabilities. The match would be from the Community Foundation donors and sponsors. In addition to the playground, it would be river access, small pavilion, parking access. Phase one is for the playground, and phase two will be the other items. Council Member Spadafore referred to the site plan, and asked for the location specifics. Mr. Kaschinske went through the plan. Council Member Wood asked Mr. Kaschinske to look at the aging in place concept.

Mr. Kaschinske spoke on the Fenner Nature Center, located on the east side of I-27, with a connection to Bear Lake across from Forest. This allows for adding the loops on the River trail. Council Member Wood asked about the construction timeline in 2022-2023, and over \$1 million, and asked if because of the time span if they are asking twice for funds. Mr. Kaschinske first noted the match could be from the State or Ingham County funds and Mr. Whisler clarified that this would be in 2022-2023. Based on the funding cycles with the MNRTF Grants because you apply early, but might not get the funding right away. Mr. Kaschinske stated they submit in April, the Trust Fund does a site visit, then sends the scoring back, they are then able to adjust and provide input before the final score, then there is a final selection by MNRTS Board in late fall. After that the final list goes to the Legislature and then onto the Governor to sign. Because of all the steps the City should know in fall 2021 where we are at, and the actual funds will not be released until spring 2022 when the Governor finally signs off. No questions from the Committee on this project.

Mr. Kaschinske spoke on the Corporation Research Park and its connection from the area of Dunkel I-27 to the North into the McLaren property. With the earlier mentioned acquisition, the City is adding and connection the trail system. The trails are under the Parks Master Plan and Trails plan. Council Member Wood asked if McLaren was helping in any way since it enhances

their campus. Mr. Whisler responded that they are looking at sponsorships for the path, and McLaren has assisted in securing funds for the Forest Path roadway. McLaren is also looking into doing a portion of the Corporate Research Park ahead of time.

Mr. Kaschinske finished with the Frances Park Rose Garden project, which is a passport grant, with a maximum of \$200,000. Currently the City does not have access down to the rose garden that is paved or accessible, so this pathway will be those improvements on the South side. They are hoping to add these grant funds to the June Knosten funds. This project will tie into existing sidewalk in the garden area already. There were no questions from the Committee, and Ms. Boak clarified with Mr. Kaschinske that the "DEPARTMENT" in the resolution should be Parks and Recreation.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE MNRTF GRANT. ROLL CALL VOTE, MOTION CARRIED 3-0/

RESOLUTION – Grant Amendment; Victims of Crime Act (VOCA)- Capital Area Response Effort (CARE) Grant

Ms. Arch spoke on the grant option and recent amendments. The grant will assist with the purchase of a van, moving expenses, and translation materials. Council Member Wood asked her to attend the March 8th Council meeting to speak about the additional dollars that will go into the police budget due to this grant. There were no additional questions or comments from the Committee or Mr. Brewer. Mr. McClure briefly referenced a spreadsheet he sent 3/4/2021, but noted it did not reflect any changes to the material.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE GRANT AMENDMENT TO THE VOCA AND CARE GRANT. ROLL CALL VOTE, MOTION CARRIED 3-0.

OTHER

UPDATE – RETIREES HEALTHCARE SERVICES – CHIEF STRATEGY OFFICER

The meeting paused while Ms. Kehler logged in and attempted to share screen with a power point. The presentation was not able to be seen, so Ms. Kehler highlighted for the Committee and public the plan changes for pre and post 65. She briefly highlighted the spent on the discussions and changes to the plan to end up with the pre 65 BCBS and PHP reverting back to what they had. She noted this was all completed by 1/15/2021. The post 65 change was not completed until 3/1/2021, with the cost savings, switching to HUMANA saving the City \$2.39 million, and it was acceptable with the union leaderships.

Ms. Kehler noted with AMWINS, the reimburse process is going well, and they are working with HUMANA to make sure it is processed correctly.

The next point spoken about was the changes going on to HUMANA MEDICARE, negotiating of the fees and self-funded PHP.

Ms. Kehler noted that recently the Retirement Board amortization went from 30 years to 20 years and rate went from 7.5% to 7%. Council Member Wood added that there will be addition costs for the City, but overall there will be a savings down the road. There was an ability to go down lower for the retirement board, but going lower to 7% was good at this time and the rate of returns has seen an increase. Council Member Spadafore asked for that dollar amount, and Council Member Wood stated she would be able to provide that to him.

Ms. Kehler finished by noting the next steps such as professional actuary guidance, and exploring options to maximize benefits while reducing costs such as monitoring healthcare plans and renewals, analyze benefits administration cost and utilize technology. Ms. Kehler concluded by acknowledging the Committee, Council, the retirees and stated she would send the presentation to Council after the meeting.

Council Member Wood asked if there has been any research, since moving to HUMANA, what it will look like in 5 years. She also asked about what the savings look like, and how they are making sure those savings are going back into the retirees health care benefits.

Council Member Spadafore asked if it was fair to assume with costs increase and then savings it has been a wash. Council Member Wood confirmed that statement, then asked Ms. Kehler to provide an update in the future to Council on a proposed group the Mayor stated he was going to form of retirees, union leaders, the CSO and a few Council Members.

Ms. Baldwin asked for information on retiree healthcare for under 65, and if have to go onto Humana. Council Member Wood confirmed the only program offered is Humana.

Mr. Rubley acknowledge Ms. Kehler for her work.

ADJOURN

Adjourned at 4:39 p.m.

Submitted by,

Sherrie Boak, Council Office Manager

Lansing City Council

Approved by the Committee On March 19, 2021



City of Lansing

Retiree Healthcare Plan Update

Ways & Means Committee

3.5.21



Lansing
Michigan's Capital City

Retiree Healthcare Update Recap – 3/5/21

Pre-65

- BCBS & PHP plans reverted back to original by January 15, 2021
- Dental and vision coverage remained unchanged



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Post-65 (Medicare)

- Humana is the new medical plan carrier
- Tight timelines and Medicare deadlines prevented immediate migration to the new plan levels
- New plan effective 3/1/21
- Retirees were reimbursed for costs paid above benefit levels during 1/1/21 - 2/28/21
- Amwins processes reimbursement requests weekly
- Cards were mailed to homes week of 2/22/21
- Dental and vision coverage remained unchanged

POST – 65 MEDICARE RETIREES

*In 2020 the City offered 8 different Medicare medical plans and 9 RX plans.

This data represents the plan with the largest retiree enrollment: 53% medical/26% Rx of total Medicare membership.

Some of the 2020 plans had deductible copay, coinsurance and varying RX copays.



POST – 65 MEDICARE RETIREES

Benefit Category ↓	Existing 2020 United American w/Amwins Wrap *2020 Benefit Plan	Humana MAPD Proposed Plan 1/31/21	Humana Medicare LPPO Plan Effective 3.1.21
Deductible	\$0	\$500	\$0
Preventative Care	100% covered	100% covered	100% covered
Coinsurance	0% - most	80%/20% - most	\$0
Deductible + Coinsurance Maximum	\$0	\$1,500	\$0
Office Visit Copay	\$10	\$30	\$0
ER Copay	\$0	20% to \$120 maximum	\$0
RX Copays: Gen, Pref Brand, Non Pref Brand	See appropriate slide	\$10/\$40/\$80	Varies with plan
Annual Out of pocket maximum	Med: No Max +Rx = \$6,550	Med: \$1,500 + RX = \$6,550	In & Out of Network: \$1,000 per individual per plan year (excludes Part D Pharmacy, Extra Services, and the Plan Premium)



How did we reduce costs?

Bid out plan, switched carriers, and condensed medical plans from 8 down to 1 - \$2.39 million

Negotiated fees, PHP Self funded, etc. - \$975,978

\$3,365,978



Where do we go from here?





Next Steps

- The retirement boards continue to proactively evaluate plan assets, investments, and policy:
 - Reduced assumption rate from 7.25% to 7.00%
 - Amortization schedule adjustment to 20 years
- Professional actuary guidance:
 - Changed the mortality tables from RP2000 to Pub2010G & Pub2010S
 - Provides recommendations and analysis for making educated, fact based and informed decisions
- Exploring other options to maximize benefits while reducing healthcare costs:
 - Continue to monitor, negotiate and bid out healthcare plans, renewals, etc.
 - Analyze benefits administration costs
 - Utilize technology

We are assessing the impact of the changes on OPEB liability and the City's budget.