

CITY OF NEENAH
FINANCE AND PERSONNEL COMMITTEE MEETING
Monday, July 8, 2024– 5:30 p.m.
Hauser Room, Neenah City Administration Building
211 Walnut Street, Neenah, Wisconsin

NOTICE IS HEREBY GIVEN, pursuant to the requirements of Wis. Stats. Sec. 19.84, that a majority of the Neenah Common Council may be present at this meeting. Common Council members may be present to gather information about a subject over which they have decision-making responsibility. This constitutes a meeting of the Neenah Common Council and must be noticed as such. The Council will follow the same agenda as the committee but will not take any formal action at this meeting.

AGENDA

1. Public Appearances.
2. Approval of Minutes from the June 24, 2024 Regular (minutes can be found on the City's website)
3. Review and make recommendation on Health Plan Renewal Update with M3 Insurance. (Attachment)
4. Information only, Interim Attorney 45 Day Review Update. (Attachment)
5. Information only, legal update on pending litigation. (Attachment)
6. Adjournment.

In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Neenah will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. If you need assistance, or reasonable accommodation in participating in this meeting or event due to a disability as defined under the ADA, please call the Clerk's Office (920) 886-6100 or the **City's ADA Coordinator at (920) 886-6110 or e-mail clerk@neenahwi.gov** at least 48 hours prior to the scheduled meeting or event to request an accommodation.

**CITY OF NEENAH
FINANCE AND PERSONNEL COMMITTEE MEETING
Monday, June 25, 2024 at 5:30 pm
Hauser Room, Neenah City Administration Building
211 Walnut Street, Neenah, Wisconsin**

MINUTES

The meeting was called to order by Chairman Erickson at 5:33 pm.

Present: Chairman Erickson; Vice-Chair Boyette, and Aldermen Steiner and Ellis; Director of Finance Rasmussen, and City Clerk Nagel.

Also present: Mayor Lang, Interim City Attorney Walsh, Alderman Pollnow Jr., and Assistant Police Chief Bernice.

Absent/Excused: Council President Borchardt

1. Public Appearances:

None.

2. Minutes: Motion/Second/Carried by Ellis/Boyette to approve the minutes from the June 10, 2024 regular meeting as written. All voting aye.

1. Review and make recommendation on Resolution 2024-11 Authorizing and Update to the Mission Squared Plan Sponsor Contact to the current Director of Human Resources and Safety. (Attachment) (Rasmussen)

The resolution is a housekeeping formality to get Director Fairchild on the account. Former Human Resources Specialist Anderson had access to the Mission Squared Account which manages employee IRA contributions.

Motion/Second/Carried Ellis/Steiner to recommend Council approve Resolution 2024-11 Authorizing and Update to the Mission Squared Plan Sponsor Contact to the current Director of Human Resources and Safety. All voting aye.

2. Review and make recommendation on Ordinance 2024-12 Amending Article II – Officers, Section 2-23 City Attorney. (Attachment) (Attorney Walsh)

This discussion arose earlier this spring when assistance was provided by the City of Menasha Attorney. There was an informal, unwritten, agreement with Fox Valley attorneys that if the attorney was unable or unavailable to attend Council meetings, another municipal city attorney attend in their place. This agreement allowed the city legal interest to be covered without any additional cost to the city. It really did not go beyond covering for vacations, illness, or conflicts of interest where the attorney could not attend a meeting. This informal agreement went on for decades. With the recent attorney situation, it was felt that this is a good time to have a formal, written agreement put in place so Council would have a better understanding of how the municipal attorneys work together.

One additional modification recommendation of the City of Neenah is to add attorneys may request legal assistance as well as the city manager and mayor because the mayor or the city manager may not know there is a conflict of interest where the city attorney would have a better understanding.

Boyette asked why wouldn't the City Menasha want this modified wording in their ordinance as well. The informal agreement has been in place for decades because the attorneys knew each other for decades. There might be a political issue with the number of times a municipality assisted another without any reciprocation, and the attorneys do not want to get involved in that.

Ellis stated it makes sense to tie up a verbal agreement and helps solidify going forward, in writing.

Steiner commented that this is not intended for long term situations. Attorney Walsh concurred, the intent is for short term incidents, such as single incident.

Erickson questioned about FMLA which can be several months, Neenah's current situation is several months, there is no agreement for the length of time. Attorney Walsh affirmed that this agreement has never been used in the instance of FMLA or a vacancy in the position situation. The understanding is for absence of council meetings, conflict of interest, or vacation.

Motion/Second/Carried by Steiner/Ellis Ordinance 2024-12 Amending Article II – Officers, Section 2-23 City Attorney. All voting aye.

3. Fiscal Matters: May 2024 Vouchers (Attachment) (Rasmussen)

Motion/Second/Carried by Ellis/Boyette to accept the May 2024 Vouchers and place on file.

4. The Committee may convene in closed session pursuant to Wis. Stat. Sec. 19.85(1)(g) to confer with City Attorney who will render advice concerning strategies with respect to pending or impending litigation involving the City. The Committee may reconvene into open session to consider taking action on the items discussed in closed session.

Motion/Second/Carried by Boyette/Steiner for the Committee to convene in closed session pursuant to Wis. Stat. Sec. 19.85(1)(g) to confer with City Attorney who will render advice concerning strategies with respect to pending or impending litigation involving the City. The Committee may reconvene into open session to consider taking action on the items discussed in closed session. Motion carried in a voice vote, 4-0.

At 5:46 PM, the committee convened into closed session.

Motion/Second/Carried by Ellis/Steiner for the committee to reconvene into open session to consider taking action on the items discussed in closed. Roll call vote: Erickson – aye, Steiner – aye, Ellis – aye, Boyette – aye. Motion carried in a roll call vote, 4-0.

At 5:56 PM, the committee reconvened into open session. No action was taken on any items discussed in closed.

There were no other items on the agenda to discussed. Erickson asked for the accounting of pending litigation cases from 2020 to 2024 be brought to the next committee meeting.

Report

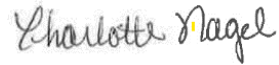
Info. Only

Future agenda items is to discuss 2020-2024 accounting of pending litigation and a status of each case.

5. Adjournment

Motion/Second/Carried Steiner/Ellis to adjourn the meeting 6:00 pm. All voting aye.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charlotte Nagel". The signature is written in black ink and is positioned above the printed name.

Charlotte Nagel
City Clerk

HEALTH PLAN RENEWAL UPDATE

City of Neenah

July 8, 2024





AGENDA

- Fully Insured Renewal Projection
- Self Funding Benefits
- Considerations Moving Forward

FULLY INSURED RENEWAL CONSIDERATIONS

History of Fully-Insured Renewals with Robin by
HealthPartners

Projection for January 1, 2025 plan year renewal

HISTORY OF FULLY INSURED RENEWALS WITH ROBIN

2020-Present

Plan Design Considerations:

- Slight plan design changes
- Roll-over HRA
- Implemented new network choice in 2023

Multi-year rate guarantee negotiated for 2023 & 2024

- ✓ **ENHANCED CLINIC OFFERING** in partnership with ThedaCare
- ✓ Provide **BUDGETABLE** increase cap with the ability to achieve a renewal below cap based on experience
- ✓ Provide **STABILITY** for employees with multi-year agreement

HISTORY OF FULLY INSURED RENEWALS WITH ROBIN (CONT'D)

Year	Rate increase over prior year (%)	Medical loss ratio at time of receiving renewal (% of paid claims + admin relative to premium)
2021	25.87% with Plan Design Changes (Originally received 29%)	157%
2022	5.13% with Plan Design Changes (Originally received 19%)	124%
2023	0.67% with Plan Design Changes (Originally received 9.9% Rate Cap Maximum)	131%
2024	9.68% with Plan Design Changes (Originally received 12% Rate Cap Maximum)	130%
2025	???	148%

PROJECTED RATE INCREASE

- Given years of modest increases combined with less than desirable medical loss ratio, our best guess is a significant increase over current rates on the medical plan
 - A renewal over 40% is essentially a “no thank you” renewal encouraging the group to market

RENEWAL PROCESS AND STRATEGY

- Began exploring self-funded in detail this winter
- Received proposals from Third Party Administrators (TPA) in Spring
- Currently evaluating plan design options
 - Simplify plan design for members
 - Incentivize high-quality / efficient cost providers
 - Modernize plan design
- Evaluate both self-funded and fully-insured options
 - Full RFP to eligible fully-insured carriers

COMPARISON OF FUNDING OPTIONS

Fully-Insured Health Plan



Who has the risk?

Insurance company assumes risk and manages both network access and administration



Is there stop loss?

Yes; a “pooling point” protects large claims from adversely impacting future renewals



Plan design flexibility?

Employer typically selects from available plan design options
(limited plan design flexibility)



What does Employer pay?

Premiums; which are determined based on companies claims experience, manual rate, & expenses.

SELF-FUNDING DEFINED

A.K.A – “Self Insurance”

DEFINITION:

Method of offering employee coverage by transferring claims risk from the insurance company to the employer

Offers a **calculated risk** with reward opportunity

- ✔ **OPPORTUNITIES TO MANAGE RISK**
- ✔ Potential for **COMPANY CASH FLOW ADVANTAGES**
- ✔ **DIRECT IMPACT OF RISK MANAGEMENT** (i.e. wellness programs, onsite clinics, etc.)
- ✔ **POSSIBILITY OF SAVINGS** with favorable long-term claims experience

COMPARISON OF FUNDING OPTIONS

Self-Funded Health Plan



Who has the risk?

Employer (plan sponsor) assumes financial risk



Is there stop loss?

Yes; public entities in Wisconsin must purchase stop loss coverage



Plan design flexibility?

Employer (plan sponsor) determines plan design, but will contract with TPA/carriers for plan administration



What does employer pay?

Fixed costs plus claims

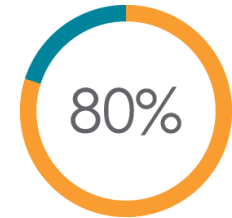
ELEMENTS OF A SELF-FUNDED PLAN

FIXED COSTS



- Claims administration
- Stop Loss/reinsurance
 - Traditional vs. Captive
- Pharmacy
- Network access
- Disease management
- Other services as needed

VARIABLE COSTS



- Medical claims
- Pharmacy claims

SELF-FUNDING

ADVANTAGES

- Cash flow
- Cost saving
- Access to data
- Plan design flexibility
- Long-term stability
- Additional employer involvement



DISADVANTAGES

- Month-to-month claims
- Variability = unpredictable costs
- Additional employer involvement
- Laser risk
- Compliance

FUNDING ANALYSIS EXAMPLE

A deeper look into self funding

SELF FUNDING ANALYSIS

Evaluate self-funded vs. fully insured

- **Historical claims data** vs. most recent renewal
- **Projected claims data** via M3's funding forecast model, which follows actuarial sound methodology
- **Fixed costs** based off of M3 book of business benchmarks for self-funded clients of like size and TPA proposals

FORECAST EXAMPLE

Variable Costs

I. TREND ASSUMPTIONS

Medical Trend	6.0%	
Prescription Drug Trend	10.0%	
Blended Trend	6.5%	Represents blend of medical & Rx trend based on group experience
Renewal Date	07/01/2021	12/30/2021
Projection End Date	06/30/2022	12

II. HISTORICAL CLAIMS EXPERIENCE

EXPERIENCE PERIOD	07/01/2020	07/01/2019
	01/01/20-12/31/20	01/01/19-12/31/19
Paid Medical Claims	\$4,002,202	\$3,345,460
Paid Prescription Drug Claims	\$582,786	\$484,499
Less Specific Excess Claims (@ \$100,000 Deductible)	(\$670,185)	(\$169,858)
Plan Change Adjustment Factor	1.2169	1.2171
Plan Maturation Factor ⁽¹⁾	1.0454	1.0000
Adjusted Paid Claims	\$4,980,176	\$4,454,754
Number of Months in Experience Period	12	12
Annualized Adjusted Paid Claims	\$4,980,176	\$4,454,754
Average Members	877	833
Claims per Member per Year	\$5,682	\$5,345
Trend to Midpoint (number of months)	18.0	30.0
Trend to Midpoint (trend factor)	1.0992	1.1707
Projected Claims per Member per Year	\$6,245	\$6,249
Weight	70%	
Weighted Average Claims per Member per Year	\$6,249	

(1) Claims Adjustment due to COVID

III. CALCULATION OF FUNDING LEVELS

1. Variable Costs

Current Members	889
Projected Plan Year Medical/Rx Claims	\$5,557,371

Fixed Costs

	Single Rate PEPM	Family Rate PEPM	Total Annual Cost	Notes to Data
Medical Administration	\$40.12	\$40.12	\$155,987	UMR Proposal
Provider Network Fees	\$0.00	\$0.00	\$0	UMR Proposal
Stop Loss Interface Fee	\$0.00	\$0.00	\$0	UMR Proposal
Utilization Management	\$0.00	\$0.00	\$0	UMR Proposal
Case Management	\$0.00	\$0.00	\$0	UMR Proposal
Disease Management	\$0.00	\$0.00	\$0	UMR Proposal
Medical and Pharmacy Inetgration	\$0.00	\$0.00	\$0	UMR Proposal
Telemedicine (Teledoc)	\$0.00	\$0.00	\$0	UMR Proposal
Premium PDL Pharmacy Credit	(\$35.75)	(\$35.75)	(\$138,996)	UMR Proposal
Aggregate Stop Loss	\$14.26	\$14.26	\$55,443	Estimated Proposal
Specific Stop Loss (\$100,000 deductible)	\$110.32	\$331.41	\$1,020,564	Estimated Proposal
Other Fees			\$0	
Total Fixed Costs=			\$1,092,997	

Total Cost Comparison

	Calculated Funding Rate Increase	
M3 Expected Projected Overall Plan Year Expenditures	\$6,650,368	26.96%
Estimated SL Expected Projected Overall Plan Year Expenditures	\$6,581,124	25.64%
Estimated SL Maximum Projected Overall Plan Year Expenditures	\$7,953,156	51.84%
Projected Funding w/ Current Rates	\$5,238,015	

Plan Level	Current Contract Counts	Current Funding Rate	M3 Expected Calculated Funding Rate	Estimated Expected Calculated Funding Rate	Estimated Maximum Calculated Funding Rate
Single Coverage - \$2,000 HSA	86	\$728.45	\$924.87	\$915.24	\$1,106.04
Family Coverage	203	\$1,657.92	\$2,104.95	\$2,083.04	\$2,517.31
Single Coverage - \$4,000 HSA	15	\$616.28	\$782.45	\$774.30	\$935.73
Family Coverage	20	\$1,402.63	\$1,780.83	\$1,762.29	\$2,129.69
Totals	324	\$5,238,015	\$6,650,368	\$6,581,124	\$7,953,156
			26.96%	25.64%	51.84%

The recommended rates do not include the plan sponsor's 2% administrative allowance for COBRA Participants

WHAT TO CONSIDER?



2025 Analysis



Risk Tolerance



Long-term Goals



Network Access



Actuarial Analysis- Fully Insured Renewal

QUESTIONS?



THANK YOU!





M E M O R A N D U M

DATE: July 3, 2024
TO: Chairman Erickson and members of the Finance and Personnel Committee
FROM: Mayor Jane Lang
RE: Interim attorney update

The purpose of this memo is to provide an update on the status of the Interim City Attorney who was hired by the council on May 15, 2024. After discussions with all Department Heads, the conclusion is that, although Attorney Jim Walsh is doing an excellent job for the City, the hours that he is providing services are not sufficient for the needs of the City.

All issues are currently tracked and managed through our paralegal to ensure that all deadlines are met, and all issues are being addressed. Yet some of the many issues that are not able to be addressed, due to lack of time, include: reviewing the sign code and the newly received transcript from the most recent court case, reviewing the DORA and its legality, reviewing easements, property contracts, and claims in a timely manner, and additional issues relative to policy updates and changes. Current issues are being handled through a triage basis dependent upon the level of importance. At this time, all issues are tracked and managed through our paralegal to ensure that all deadlines are met.

The contract that we established with Attorney Walsh included eight hours of in-office hours per week in addition to attendance at meetings as requested by the Mayor. I would recommend that Attorney Walsh increase those hours to sixteen in-office hours per week in addition to attendance at meetings requested by the Mayor. This will address the minimum standard of providing the City with a temporary solution to addressing the legal issues that it is currently facing along with legal questions that may arise in the future by staff. I would like the opportunity to work with Attorney Walsh to establish a modified contract for him to add hours to provide sixteen hours a week. I will meet with Attorney Walsh to discuss that modified contract and return to the Finance and Personnel Committee, potentially at a special meeting prior to the July 17th Council meeting, with a recommendation that includes the financial impact of this change.

LEGAL CHARGES
2020-2024

MODERSON	68,016.39
RE TAX APPEALS	49,389.30
LEIST/FROOM	35,411.10
MINKS	27,250.00
FLOREK	24,525.50
GABLE	1,070.00
MISC CLAIMS	<u>43,076.68</u>
	248,738.97

Name of Case	Case details	Status of Case
Moderson	Eagle Nation Biker gang incident	Currently in Federal Appeals Court waiting for Decision
Walmart Tax Appeals	Walmart appeal their tax assessment for multiple years	Case scheduled for January 06, 2025
Leist/Froom	Assist Wausau PD investigate department lead to litigation of Chief Olson	Closed
Minks	Circuit court case alleging 4 th amendment violation of sign code	Waiting for decision from judge regarding fees
Florek	Federal court case alleging 4 th amendment violation of sign code	Closed
Gable	Unable to locate	Unknown