

Cuyahoga Falls City Council
Finance Committee Meeting
October 6, 2003

Members: Mr. Gorbach, Chair
Mr. Schmidt
Mr. Barnhart

Mr. Gorbach called the Finance Committee meeting to order at 6:35 p.m. All members of Committee were present.

The minutes from the September 15, 2003 Finance Committee meeting were approved as submitted.

Legislation Discussed

Temp. Ord. No. B-136

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Temp. Ord. No. B-136. Mr. Gorbach read B-136 (second reading). Mr. Arrington stated this was the annual ordinance to renew the contract with Oriana. They offer various programs which have various fees that are charged to the defendants. If a defendant cannot pay, they look to the City or County to cover the costs. These services are averaging \$6,000 per month. Mr. Gorbach asked if we are operating under a contract. Mr. Arrington stated the contract lapsed at the end of the year. It took Oriana until July to come to the City to cover the first part of the year. The total needing to be paid is \$47,000. Mr. Gorbach asked if, despite the delinquency, everything was working fine. Mr. Arrington stated it was. He indicated there are other three-day alcohol programs but they only take people who can pay. Oriana will take people who cannot pay as well.

Committee recommended bringing out B-136.

Temp. Ord. No. B-137. Mr. Gorbach read B-137 (second reading). Mr. Gorbach stated that any time there is a proposal dealing with health care, it affects individuals financially. This is an important issue and it affects a lot of people. Mr. Brodzinski gave a brief history regarding ordinances affecting retiree healthcare. At the end of July, the Police and Fire System notified employees of a large increase. The City began to look at its healthcare, which is a very complex issue. In September, they came up with a proposal and met with the Fire Union because it is in their contract to provide insurance. The other unions are covered by 173-1991. Everything in 173-1991, is also the same for fire. In researching the issue, they've discovered that only two percent of communities provide retiree healthcare. Currently, the City is self-insured and picks up 100% of the co-pay, deductible and premium. What the City is proposing is to

reimburse according to the lowest option of the level under which the retiree falls. They propose to take the total premium, subtract the pension share (which is 75% of the total premium) to come up with a balance to be shared between the City and the retiree. The City would then pay 75% of that balance (or 18.75% of the total premium) and the retiree would pay 25% of the balance (or 6.25% of the total premium). It was also indicated that perhaps some costs could be offset by revenue collected from mileage charged for ambulance transport, etc. Mr. Gorbach reiterated that the City was notified that insurance coverage was skyrocketing. He stated if the issue isn't addressed now, it will be addressed in the next six weeks during budget. He liked the idea regarding charging the mileage costs. The Pension Board is making these increases to retirees and future retirees. The City is involved because we offer to reimburse those fees. If the City did not offer reimbursement, the retirees would be looking for their own way to pay for it. We need to find a way to make it work.

Steve Durkit was present for the fire union and John Sim was present for the police union. Mr. Durkit stated the offer has not been presented to the union members. He indicated that they would like to stabilize costs for as long as they can. Overall, he thinks the 75/25 plan is good, and will recommend it to the members to approve. They have other issues of concern. Some retirees who are over 65 feel that they should still be entitled to insurance even though they are on Medicare.

John Sim, president of FOP, stated the Ohio Labor Council does not represent the retirees. They are trying to work with Fire and the City, and they do not have a problem with the 75/25 proposal. He also stated there are outstanding issues that need to be addressed by the City.

Mr. Arrington stated the time of the ordinance is not optimal. Many retirees had deadlines. They are considering making allowances for coverage for widows at 100%, along with people who retire with work-related disabilities regardless of years of service. Also, the current ordinance states should something happen with the pension system, the retiree cannot come back on the City's plan. Another issue involved retirees who get other employment. Right now, if you retire on the State health plan, you can keep both and the City will pay for one. We are trying to stop that but it will penalize industrious retirees. He stated these are pension system rules. He indicated they will continue discussions and hammer out a final plan with the firefighters to come back to Council with a substitute ordinance. It will be some time before it can be voted on. Mr. Gorbach confirmed that the current ordinance is not in final form. Mr. Brodzinski summarized some basic issues that need to be looked at and addressed before the City can commit to allowing retirees to come back on the City's plan should something happen to the pension board's coverage. Things such as pre-existing conditions, the City's current stop-loss coverage, etc. He added that the pension system will be sending notification to the retirees confirming that the program they picked is correct. They can change coverage at that time, should they

choose. For example, if this ordinance goes into effect and a retiree had chosen Option 3, the retiree would have time in November to choose Option 1. Mrs. Klinger asked about the current program for police and fire that allows retirees to apply for a 30% discount on their monthly contribution if they are at a low income level. Mr. Brodzinski stated he did not know and would have to check it out. He added they are requiring that retirees meet the same co-pay and deductibles as other City employees, which are \$100 single, \$200 family, \$10 office visit, \$5 generic, and \$20 name-brand.

Richard Darmstadt, 725 Lehigh, stated he retired from the police force. He asked in regard to the lowest plan if there was a difference between HMO and PPO. His doctor was not in an HMO program. Mr. Arrington stated it would be the lowest priced plan but that they would check into that. Mr. Brodzinski stated the figures quoted were PPO figures.

Charles Cocoran, 2161 Liberty Street, asked where the cut-off of age 65 came in because it was not in the ordinance. Mr. Arrington stated it is mentioned in the earlier ordinance passed in 1969. Medicare becomes the primary insurance at age 65 and police and fire is second. The City insures until 65 only. It has been the City's practice since then to not reimburse after age 65. Mr. Cocoran stated he has a problem with Medicare denying his claims. Mr. Gorbach stated that the City is not currently changing the 65 age requirement in this ordinance.

Larry Wagner, 2010 Bark Road, S.E., Carrolton, asked if section (b) included full-time or part-time. Mr. Gorbach stated that is an issue that is still under discussion. They are trying to get some language that does not violate the pension rule. Mr. Wagner asked if someone quits a full-time job would they be eligible to come back with the City. Mr. Arrington stated that person would have to get back on the pension system in order for the City to reimburse him, since the City is making reimbursement on the pension premium.

Don Carroll, 2722 Owasso Road, asked what the 1991 ordinance contained. Mr. Arrington stated it took all retirees off the insurance but allowed the City to reimburse retirees. The retirees had it better after the 1991 ordinance than before.

Mark Wiggins, 2781 Bailey Road, was concerned if he left the City, would the pension take him back. If the pension health system were to go out of business, what would happen? Mr. Gorbach asked if that would be part of what he would be able to change in the November notification. Steve Durkit stated they asked the question about reinstatement. The Pension Board told them if they want to come back, a pre-existing condition would not disqualify them from getting on the system and neither does this ordinance. He would be paying what any other retiree would pay.

Mr. Gorbach indicated they will be holding this legislation for further discussion.

Committee recommended holding B-137.

Finance Committee adjourned at 7:45 p.m.