

City of San Antonio, Texas

The seal of the City of San Antonio is centered within a decorative, four-lobed frame. The seal itself is a shield with a five-pointed star in the center, surrounded by the words "CITY OF SAN ANTONIO". Above the shield is a crest featuring a building and a figure. Below the shield is a banner with the Latin motto "LIBERTATIS CUNABULA".

FY 2014 Proposed Budget Worksession Human Resources & Employee Total Compensation

Presented by Ben Gorzell,
Chief Financial Officer

August 21, 2013

Agenda

- Human Resources Department Overview
- City Employee Demographics
- Healthcare Benefits
- Employee Wellness Program
- Employee Compensation



CITY OF SAN ANTONIO
HUMAN RESOURCES DEPARTMENT

Department Overview

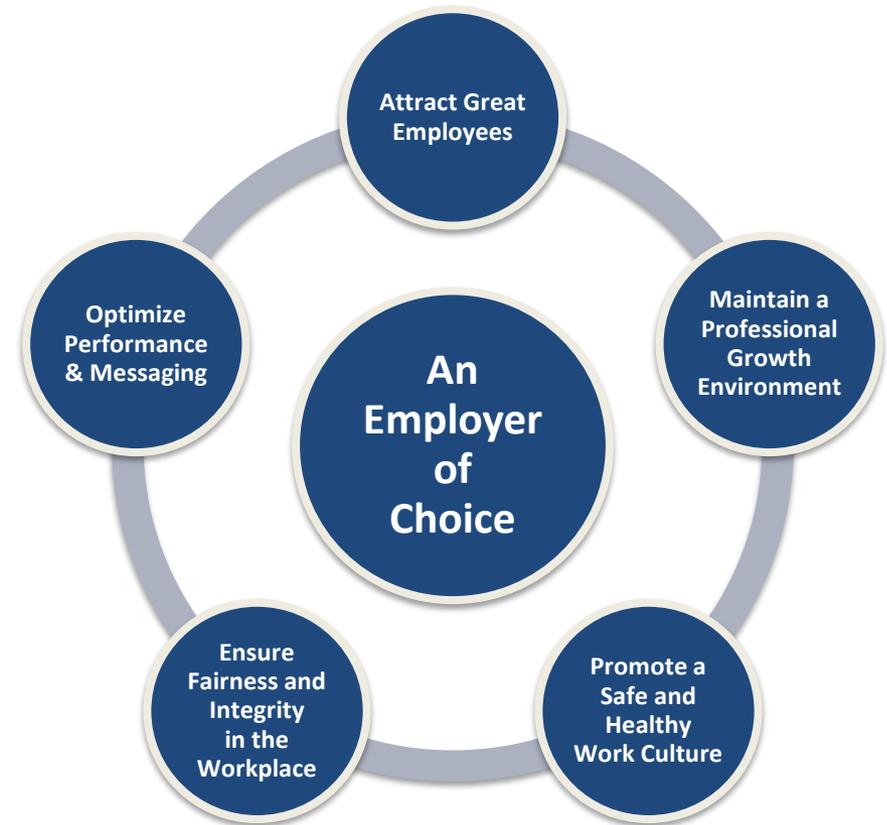


109 Positions

- 72 Human Resources
- 37 Shared Services

An Employer of Choice

- Department vision is to position the City as “An Employer of Choice”
 - Five strategic goals support vision

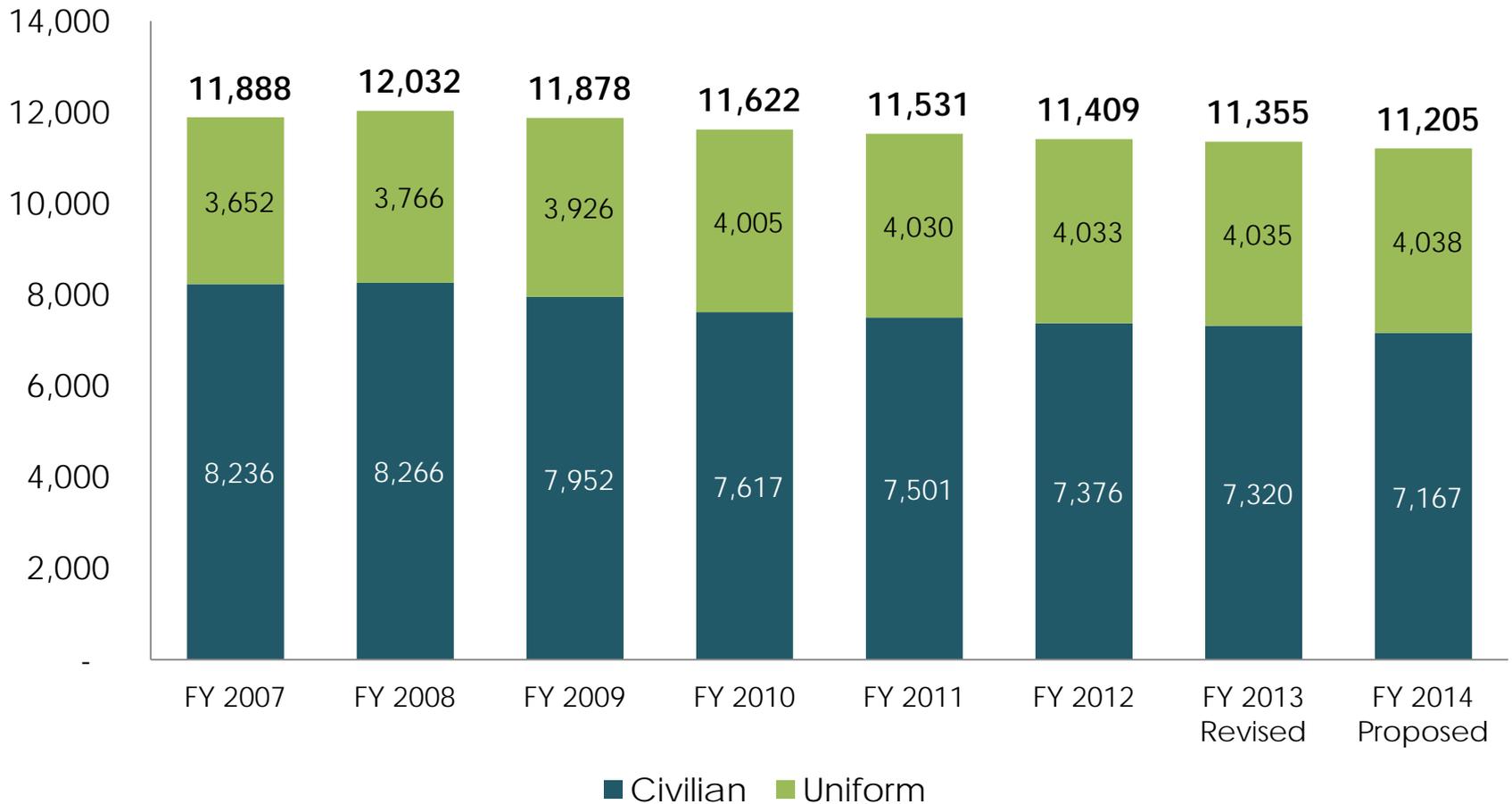


FY 2014 Proposed Budget



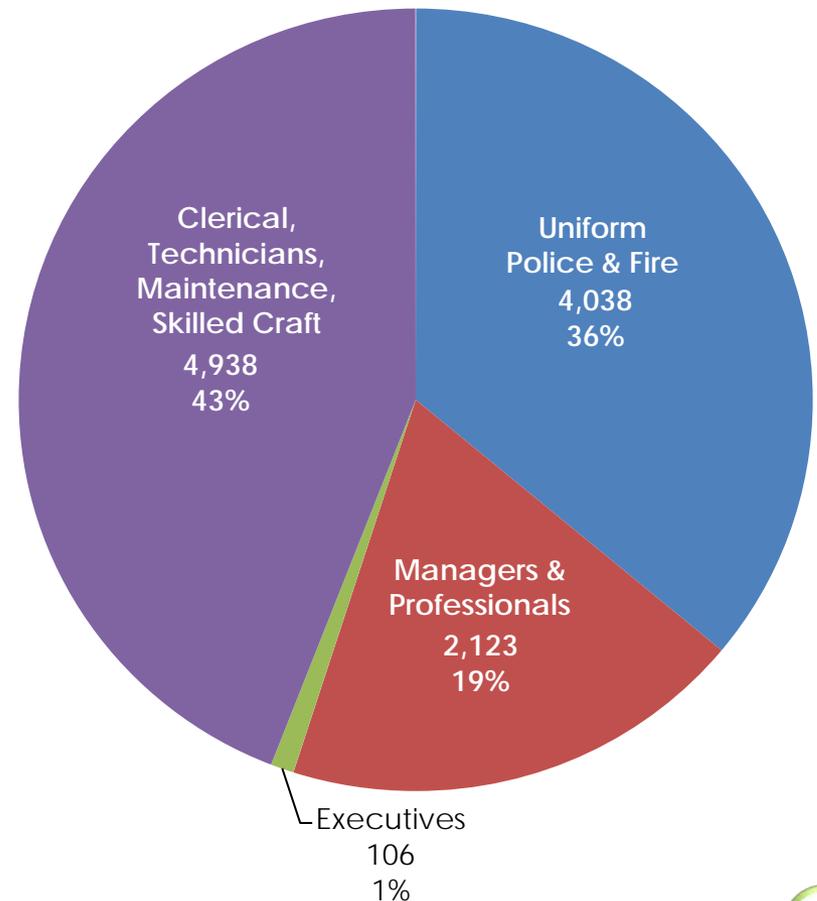
City Employee Demographics

City Authorized Positions



Citywide Employee Demographics

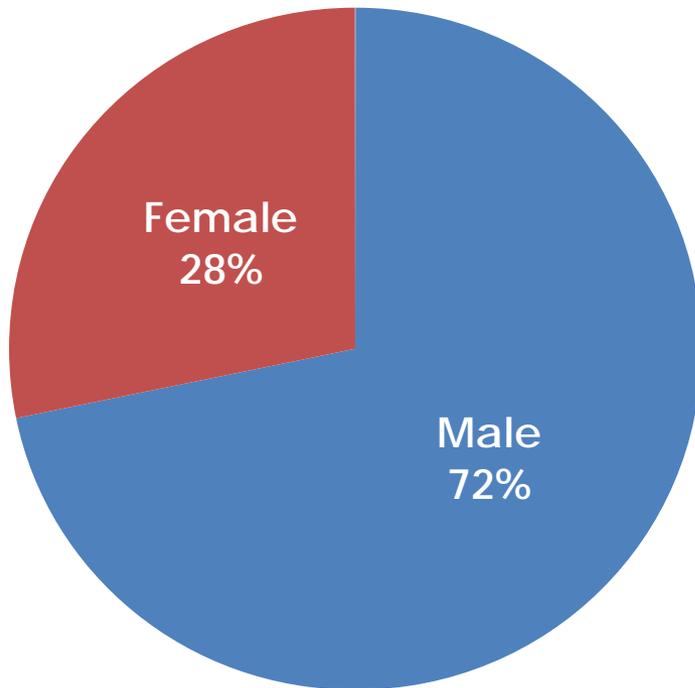
- FY 2014 Proposed Budget includes 11,205 authorized positions*
 - 4,038 Uniform Police & Fire
 - 7,167 full-time and part-time civilian positions



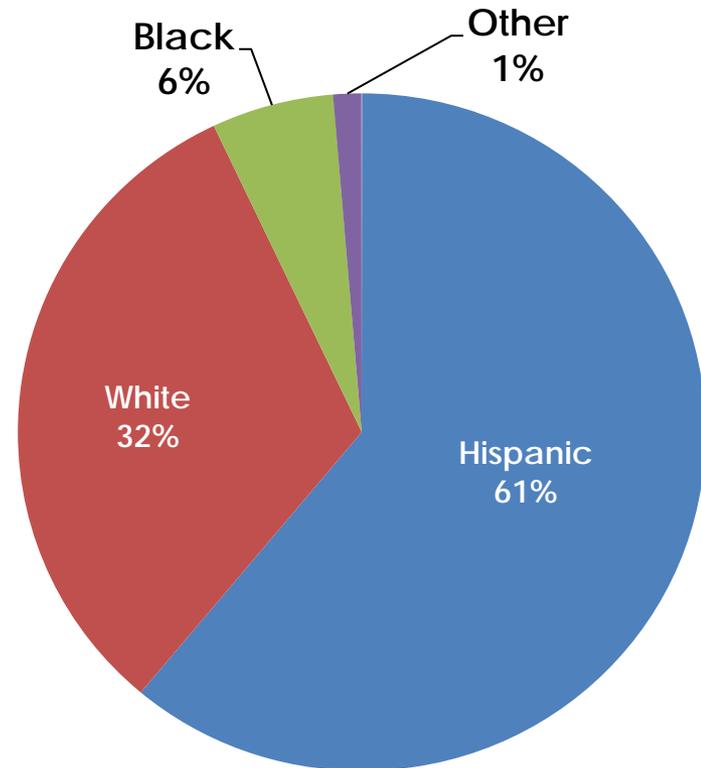
* Excludes 158 Pre-K 4 SA positions

Citywide Employee Demographics

Gender



Ethnicity

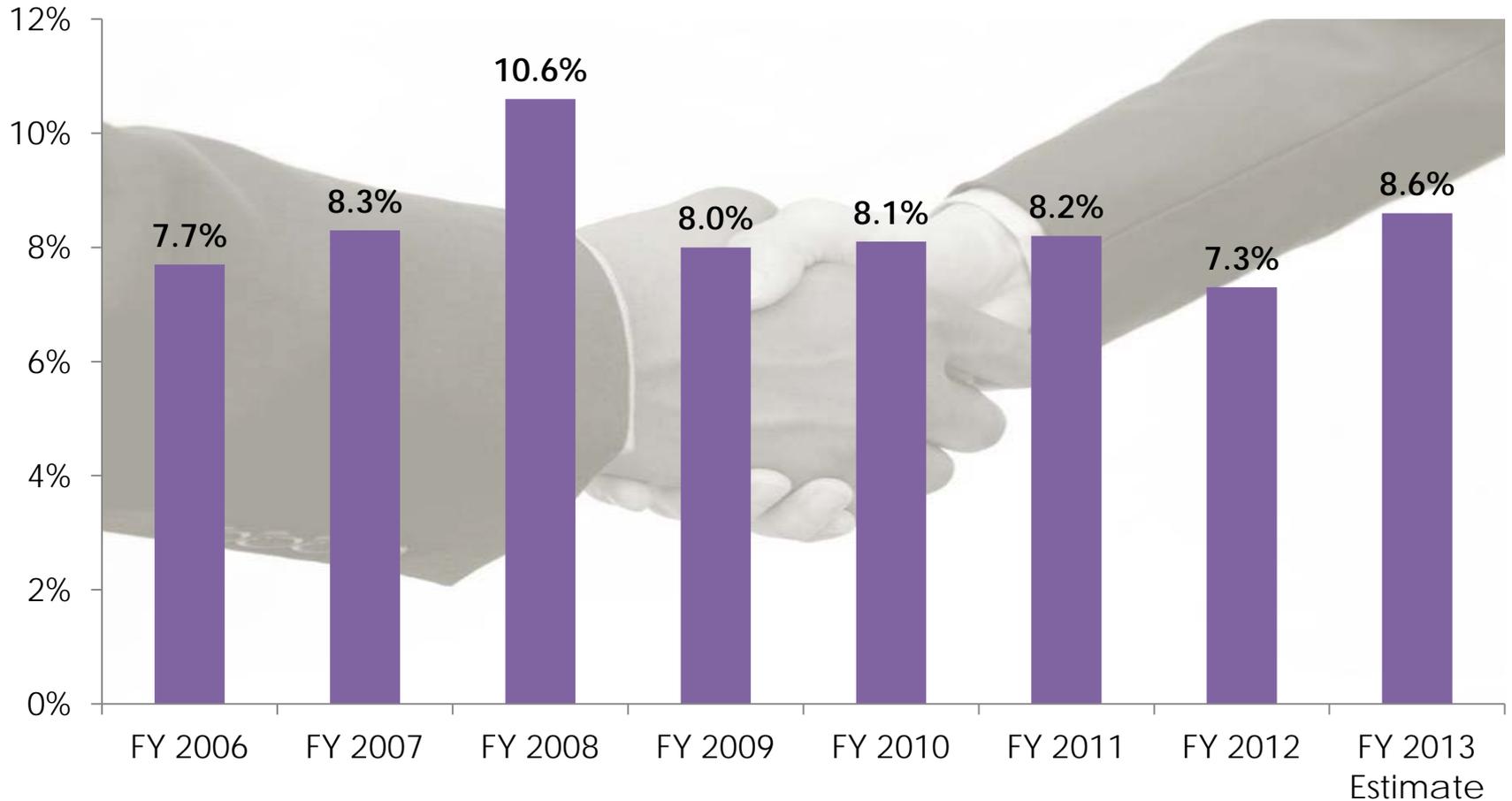


Citywide Employee Demographics

	Average Age	Average Years of Service
Civilian	45.0	9.9
Uniform	40.8	14.1
All Employees	43.4	11.5

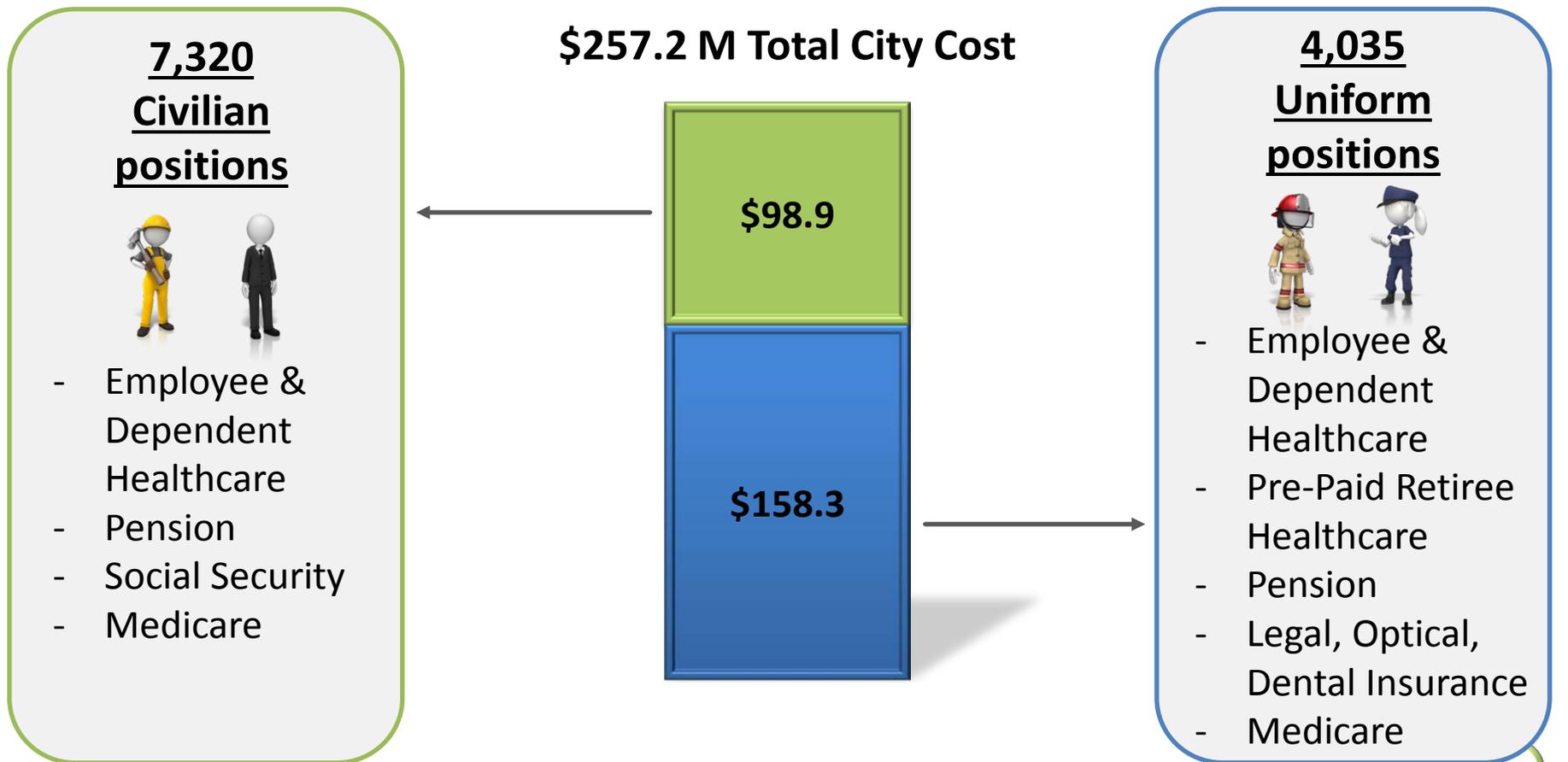


Civilian Voluntary Turnover



Citywide Benefits Costs

- The City will spend over \$257 million in FY 2013 for Uniform and Civilian Pension, Healthcare, and other benefits



Compensation Overview

- Pre-2006, City of San Antonio civilian employee wages below market rates and benefits package above industry trends
- In last 7 years, civilian wages increased to be consistent with market competitive rates
 - Cost sharing goal for healthcare is 80% City, 20% employee for those hired before January 2009 and 70% City, 30% employee for those hired after
- Uniform employee pay increases defined under Collective Bargaining Agreements



Healthcare Overview

- Healthcare costs increased in FY 2013 and projected to increase in FY 2014
 - Medical Inflation
 - Utilization
 - Affordable Care Act
- No changes to Uniform plans in FY 2014
 - Governed by Collective Bargaining Agreements



Civilian Healthcare Overview

- Increases Civilian Employee Contributions to Health Care Cost
 - Aligns prescriptions, deductibles, office co-pays, and out-of-pocket maximums with industry standards
- FY 2014 cost sharing ratio 87/13 in aggregate, even with premium, deductible, and out of pocket changes
- Promotes wellness and continues wellness incentives
- Offers three health care plans
 - Consumer Choice, New Value, and Premier

FY 2014 Proposed Budget



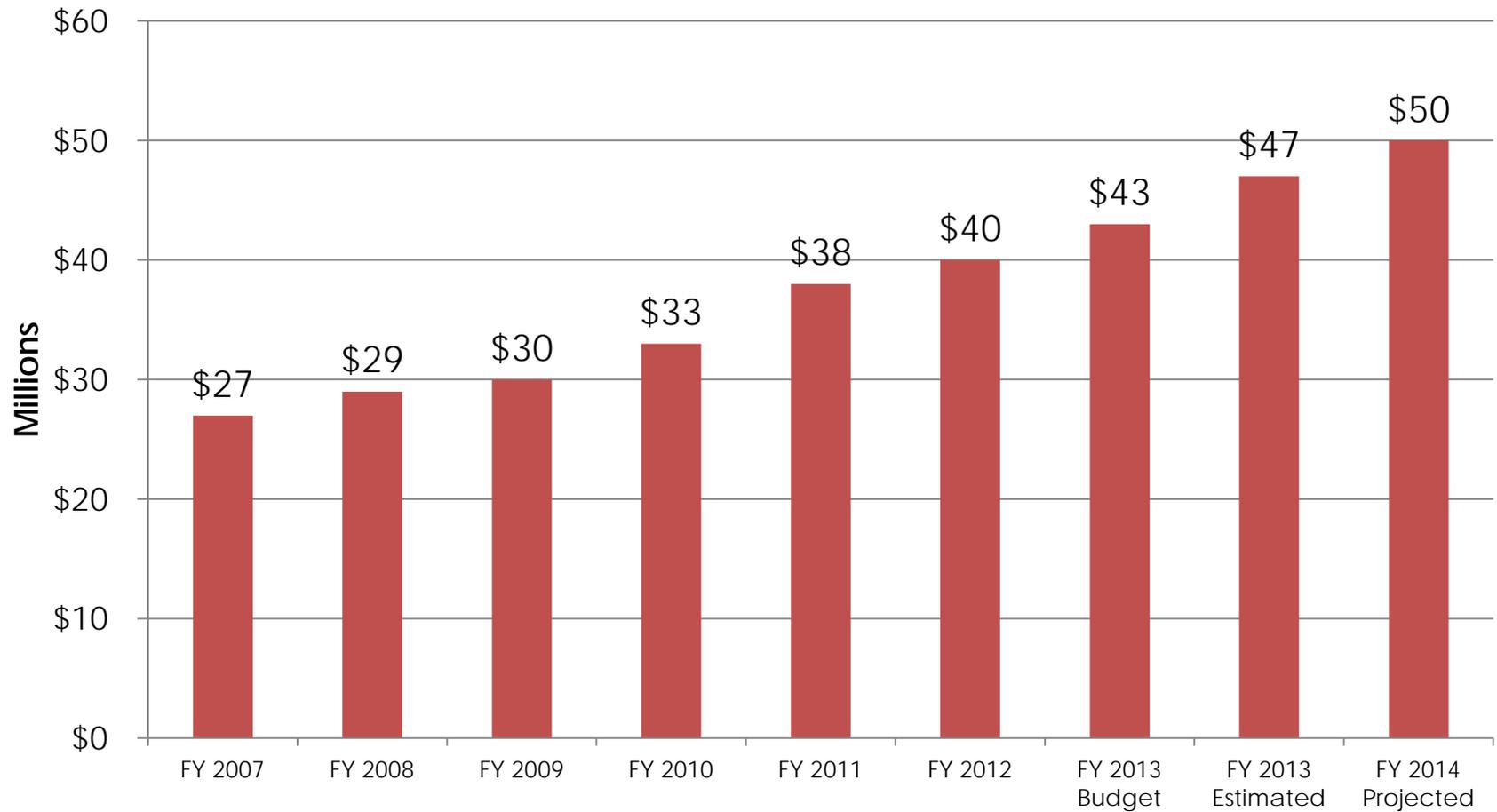
Employee Healthcare Benefits

Employee Health Benefits Membership

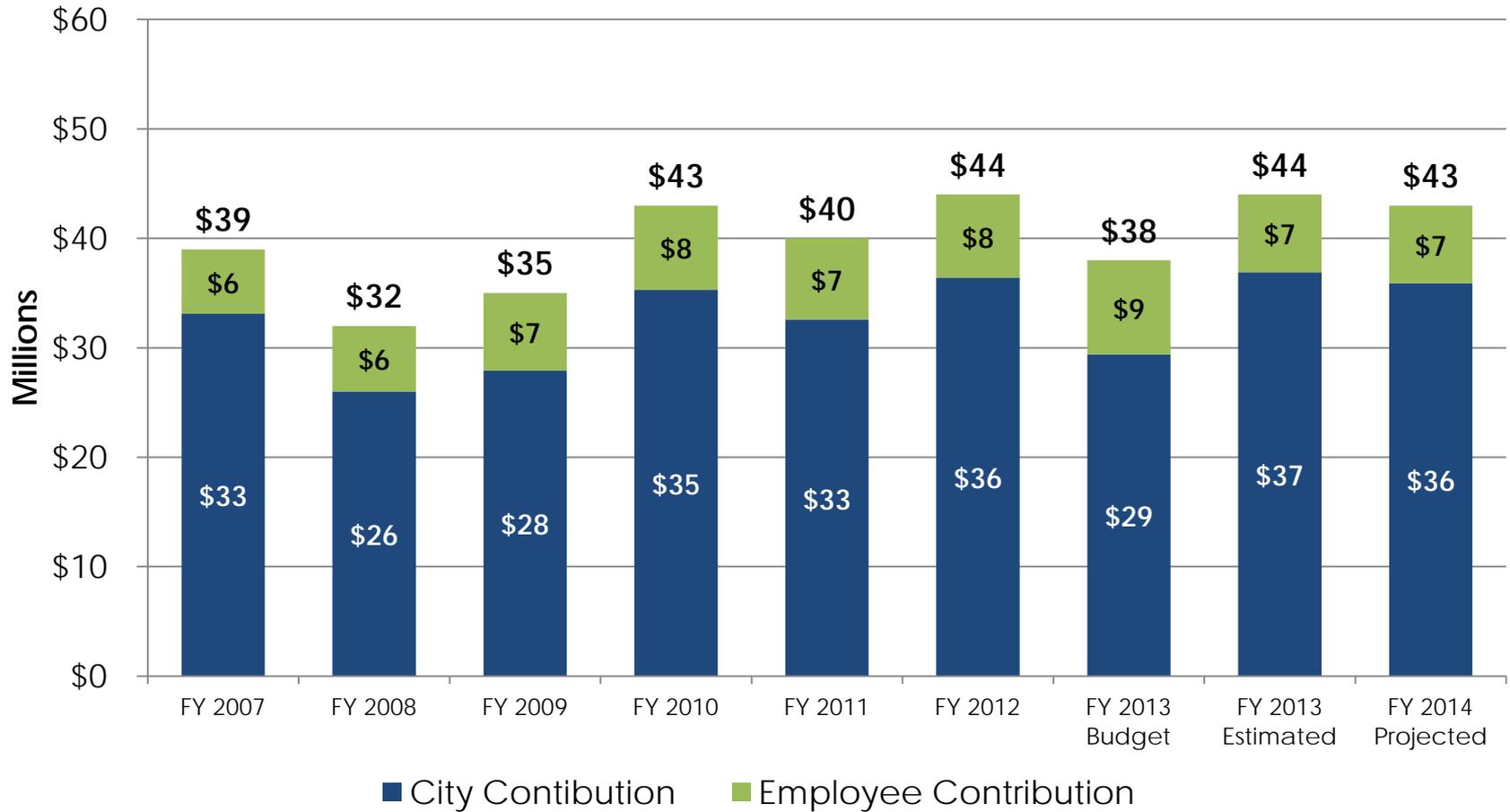
as of July 2013	Civilian	Uniform	Retiree (Pre-65)	Total
Employees	5,730	3,920	376	10,026
Dependents	6,739	8,966	139	15,844
Total People Insured by COSA	12,469	12,886	515	25,870



Uniform Health Benefits Cost History



Civilian Claims History



Differences in COSA Healthcare Costs

Uniform Healthcare Costs

- No bi-weekly premiums
- Low Deductibles among major Texas cities
- Lowest Out-of-Pocket costs
- Low Out-of-Network costs

Civilian Healthcare Costs

- Cost Sharing structure
- Bi-weekly premiums
 - Different tiers for employees hired before and after January 2009
- Higher Deductibles and Out-of-Pocket costs
- High Out-of-Network costs
- Variety of health plans available

- Cost Sharing by civilian employees with bi-weekly premiums have helped manage the rate of growth in civilian healthcare costs

Current Healthcare Plan Design

Police	Fire	Consumer Choice		Value		Standard		Premier	
		Pre-09	Post-09	Pre-09	Post-09	Pre-09	Post-09	Pre-09	Post-09

Deductible

In-Network Individual	\$250	\$250	\$1,250	\$900	\$750	\$500
In-Network Family	\$500	\$500	\$2,500	\$1,800	\$1,500	\$1,000
Out-of Network Individual	\$500	\$500	\$2,500	\$1,800	\$1,500	\$1,000
Out-of Network Family	\$1,000	\$1,000	\$5,000	\$3,600	\$3,000	\$2,000

Out-Of-Pocket (OOP) Maximum

In-Network Individual	\$600	\$500	\$4,000	\$3,000	\$2,400	\$1,200
In-Network Family	\$1,500	\$1,500	\$8,000	\$6,000	\$4,800	\$2,400
Out-of Network Individual	\$1,200	\$1,000	\$8,000	\$6,000	\$4,800	\$2,400
Out-of Network Family	\$3,000	\$3,000	\$16,000	\$12,000	\$9,600	\$4,800

Employee Premiums

Employee Only	\$0	\$0	\$5	\$6	\$7	\$12	\$38	\$79	\$200	\$266
Employee + Child	\$0	\$0	\$9	\$42	\$18	\$83	\$100	\$199	\$390	\$536
Employee + Spouse	\$0	\$0	\$36	\$96	\$72	\$192	\$171	\$331	\$530	\$712
Employee + Family	\$0	\$0	\$46	\$125	\$92	\$250	\$233	\$449	\$721	\$980

Peer City Comparison – City Costs

FY 2013	Per Uniform position cost to provide healthcare	Per Civilian position cost to provide healthcare
San Antonio	\$19,122	\$7,080
Houston	11,559	10,066
Ft Worth	10,954	10,954
Austin	10,546	9,961
Corpus Christi	9,319	4,480
El Paso	7,820	3,063
Dallas	3,575	3,575

- Cost to provide active and retiree healthcare to a City of San Antonio uniform employee is much higher than other major Texas cities and almost three times higher than costs for a San Antonio civilian employee

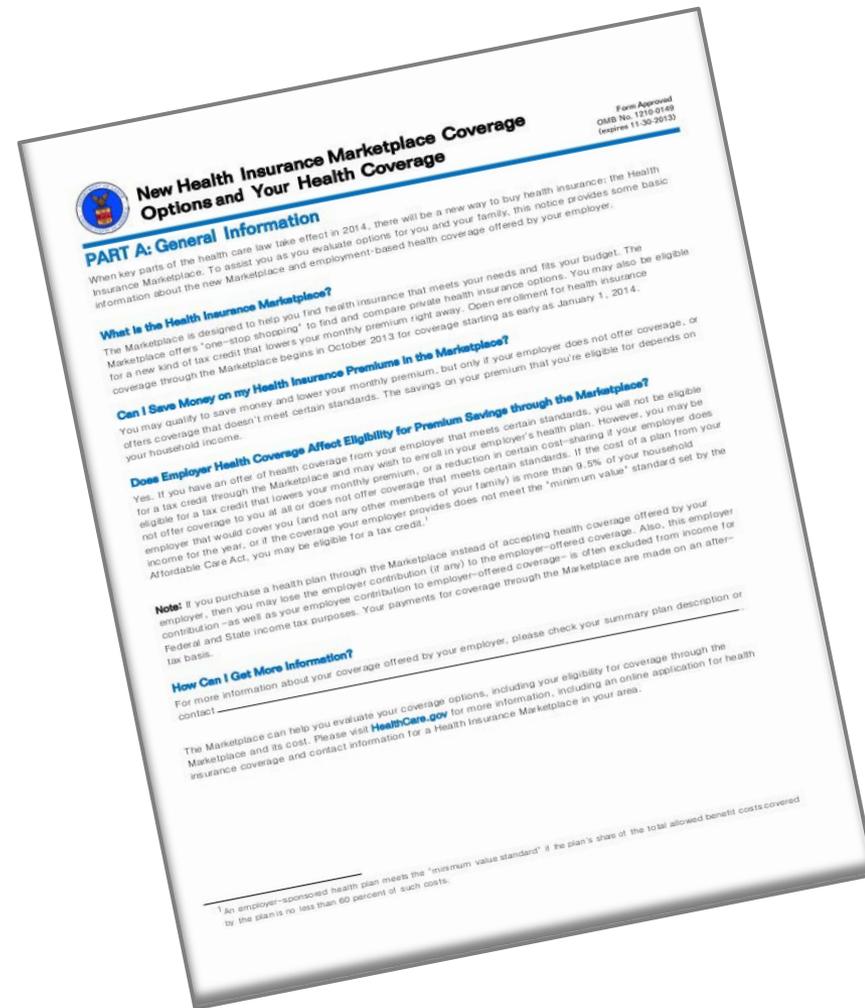
Affordable Care Act

- Patient Protection and Affordable Care Act (PPACA) signed into law in March 2010
 - Law puts in place comprehensive health insurance reforms over multiple years
 - Current health plans for Civilian and Uniform employees in compliance with PPACA
- Upcoming Key Dates
 - October 1, 2013: Federal and State exchanges to be open for enrollment
 - Exchanges designed to serve those without affordable coverage through their employer or a low-income public program
 - January 1, 2015: City must provide coverage to all full-time employees(30 hours/per week) or be subject to a fine



Affordable Care Act Employee Impact

- Healthcare reform has impacted employees by:
 - Increasing age of covered dependents
 - Covering Preventive Services at 100%
 - Offering selected women's services with no cost sharing
 - Eliminating pre-existing conditions exclusions
- City to provide employees and retirees with additional information on Federal and State exchanges

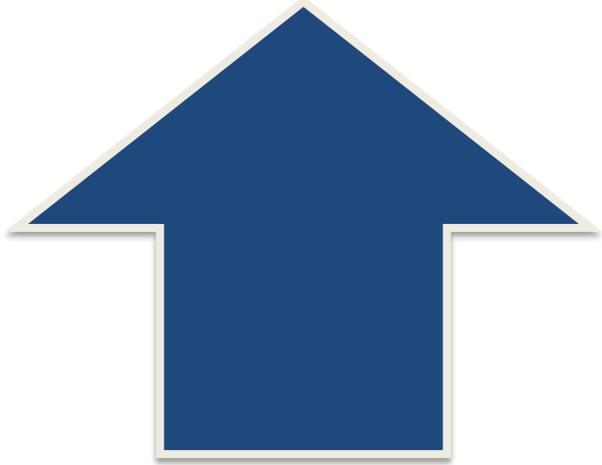


Affordable Care Act Cost

	Fiscal Year					Total
	2010	2011	2012	2013	2014	
Adult Child Coverage Until Age 26	\$419,502	\$1,121,895	\$ 1,697,959	\$ 1,827,473	\$2,284,342	\$7,351,171
Preventive Services covered at 100%	17,303	32,270	35,337	35,337	46,644	166,891
Selected Women's Services w/ no Cost Sharing			22,757	30,342	37,928	91,027
PCORI Fee (2013-2019)				25,675	51,350	77,025
Eliminating Pre-existing Conditions Exclusions					300,000	300,000
Transitional Reinsurance Fee (2014 - 2016)					1,213,144	1,213,144
Total	\$436,805	\$1,154,166	\$1,756,052	\$1,918,827	\$3,933,408	\$9,199,257

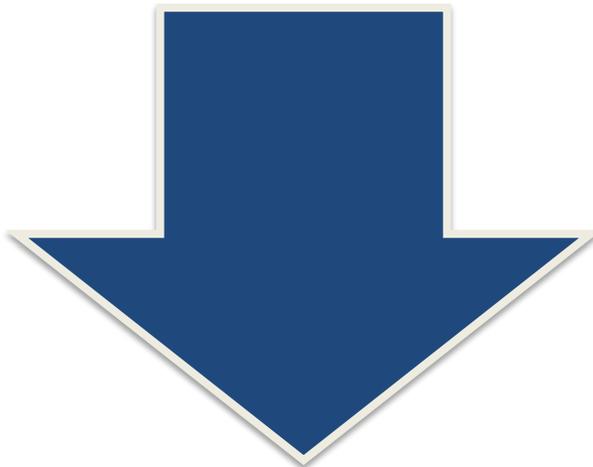
\$5.3 M spent to-date on implementation

Healthcare Cost Management



Cost Drivers

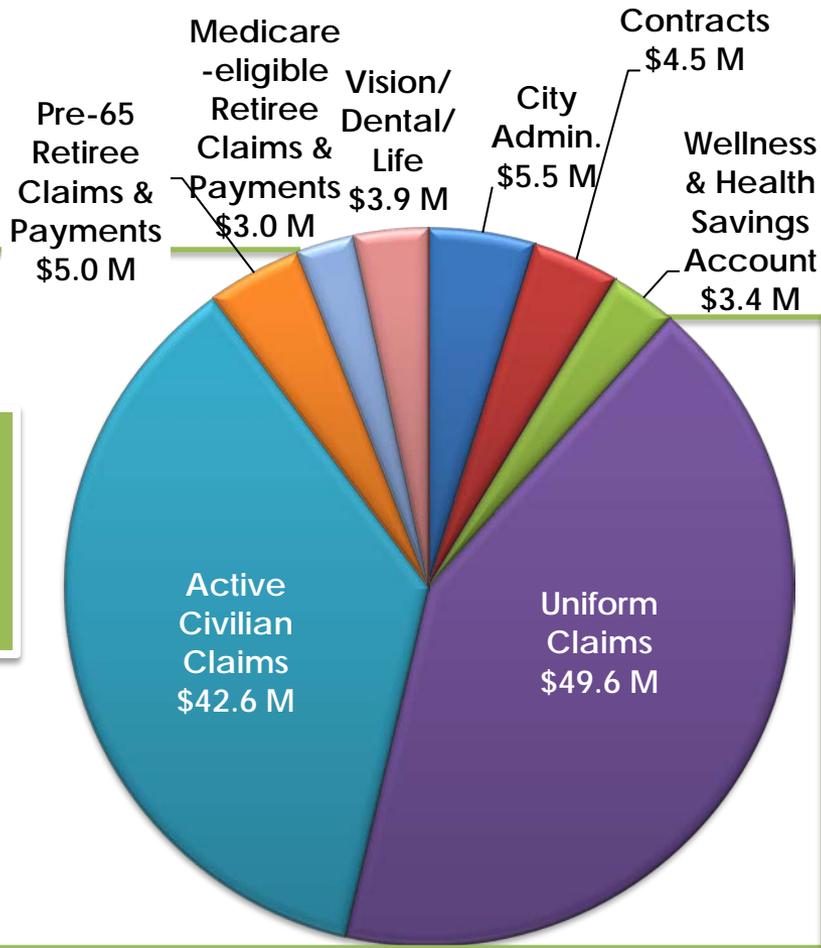
- Utilization
- Medical Inflation
- Health Care Reform



Cost Reducers

- Plan Design Changes
- Cost Sharing & Consumerism
- Preventative & Wellness Initiatives

Employee Health Benefits Fund



FY 2014 Healthcare Premiums

Civilian Employees Premiums	\$7.1 M
Civilian Pre-65 Retiree Premiums	\$1.9 M
Uniform Employees	\$0

Health Benefits Fund

FY 2013 Estimated Fund Balance	(\$1.7) M
FY 2014 Total Appropriations	\$117.5 M
FY 2014 Proposed Fund Balance with plan changes	(\$9.9) M

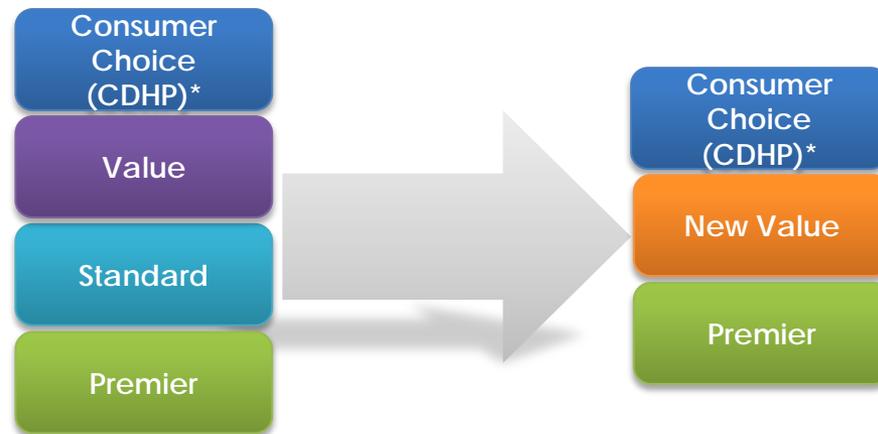
2014 Uniform Employee Healthcare Plans

- No change to Uniform Employee healthcare plans for FY 2014 as governed by the Collective Bargaining Agreements



2014 Civilian Employee Healthcare Plans

- Budget manages cost while addressing employee health care needs
- Transitions from 4 health care plans to 3



*Continues City contribution of \$500/\$1,000 to HSA

- Increases employee cost share at point of service
 - Aligns pharmacy co-pays, deductibles, and office co-pays to manage cost
 - Plan designs create meaningful difference between offerings
- Pre-2009 80/20 & Post-2009 70/30 aggregate cost sharing goals
 - FY 2014 Aggregate cost sharing: 87/13

Proposed Healthcare Plan Design

Proposed with Plan Changes					
Consumer Choice		New Value		Premier	
Pre-09	Post-09	Pre-09	Post-09	Pre-09	Post-09

Existing Plans	
Police	Fire

Deductible

	Pre-09	Post-09	Pre-09	Post-09	Pre-09	Post-09
In-Network Individual		\$1,250	\$1,250		\$500	
In-Network Family		\$2,500	\$2,500		\$1,000	
Out-of Network Individual		\$2,500	\$2,500		\$1,000	
Out-of Network Family		\$5,000	\$5,000		\$2,000	

\$250	\$250
\$500	\$500
\$500	\$500
\$1,000	\$1,000

Out-Of-Pocket (OOP) Maximum

	Pre-09	Post-09	Pre-09	Post-09	Pre-09	Post-09
In-Network Individual		\$4,000	\$3,000		\$1,200	
In-Network Family		\$8,000	\$6,000		\$2,400	
Out-of Network Individual		\$8,000	\$6,000		\$2,400	
Out-of Network Family		\$16,000	\$12,000		\$4,800	

\$600	\$500
\$1,500	\$1,500
\$1,200	\$1,000
\$3,000	\$3,000

Employee Premiums

	Pre-09	Post-09	Pre-09	Post-09	Pre-09	Post-09
Employee Only	\$0	\$0	\$40	\$83	\$214	\$299
Employee + Child	\$16	\$32	\$105	\$194	\$437	\$587
Employee + Spouse	\$46	\$92	\$196	\$308	\$597	\$768
Employee + Family	\$65	\$130	\$265	\$414	\$817	\$1,065

\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$0

Peer City Comparison – Health Benefits Austin

	HMO	PPO
<u>Medical</u>		
Deductible		
In-Network Individual	N/A	\$500
In-Network Family	N/A	\$1,500
Out-of Network Individual	N/A	\$1,500
Out-of Network Family	N/A	\$4,500
Out-Of-Pocket (OOP) Maximum		
In-Network Individual	\$3,500	\$3,000
In-Network Family	\$7,000	\$6,000
Out-of Network Individual	N/A	\$12,000
Out-of Network Family	N/A	\$24,000
Co-Pays (Network-Out Network)		
Primary Care Physician Copay	\$25-N/A	\$25-40% aft Ded
Specialist	\$45-N/A	\$35-40% aft Ded
Urgent Care	\$45- N/A	\$35-40% aft Ded
Premiums		
Employee Only	\$10.00	\$0
Employee + Child(ren)	\$221.20	\$211.20
Employee + Spouse	\$296.68	\$286.68
Employee + Family	\$491.32	\$481.32



Peer City Comparison – Health Benefits Dallas

Medical

Deductible

In-Network Individual

\$3,000

\$2,500

In-Network Family

\$9,000

\$5,000

Out-of Network Individual

In-Network Only

In-Network Only

Out-of Network Family

In-Network Only

In-Network Only

Out-Of-Pocket (OOP) Maximum

In-Network Individual

\$7,500

\$6,000

In-Network Family

\$15,000

\$12,000

Out-of Network Individual

In-Network Only

In-Network Only

Out-of Network Family

In-Network Only

In-Network Only

Co-Pays

Primary Care Physician Copay

30%

25%

Specialist

30% after Ded

25% after Ded

Urgent Care

30% after Ded

25% after Ded

Premiums

Employee Only

\$54.00

\$90.00

Employee + Child(ren)

\$129.00

\$236.00

Employee + Spouse

\$361.00

\$458.00

Employee + Family

\$469.00

\$583.00



Peer City Comparison – Health Benefits

Bexar County

	Base PPO		Premium PPO		EPO	
<u>Medical</u>						
Deductible						
In-Network Individual	\$1,200		\$600		None	
In-Network Family	\$2,200		\$1,000		None	
Out-of Network Individual	\$2,000		\$600		None	
Out-of Network Family	\$4,000		\$1,200		None	
Out-Of-Pocket (OOP) Maximum						
In-Network Individual	\$4,200		\$1,800		None	
In-Network Family	\$8,200		\$3,400		None	
Out-of Network Individual	\$6,000		\$3,000		None	
Out-of Network Family	\$12,000		\$6,000		None	
Co-Pays						
Primary Care Physician Copay	\$35		\$25		\$20	
Specialist	\$40		\$40		\$20	
Urgent Care	80% after Ded		80% after Ded		\$75	
Premiums						
	<u>Civilian</u>	<u>Deputy Sheriff</u>	<u>Civilian</u>	<u>Deputy Sheriff</u>	<u>Civilian</u>	<u>Deputy Sheriff</u>
Employee Only	\$62.64	\$43.42	\$85.26	\$59.64	\$206.30	\$146.82
Employee + Child(ren)	\$125.25	\$86.82	\$170.52	\$119.26	\$412.58	\$293.62
Employee + Spouse						
Employee + Family	\$203.47	\$141.10	\$277.10	\$193.80	\$670.42	\$477.10

Civilian Healthcare Premiums

HEALTH PLAN / Tier	Hired Before Jan. 1, 2009		Hired After Jan. 1, 2009	
	Current	Proposed	Current	Proposed
CONSUMER CHOICE				
Employee Only	\$5	\$0	\$6	\$0
Employee + Children/EE+1	\$9	\$16	\$42	\$32
Employee + Spouse	\$36	\$46	\$96	\$92
Family/Employee +2	\$46	\$65	\$125	\$130
VALUE TO NEW VALUE				
Employee Only	\$7	\$40	\$12	\$83
Employee + Children/EE+1	\$18	\$105	\$83	\$194
Employee + Spouse	\$72	\$196	\$192	\$308
Family/Employee +2	\$92	\$265	\$250	\$414
STANDARD TO NEW VALUE				
Employee Only	\$38	\$40	\$79	\$83
Employee + Children/EE+1	\$100	\$105	\$199	\$194
Employee + Spouse	\$171	\$196	\$331	\$308
Family/Employee +2	\$233	\$265	\$449	\$414
PREMIER				
Employee Only	\$200	\$214	\$266	\$299
Employee + Children/EE+1	\$390	\$437	\$536	\$587
Employee + Spouse	\$530	\$597	\$712	\$768
Family/Employee +2	\$721	\$817	\$980	\$1,065

Retiree Benefits

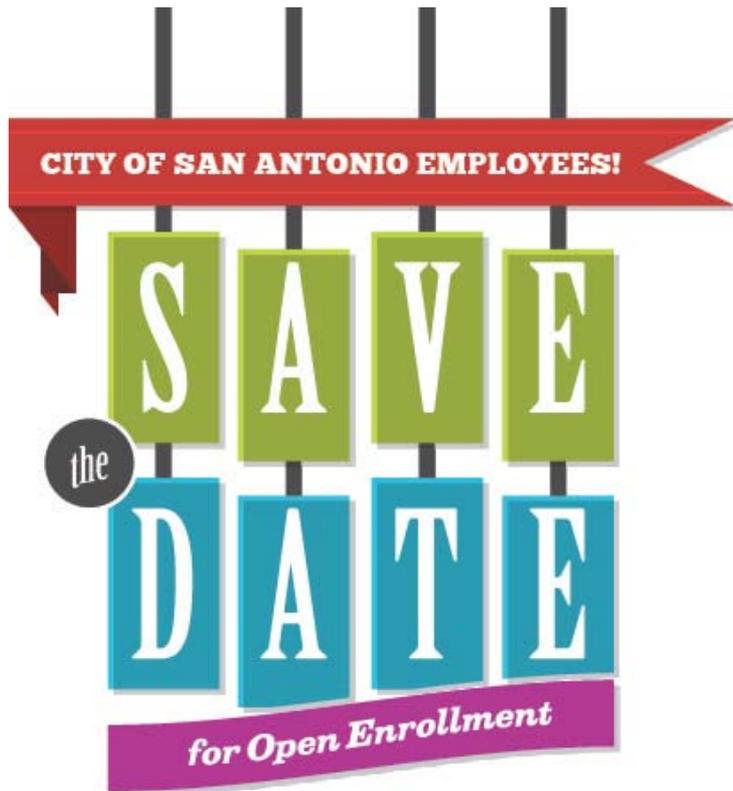
- 1.2% Ad hoc COLA
 - Maximum allowable by Texas Municipal Retirement System
- Health-Care Plan Options
 - Approximately 1,300 participate in two Medicare eligible plans
 - Premium decreases for both HMO and PPO plans
 - Approximately 400 participate in three Non-Medicare eligible plans
 - Same plan options as active Civilian employees
 - Premium based on years of service
- For employees hired before October 2007 aggregate cost sharing goal of 67% City and 33% Retiree as established by City Ordinance
 - Post October 2007 cost sharing
 - 0-5 Years of Service: No access to plan
 - 5-9 Years of Service: 0% City, 100% Retiree
 - 10+ Years of Service: 50% City, 50% Retiree



Retiree Healthcare Premiums

HEALTH PLAN / Tier	Retirees (30+ Years)	
	Current	Proposed
CONSUMER CHOICE		
Employee Only	\$204	\$175
Employee +1	\$382	\$350
Employee +2	\$533	\$500
VALUE TO NEW VALUE		
Employee Only	\$235	\$237
Employee +1	\$439	\$448
Employee +2	\$612	\$621
STANDARD TO NEW VALUE		
Employee Only	\$287	\$237
Employee +1	\$568	\$448
Employee +2	\$777	\$621
PREMIER		
Employee Only	\$415	\$464
Employee +1	\$814	\$910
Employee +2	\$1,066	\$1,219

Open Enrollment



- October 14 – November 8
- Civilians and Retirees highly encouraged to review enrollment options
- Educational sessions to be held prior and during the enrollment period

FY 2014 Proposed Budget



Employee Wellness Program

Employee Wellness

- Increased participation in Employee Wellness initiatives
 - To-date employees have taken over *3 billion steps* in Virgin HealthMiles program



Employee Wellness Initiative	Engagement
Virgin HealthMiles	3,400 (55% of Civilian Employees)
City Manager's 5K	2,100 (Employees & Public)
Chicago Challenge Components	3,218 (42% of Civilian Employees)
A) Wellness Screening AND	A) 1,371
B1) Health Assessment OR	B1) 2,210
B2) Preventative Exam	B2) 3,491

Chicago Wellness Challenge

- Funded by a grant award from the American Beverage Association



- Time Period: January 1, 2012 – September 30, 2013
- Proceeds must be used to fund wellness projects designed to encourage a healthier workforce and reduce healthcare costs
 - The City to introduce a “Healthier Me” employee weight loss competition in 2014 (modeled after HEB program)

City Participant	Start-up Funds (2013)	Award Amount (2014)	Total
1 st Place	\$500,000	\$2,500,000	\$3,000,000
2 nd Place	\$500,000	\$1,500,000	\$2,000,000

Employee Wellness

- Continues efforts that target **Obesity**, the highest medical claims cost driver
 - In 2012, Obesity-related preventative illnesses accounted for 85% of all civilian medical claims costs
 - High Blood Pressure/Hypertension (\$12.7M)
 - Diabetes (\$9.0M)
 - Back Pain (\$7.6M)



Employee Wellness

Initiatives promote a healthy culture & lifestyle

Virgin HealthMiles	On-site Health Coaching	Wellness Screenings
City Manager's 5K	Tobacco Cessation	Online Health Assessments
Chicago Wellness Challenge	Lunch & Learns	Weight Watcher at Work
Employee Assistance Program	Wellness Ambassadors	On-site Health Stations



FY 2014 Proposed Budget



Employee Compensation

Civilian Compensation History

Fiscal Year	COLA	Average Step Increase	Performance Pay
2014 Proposed	–	3%	3%
2013	2%	5.2%	–
2012	2.42%	5.6%	3%
2011	2%	9.9%	\$500 One time
2010	–	11.0%	–
2009	3%	8.5%	2%
2008	2.21%	6.8%	2%

Employee Compensation Principals

- Historically City of San Antonio civilian wages below market rate and benefit package exceeded industry trends
- In last 7 years, wages increased to be consistent with market competitive rates
 - Benefits adjusted to increase employees' share in cost and align with industry trends



Civilian Step Pay Plan

- Six year program finished implementation in FY 2013
 - Total implementation cost: \$62.7 Million



Employee Compensation Summary

- \$24.7 Million for Employee Compensation Increases
 - \$17.9 Million for Police and Fire Collective Bargaining increases
 - \$6.8 Million for Civilian & Retiree Compensation increases
 - \$3.0 Million in salary adjustments to civilian Step Pay Plan employees
 - \$3.4 Million in Performance Pay for Professional and Executive Civilian Employees
 - \$400,000 in Cost of Living Adjustment to Civilian Retiree Annuities

Civilian Step Pay Plan

- FY 2014 continues ongoing maintenance for 4,079 employees
 - 2,796 employees will receive an average 3% step increase
 - 1,283 employees at Step 10 will receive \$300 one-time payment
- January 1 introduced as “common date” for future step increases
 - Implementation Plan (based on current date of rank)
 - October – December 2013: Step increase on anniversary
 - January – September 2014: Step increase on January 1, 2014
 - Future step increases will occur on January 1 and beginning in 2015 be performance based



Civilian Performance Pay

- Nearly 1,900 Professionals, Managers and 100 Executives eligible to receive salary increases based on their performance evaluation
 - Increases to be effective January 1
- Budget allocates \$3.4M - equivalent of 3% of salaries for performance pay



City of San Antonio, Texas



FY 2014 Proposed Budget Worksession Human Resources & Employee Total Compensation

August 21, 2013