

HEALTHCARE & RETIREMENT BENEFITS TASK FORCE
MEETING AGENDA*
MONDAY, DECEMBER 16, 2013
2:00 P.M. TO 5:00 P.M.
MEETING ROOM B, MUNICIPAL PLAZA

A MEETING OF THE HEALTHCARE & RETIREMENT BENEFITS TASK FORCE WILL BE HELD AT MUNICIPAL PLAZA, PLAZA ROOM B, SAN ANTONIO, TEXAS 78205 ON MONDAY, DECEMBER 16, 2013 AT 2 P.M., TO CONSIDER THE FOLLOWING MATTERS:

*-*Agenda Subject to Change -*

Item 1: Responses to questions raised at the December 9 meeting

- A) Maria Villagómez, Budget Director. (15 minutes)
Mary Elizabeth Reddings, FSA, Bartel and Associates
- B) Tiffany Parker, MHBT Incorporated. (15 minutes)
- C) Explanation of e-mail sent to Task Force on December 12. (10 minutes)
Warren Schott, Executive Director of Fire and Police Pension Fund

Item 2: Review Attachments to Correspondence provided to Task Force on December 6

- A) Attachment I - MHBT, Incorporated. (1 hour)
Tiffany Parker, Vice President, Employee Benefits Consultant
- B) Attachment II - Bartel and Associates. (50 minutes)
Mary Elizabeth Redding, FSA, Assistant Vice President
- C) Attachment III - City Staff (30 minutes)

DISABILITY ACCESS STATEMENT

This meeting is accessible to disabled persons. City Hall and Municipal Plaza are wheelchair accessible. The accessible entrance for City Hall is located at 100 Military Plaza. Accessible parking is also located at City Hall, 100 Military Plaza. To arrange for special assistance to attend this meeting, please call the Disability Access Office at 207-7243. Requests for interpreter for the hearing impaired must be received at least 48 hours prior to the meeting by calling 207-7245 V/TTY for assistance.

Item 1 A:

Public Safety Cost components from FY 2003 to FY 2014

Maria Villagómez, Budget Director (15 minutes)

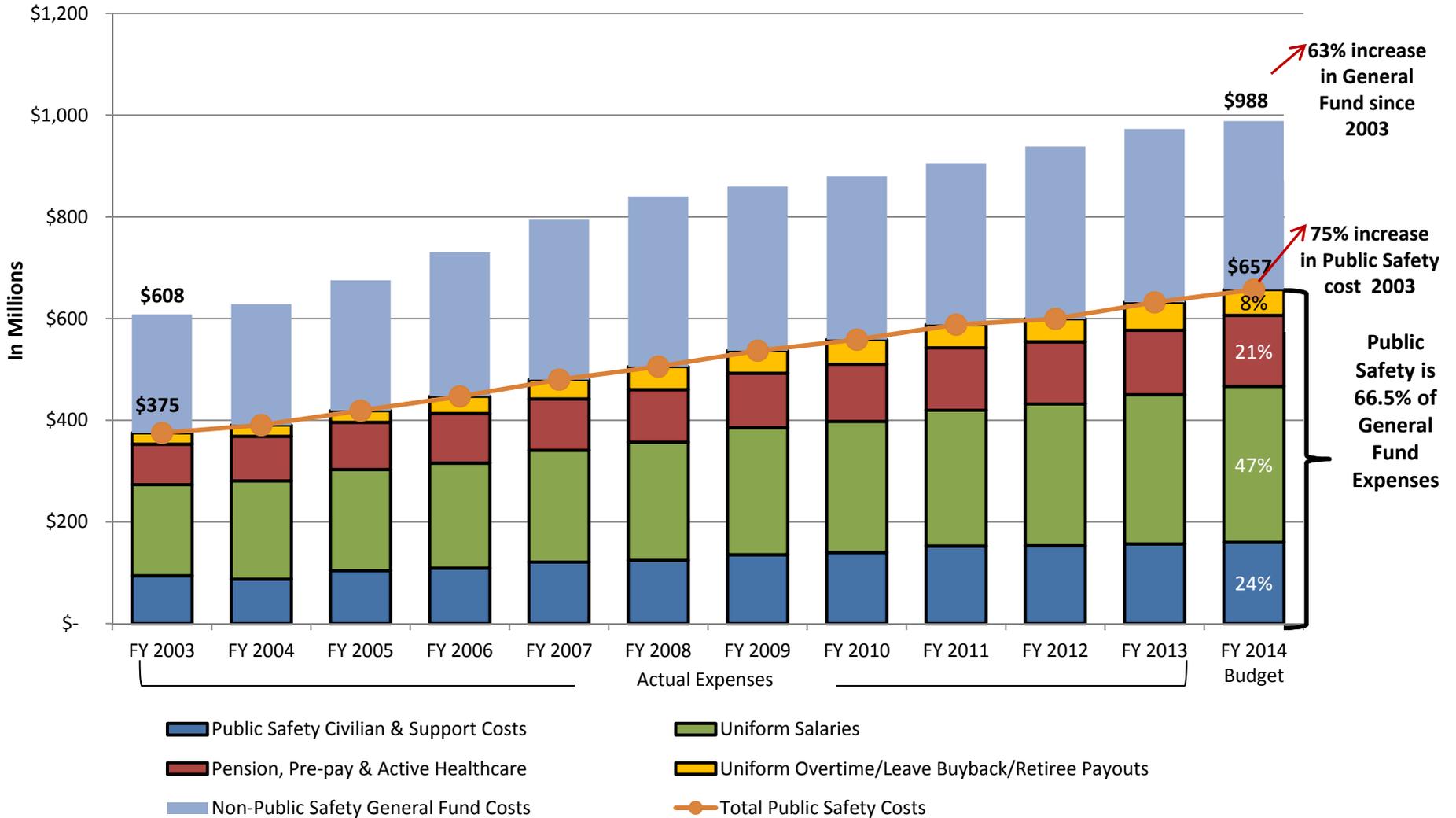
Clarification on Uniform and Pension and Pre-Paid Healthcare components of Public Safety Cost

Mary Elizabeth Reddings, FSA, Bartel and Associates

Clarification on question from Warren Schott regarding Compounded Annual Growth Rate Calculation

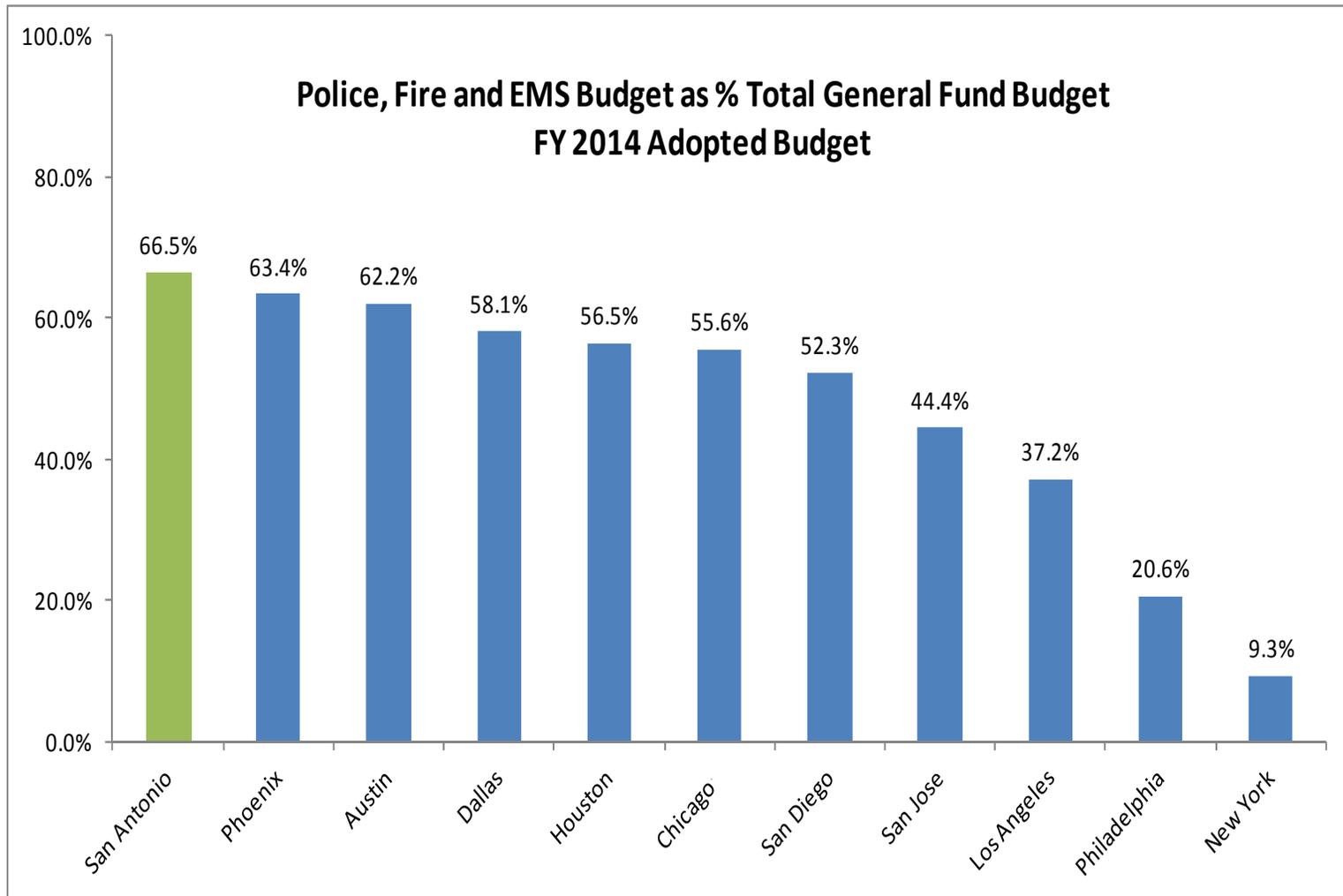
General Fund Police and Fire Cost from FY 2003 to FY 2014 (\$ in Millions)

Item 1 A - Page 1



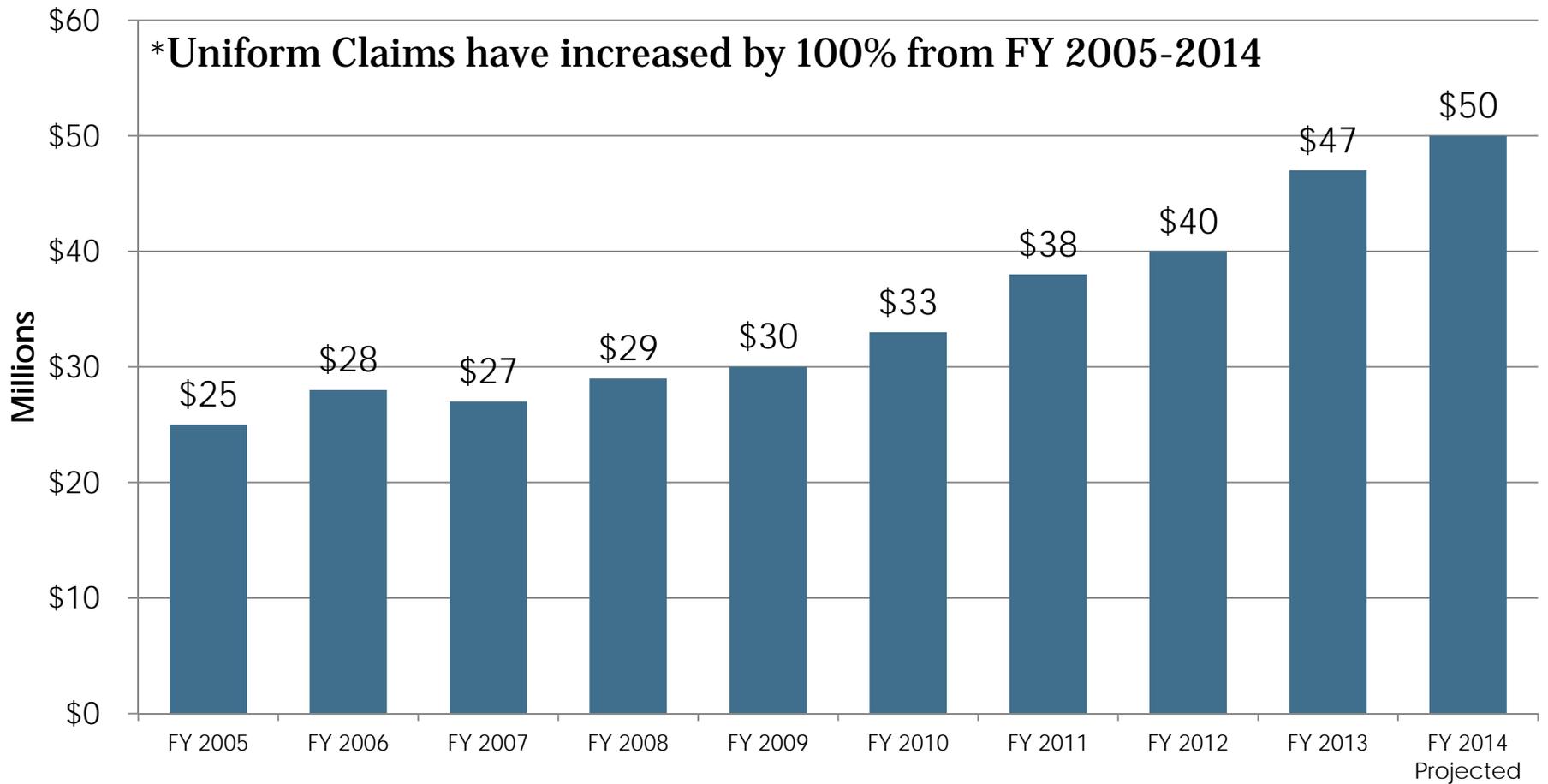
Civilian positions within Police and Fire are included in the Public Safety Civilian & Support Costs

Police and Fire/EMS Budget as a % of Total General Fund Budget

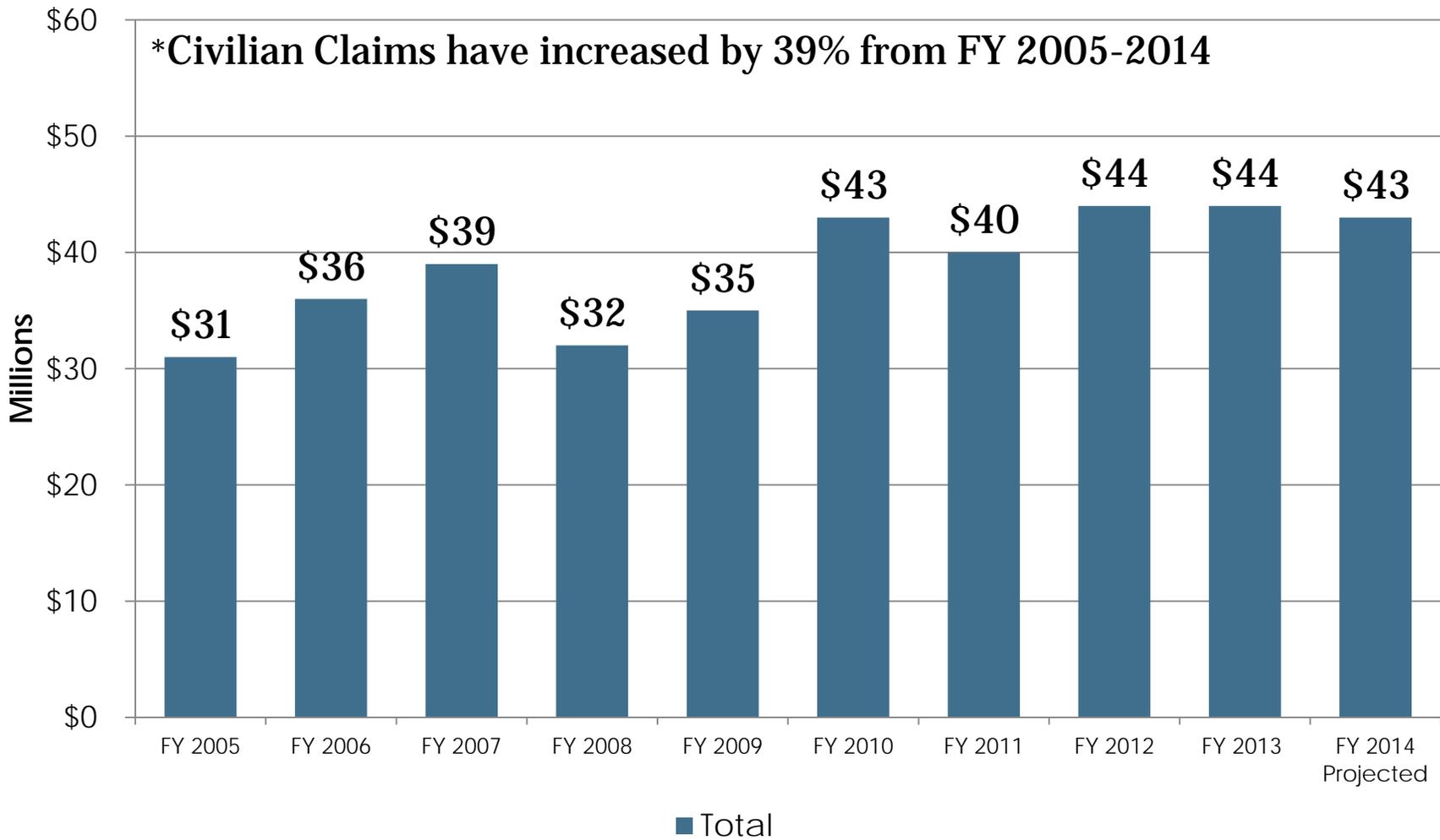


Source: FY 2014 Adopted Budget Documents for Cities

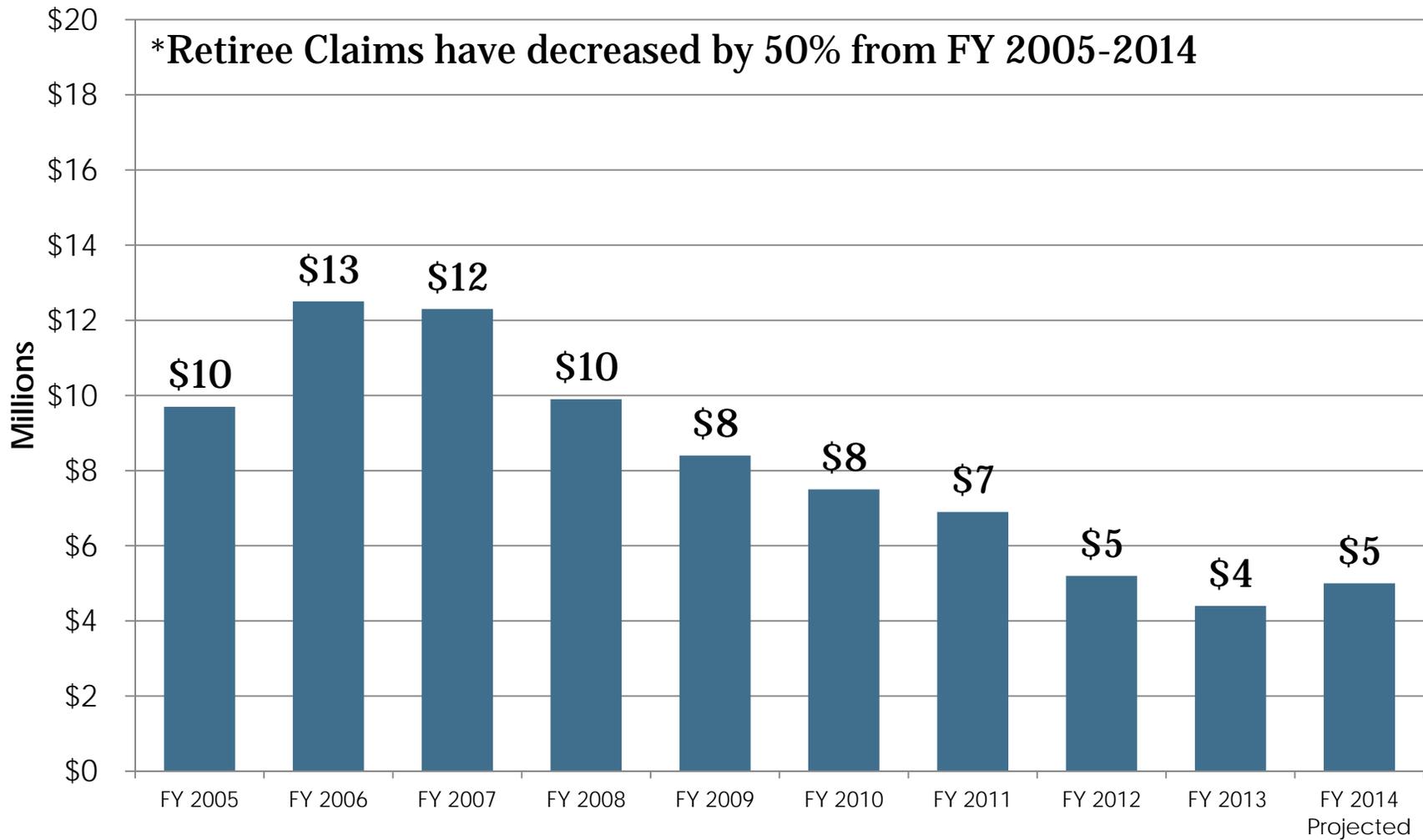
Uniform (Police & Fire) Health Claims Cost History (Active Only)



Civilian Claims History (Active Only)



Civilian Retiree Claims History



**CITY OF SAN ANTONIO
OFFICE OF MANAGEMENT & BUDGET**

TO: Healthcare & Retirement Benefits Task Force Members
FROM: María Villagómez, Director, Office of Management & Budget
COPY: Healthcare & Retirement Benefits Task Force Members
DATE: December 16, 2013
SUBJECT: RESPONSES TO SAN ANTONIO FIRE & POLICE PENSION PRESENTATIONS



In the December 9, 2013 meeting of the Healthcare & Retirement Benefits Task Force, the San Antonio Fire and Police Pension Fund provided a presentation and a handout was provided by Task Force member Jerry Clancy. This memo provides additional context to better understand the information provided.

Budgeting & Forecasting

(San Antonio Fire and Police Pension Fund presentation slides 14 and 15)

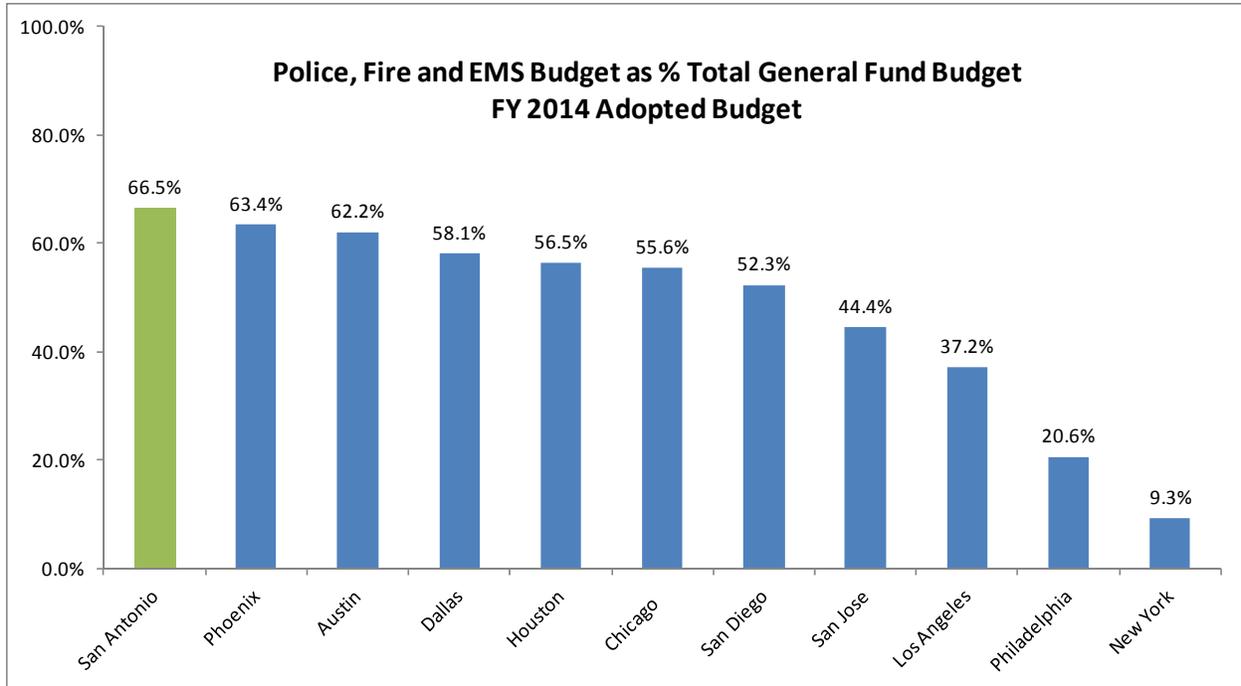
Presentation slides 14 and 15 of the San Antonio Fire and Police Pension Fund presentation highlight the City's methodology to forecasting. Since FY 2007, revenue predictions have been, on average, within 4% of actual revenues. For expenditures, actual expenditures were on average within 2% of budget expenditures. Projections are built with a level of conservatism to ensure legal requirements and to maintain a balanced budget. Any revenues received above projections or savings in spending are used to balance next year's budget and to maintain strong financial reserves.

Public Safety as a Percent of the General Fund

(San Antonio Fire and Police Pension Fund presentation slide 16)

The information presented by the San Antonio Fire and Police Pension Fund on Slide 16 shows Public Safety as a percent of General Fund utilizing Comprehensive Annual Financial Reports (CAFRs) from other cities. Expenses included in CAFR documents may be categorized differently by each City. The Office of Innovation conducted a survey and the chart below provides Police, Fire and EMS expenditures as a percentage of the total of the General Fund Budget for other cities in FY 2014.

**Responses to San Antonio Fire & Police Pension Presentations
December 11, 2013**



Source: FY 2014 Adopted Budget

City Contributions to Pension and Pre-Paid Retiree Healthcare

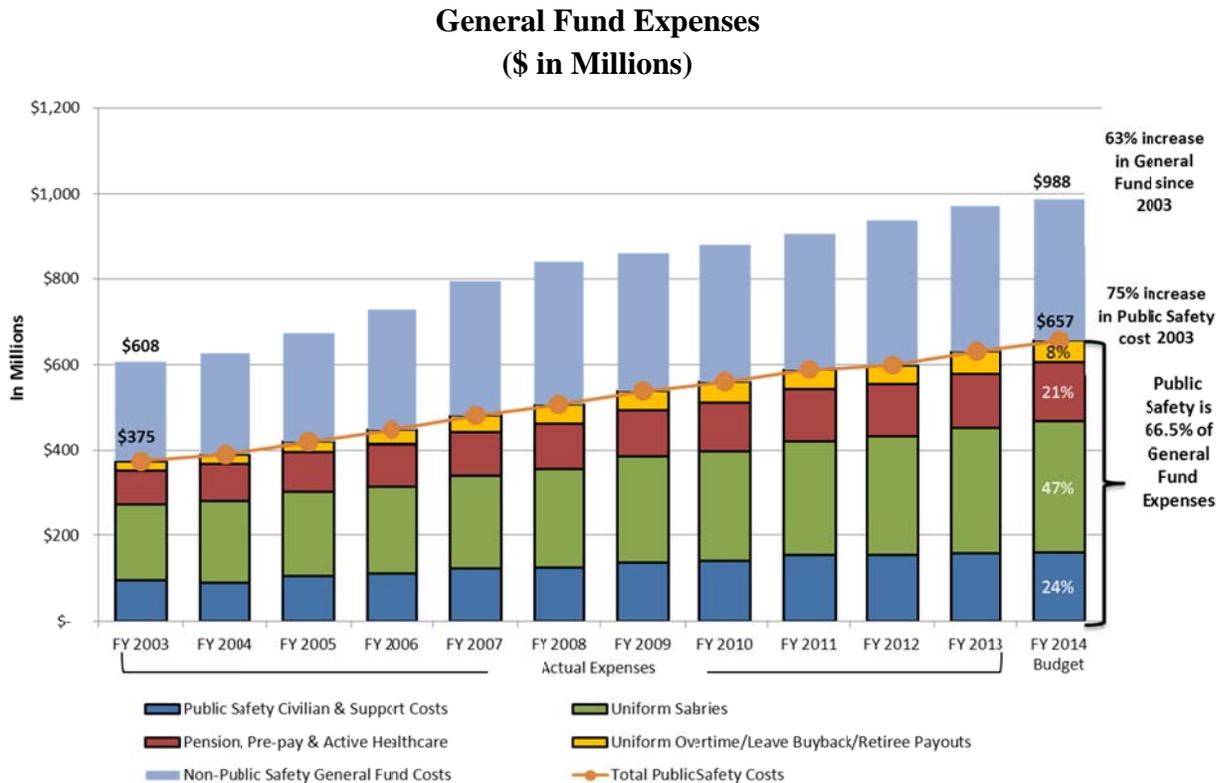
(San Antonio Fire and Police Pension Fund presentation slides 17, 18 and 19)

Slide 19 shows the City contributions to Pension and Pre-paid Retiree Healthcare as a percentage of general fund revenues. The City's contribution to the Fire and Police Pension fund and Pre-paid retiree healthcare is 24.64% and 9.4% of salaries respectively. As salaries go up the percentage of contribution remains the same, however the dollar amount contributed increases.

Since 2003 General Fund expenses have increased from \$608 million to \$988 million in FY 2014; this represents a growth of \$380 million or 63%. During the same period of time, the cost of providing Police and Fire services has increased by \$282 million or 75%.

**Responses to San Antonio Fire & Police Pension Presentations
December 11, 2013**

The chart below shows the growth of the general fund budget as well as key components within the public safety budget:



- General Fund increased 63%
- Public Safety increased 75%
- Uniform Overtime/Leave Buyback/Retiree Payouts increased 128%
- Uniform Pension, Pre-Paid & Active Healthcare increased 75%
- Uniform Salaries increased 71%
- Public Safety Civilian & Support increased 70%

Notes:

- **Public Safety Civilian & Support Costs** includes Equipment cost, utilities, facilities cost, IT support, commodities and the civilian salaries and benefits that support the Police and Fire Departments
- **Uniform Salaries** includes wages and supplemental pays
- **Pension, Prepay and Active Healthcare** includes the City's contribution to uniform pension, uniform retiree pre-paid healthcare, and uniform active healthcare
- **Uniform overtime, leave buyback and retiree** payouts includes overtime expense, the cost of the city to buyback vacation leave, retiree payouts, clothing allowance, and tuition reimbursement
- **Non-Public Safety General Fund Cost** includes the total cost of departments such as Public Works, Parks, Library, Code Enforcement, Human Services, Health, Animal Care, Downtown Operations and the administration of the City. The FY 2014 Budget for this category is \$331 million, of this amount about \$150 million is civilian salaries, benefits and other personnel cost.

**Responses to San Antonio Fire & Police Pension Presentations
December 11, 2013**

The largest cost driver of the Public safety budget is personnel cost. The growth in salaries is tied to collective bargaining agreements (CBA). In contrast, wages for civilian employees are tied to the City’s overall financial health and are approved by City Council each year as part of the budget process. Actual and projected revenue growth is a critical component that is taken into account when discussing annual wage increases for civilians. The table included as Attachment I shows the percentage increases budgeted since FY 2003 years for police, fire and civilian employees.

Cadet Classes, Recruiting and Vacancies

(Task Force Member Jerry Clancy’s handout slides 2, 5, 6 and 7)

As part of the annual budget process, the Budget Office meets with the Police and Fire Departments to prepare the uniform and civilian personnel budgets for the upcoming year. This process involves budgeting for academy classes, projecting retirements and budgeting for the estimated police and fire uniform and civilian personnel cost. Based on this information the final personnel budget is developed.

The table below shows the Adopted Budget for the Fire and Police Personnel budgets and the actual spent for those years.

Police Department Percentage of Personnel Budget Spent Salaries & Benefits					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Adopted Budget	\$269.8	\$276.5	\$291.5	\$300.6	\$317.1
Actual	\$268.7	\$276.6	\$290.8	\$300.8	\$321.8
% Spent	99.6%	100.0%	99.8%	100.1%	101.5%

Fire Department Percentage of Personnel Budget Spent Salaries & Benefits					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Adopted Budget	\$181.9	\$185.9	\$193.3	\$200.9	\$210.8
Actual	\$179.9	\$186.5	\$195.8	\$199.7	\$213.9
% Spent	98.9%	100.3%	101.3%	99.4%	101.5%

For the past five fiscal years the Police and Fire Departments actual salaries and benefits expenses have been between 1.1% below budget to 1.5% above budget.

Attachment I (Page 1 of 2)

Police Uniform Employees								
Fiscal Year	Wage Increases	+	Step Increases ¹	+	Longevity Increases ²	Total Range		
2003	3% March	+	2-3%	+	3% for each 5 yrs. of service	3% up to 9%		
2004	3%		2-3%		3% for each 5 yrs. of service	3% up to 9%		
2005	3%		2-3%		3% for each 5 yrs. of service	3% up to 9%		
2006	4%		2-3%		3% for each 5 yrs. of service	4% up to 10%		
2007	3% October 2% May		2-3%		3% for each 5 yrs. of service	5% up to 11%		
2008	3% October 2% May		2-3%		3% for each 5 yrs. of service	5% up to 11%		
2009	4%		2-3%		3% for each 5 yrs. of service	4% up to 10%		
2010	0%		2%		3% for each 5 yrs. of service	0% up to 5%		
2011	2.0%		2%		3% for each 5 yrs. of service	2% up to 7%		
2012	3.0%		2%		3% for each 5 yrs. of service	3% up to 8%		
2013	3.0%		2%		3% for each 5 yrs. of service	3% up to 8%		
2014	3.0%		2%		3% for each 5 yrs. of service	3% up to 8%		
Fire Uniform Employees								
Fiscal Year	Wage Increases		+		Step Increases ¹	+	Longevity Increases ²	Total Range
2003	3%	+	2-3%	+	3% for each 5 yrs. of service	3% up to 9%		
2004	3%		2-3%		3% for each 5 yrs. of service	3% up to 9%		
2005	3%		2-3%		3% for each 5 yrs. of service	3% up to 9%		
2006	2.5%		2-3%		3% for each 5 yrs. of service	2.5% up to 8.5%		
2007	2.9%		2-3%		3% for each 5 yrs. of service	2.9% up to 8.9%		
2008	5%		2-3%		3% for each 5 yrs. of service	5% up to 11%		
2009	5%		2-3%		3% for each 5 yrs. of service	5% up to 11%		
2010	0%		2-3%		3% for each 5 yrs. of service	0% up to 6%		
2011	2.0%		2-3%		3% for each 5 yrs. of service	2% up to 8%		
2012	2.2%		2-3%		3% for each 5 yrs. of service	2.2% up to 8.2%		
2013	3.4%		2-3%		3% for each 5 yrs. of service	3.4% up to 9.4%		
2014	3.4%		2-3%		3% for each 5 yrs. of service	3.4% up to 9.4%		

¹Dependent on rank. Firefighters moving from Step A to Step B receive an 11% step increase

²Capped at 18% for more than 30 yrs. of service

Attachment I (Page 2 of 2)

Cost of Living Increases for Civilian Employees and Performance Pay

Civilian Employees		
Fiscal Year	Cost of Living Increases	Performance Pay (Average)
FY 2003	0%	0%
FY 2004	3%	0%
FY 2005	2 to 3%	3.2%
FY 2006	3 to 4.5%	0%
FY 2007	2%	3%
FY 2008	2.21%	2%
FY 2009	3%	2%
FY 2010	0%	0%
FY 2011	2%	\$500 one time
FY 2012	2.42%	3%
FY 2013	2%	0%
FY 2014	0%	3%

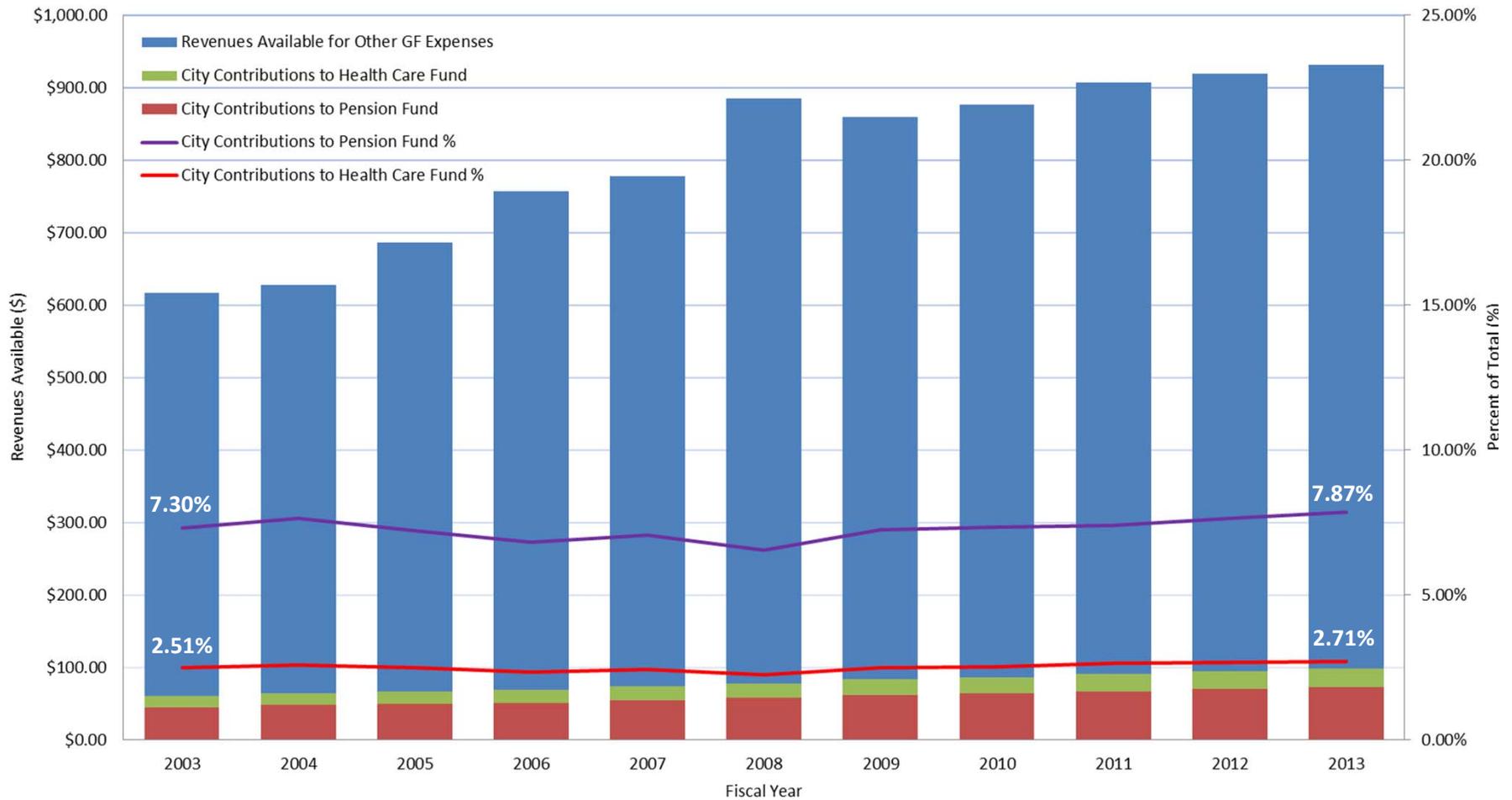
Civilian Pay Plan In FY 2008, the City began the implementation of the Pay Plan and completed it in FY 2013. Civilian, non-managerial, non-professional employees are eligible for the Step Pay Plan. Approximately two-thirds of Civilian, Full-Time employees are eligible for the Step Pay Plan.

The below table shows the step increases related to the Pay Plan:

Year	1	2	3	4	5	6	7	8	9	10
Step Increase	4%	4%	4%	4%	3%	3%	3%	2%	2%	2%

Contributions Relative To General Fund Expenses (In Millions)

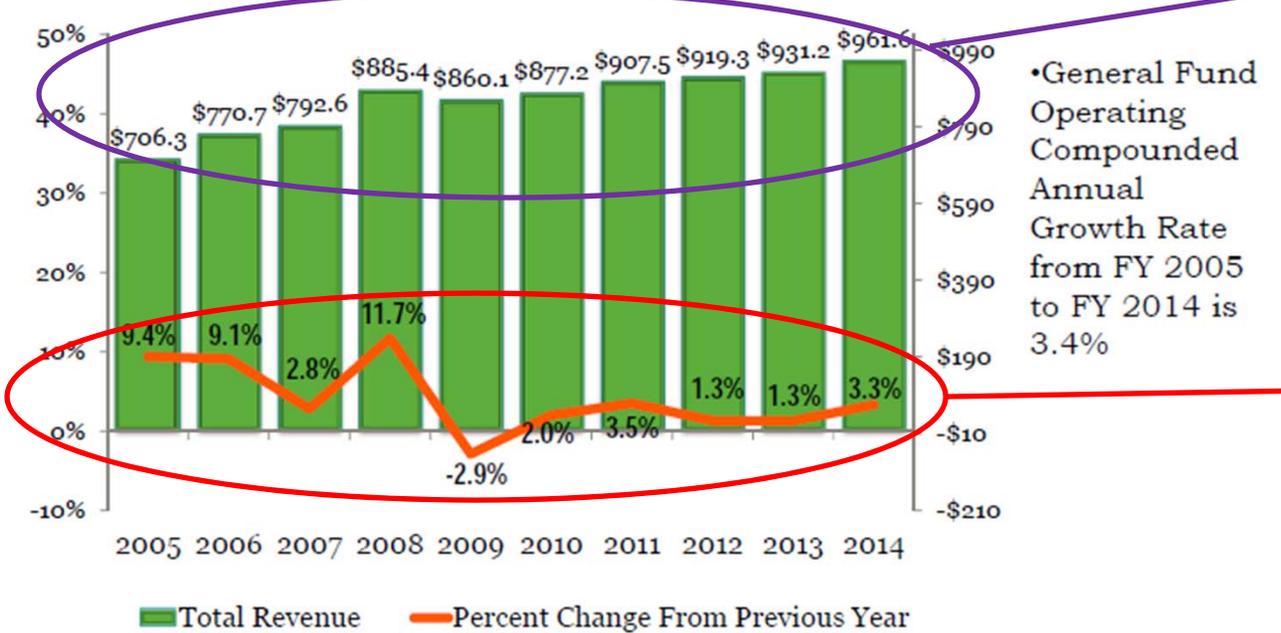
Item 1 A - Page 12



Sources: Revenues and Transfers (Total) - Reported actual amounts from COSA's budget documents; Contributions to Health Care Fund - Health Care Fund's financial statements; Contributions to Pension Fund - Pension Fund's financial statements

Compound Annual Growth Rate Calculation

General Fund Operating Revenues 10 year History - (\$ in Millions)



•General Fund Operating Compounded Annual Growth Rate from FY 2005 to FY 2014 is 3.4%

Calculated over the 10 years of revenue, 2005 through 2014* = 3.49%*

Calculated over the 10 years of change in revenues, 2005** through 2014 = 4.06%

**2005 = change from 2004 revenue

* Final budget \$961.6 => 3.49%
Less: One time revenue from sale=>\$957 =>3.43%

Item 1 B:

Healthcare Cost Comparison for active employee not including pay as you go retirees

Tiffany Parker, MHBT Incorporated (15 minutes)

Peer City Comparison - City Costs

Uniform Employees

FY 2013	Per Uniform Active Position cost to provide Healthcare	Per Uniform Active Position cost to provide Healthcare with Retirees ¹
San Antonio	\$12,757	\$19,122
Houston ²	\$10,211	\$12,343
Fort Worth	\$7,859	\$10,954
Austin	\$10,546	\$13,788
Corpus Christi ³	Pending	\$9,319
El Paso	\$7,163	\$7,820
Dallas ⁴	Pending	\$3,575

¹All cities use a pay-as-you-go system for retirees, except San Antonio. San Antonio prepays the cost of retiree healthcare.

²Houston provided updated number after December 9, 2013 meeting

³Corpus Christi costs without retiree are pending

⁴Dallas costs without retiree are pending

Peer City Comparison - City Costs

Civilian Employees

FY 2013	Per Civilian Active Position Cost to Provide Healthcare	Civilian with Pay as you go Retiree Healthcare
San Antonio	\$6,598	\$7,048
Houston ¹	\$8,783	\$10,191
Fort Worth	\$7,859	\$10,954
Austin	\$9,961	\$12,006
Corpus Christi ²	Pending	\$4,480
El Paso	\$2,406	\$3,063
Dallas ³	Pending	\$3,575

¹Houston provided updated number after December 9, 2013 meeting

²Corpus Christi costs without retiree are pending

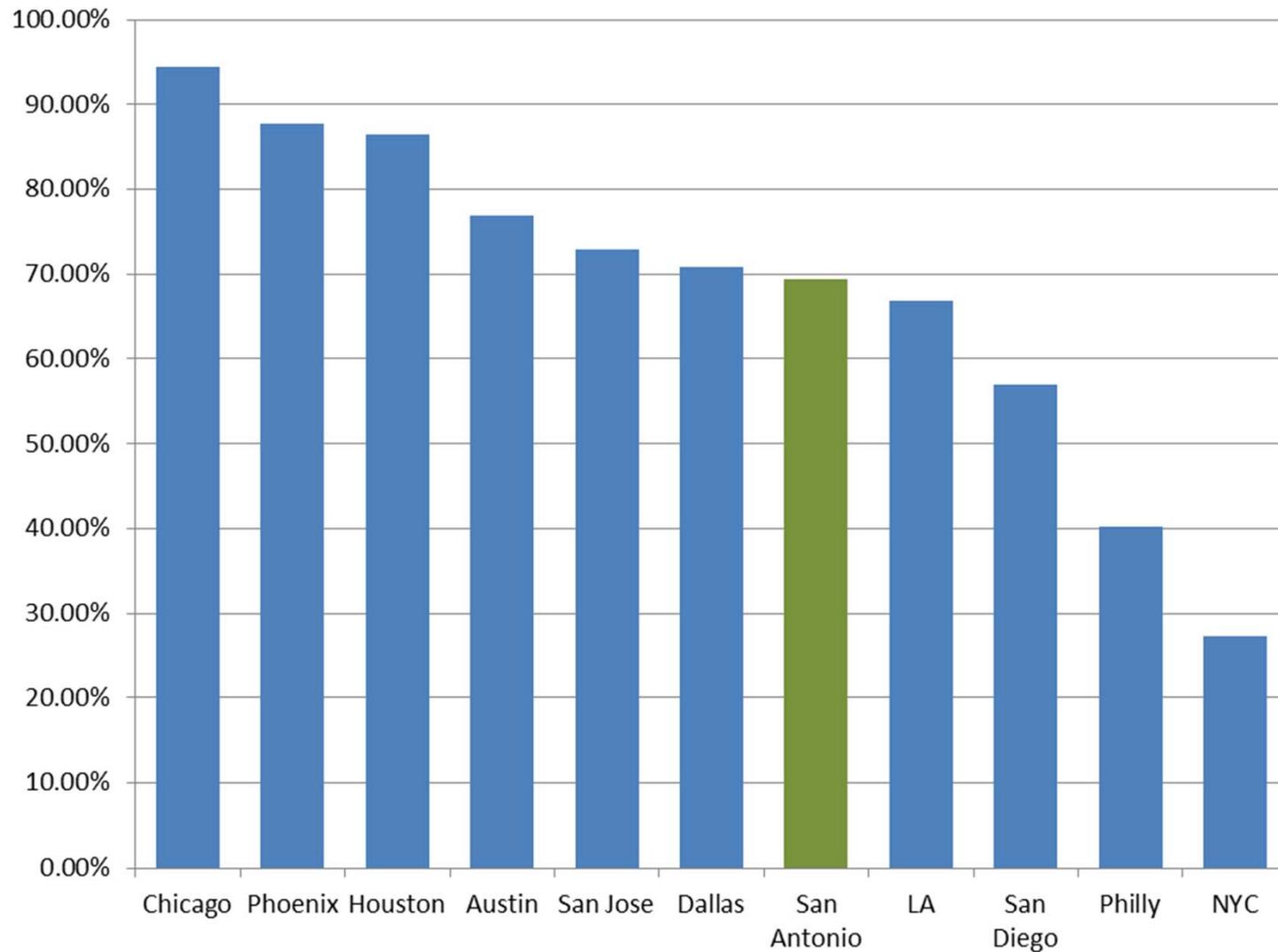
³Dallas costs without retiree are pending

Item 1 C:

**Explanation of e-mail sent to Task Force on
December 12 (10 minutes)**

**Warren Schott, Executive Director of Fire and Police
Pension Fund**

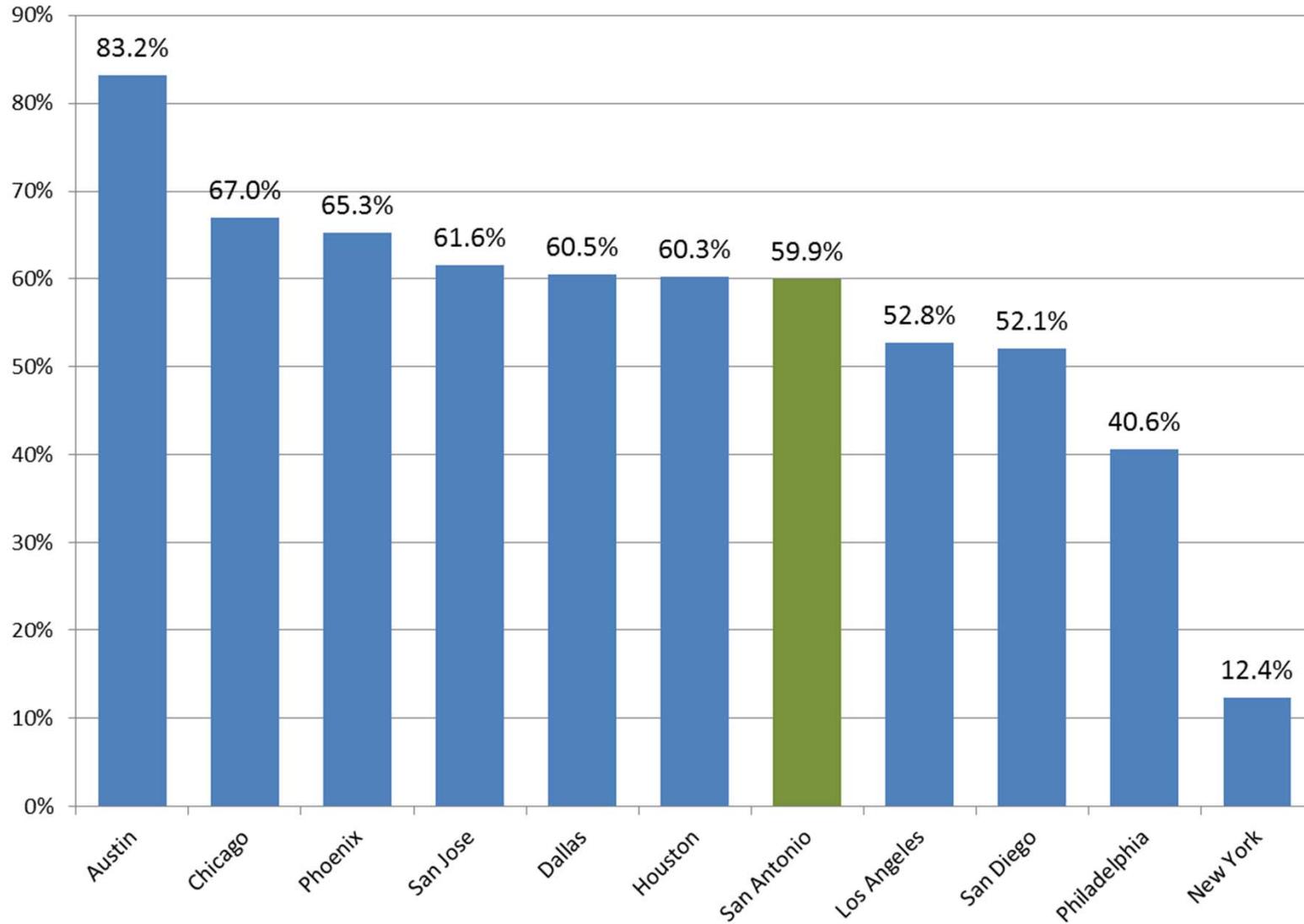
Public Safety As a Percent of General Fund



Item 1 C - Page 1

Sources: Comprehensive Annual Financial Reports for Cites Listed

General Fund Public Safety as a Percent of General Fund Revenues



Item 1 C - Page 2

Sources: Comprehensive Annual Financial Reports for Cities Listed

Item 2 A:

Attachment I - MHBT, Incorporated (1 hour)

**Tiffany Parker, Vice President, Employee Benefits
Consultant**



MCQUEARY | HENRY | BOWLES | TROY

Leaders in Employee Benefits Solutions



Response to Task Force Questions

Healthcare and Retirement Benefits Task Force

Executive Summary

While 2013 brought U.S. companies the lowest health care cost increases (3.3% according to a National AON Hewitt analysis) in more than a decade, the City of San Antonio continues to experience double digit increases. During Fiscal Year 2013 (10/1-9/30), the total covered medical expenses on a per employee per month basis (PEPM) increased by 10.1% over FY12. The Civilian population experienced a 1.8% increase, the Police a 31% increase, and the Fire a 9.8% increase. When comparing current FY2013 medical expenses on a PEPM basis, the Civilian population costs at \$433.16 are lower than all comparison groups, ranging from -40% (fire) to -11% (National Consumer Driven Health Plan average). While differences in local versus national costs may exist due to varying networks, geographic factors, characteristics of covered population and of course benefit designs, the comparisons within the City's own populations is largely driven by benefit differentials (Civilian employees have higher out of pocket costs than Uniform) and dependent ratios (Civilian population have fewer covered lives per employee).

Comparator	FY Medical only PEPM	Average Adequacy of Benefits (AOB)	Dependent to Employee Ratio
Civilian	\$433.16	81%	1.2
Fire	\$664.52	89%	2.3
Police	\$715.54	89%	2.3
National Consumer Driven Health Plan	\$486.10	77%	1.1
Uhc Local Market Average (Public & Private)	\$550.04	83%	1.1
Uhc National Average (Public & Private)	\$611.35	84%	1.2
Uhc TX Municipality Peer (Includes Civilian & Uniform; 17 TX Municipalities; 83K members/41K employees)	\$627.27	85%	1.1

**Adequacy of Benefits is the ratio of gross payments to covered expenses. This is an indication of overall plan richness and is useful when comparing the overall healthcare expense paid by the employer (deductibles, out of pockets and copays are included in the employee costs share percentage; does not include premium contributions).*

As we reviewed multiple years of membership changes and medical claims for the City of San Antonio a few observations were made; the total membership (employees plus dependents enrolled in the medical plan) increased 3.15% from January 2008 to September 30th, 2013. Civilian membership increased 0.20% and Uniform membership increased 12%. During this same time period, the total net paid medical expenses Per Member per Month increased 37.72%. While the Civilian population experienced yearly benefit design changes (highlighted in the attachment, Plan Design History) to help mitigate their overall trend, the Uniform plans did not experience any changes and thus realized a PMPM increase of 30% in comparison to the Civilian plans at 1.02% (1/08 to 9/13).

A few highlights from each population;

Civilian:

- Fiscal Year 2013 (10/1/12-9/30/13) Total Net Paid (Medical and Rx) expenses decreased (over same time period FY12) by 2%, reducing the City's overall healthcare spend by \$709K
 - Net Paid PEPM for this same time period decreased 3%; Medical decreased 3% and Pharmacy decreased 4%
 - Overall plan utilization increased 3% over prior period to 91% of members utilizing medical benefits

Uniform:

- Fiscal Year 2013 (10/1/12-9/30/13) Total Net Paid (Medical and Rx) expenses increased (over same time period FY12) by 16%, increasing the City's overall healthcare spend by \$6.2 Million.
 - Net Paid PEPM for this same time period also increased by 16%; Medical increased 21% and Pharmacy increased 4%
 - Overall plan utilization increased 6% over prior period to 90% of members utilizing medical benefits

In total, Uniform employees paid 9% of their total healthcare expense compared to Civilian employees who paid approximately 30% of their total healthcare expenses. . According to a 2013 National AON Hewitt Study, the average employee pays 43% of their total healthcare expenses.

ATTACHMENT I



To: Reed Williams, Healthcare & Retirement Benefits Task Force Chair
From: Tiffany Parker, Vice President, Employee Benefits Consultant, MHBT
Copy: Healthcare & Retirement Benefits Task Force Members
Date: December 5th, 2013
Subject: Responses to Questions Submitted by Task Force Members

Our firm has been retained to assist with the historical analysis of the City of San Antonio healthcare and retirement benefits and to offer our expertise to The Healthcare & Retirement Benefits Task Force. The following are our responses to several of the questions submitted by The Task Force.

Comparison City Questions

Question 4; Has a comprehensive peer analysis with regard to benefit/pension been performed? Can we see that? (Questions regarding pension will be answered in a separate document by Bartel & Associates)

We conducted a benchmark survey of healthcare cost per position, and additional benchmark data in provided on the attachment “Health & Welfare Benchmarks.”

Comparator	FY 2013 Medical ONLY PEPM (Per Employee per Month)	Average Adequacy of Benefits*
Civilian	\$433.16	81%
Fire	\$664.52	89%
Police	\$715.54	90%
National Consumer Driven Health Plan Average	\$486.10	77%
Local Market Average (Public and Private)	\$550.04	83%
National Average (Public and Private)	\$611.35	84%
TX Municipality Peer (Includes Civilian and Uniform) Includes 17 Municipalities in TX. (83K members/41K employees)	\$627.27	85%

** Adequacy of Benefits: The ratio of gross payments to covered expenses. An indication of overall benefit plan richness. The percent the City pays for the cost of healthcare as compared to the overall expense (Deductibles, Out of pockets and Copays are included in the employees cost share percentage; does not include premium contributions)*

Question 8; Has anyone from the City reached out to Dallas to determine what they are doing that results in our civilian costs being 2x theirs and our uniform costs being 5x their costs?

The City of Dallas has lower healthcare costs as they only offer three types of Consumer Driven Health Plans (CDHP), to both civilian and uniform employees. Consumer Driven Health Plans help change behavior and reduce costs when compared to traditional medical plans. The City of Dallas was able to drive changes via increased member cost sharing, in addition to reducing overall utilization through improved member decisions resulting in sustainable lower costs. Effective January 1st, 2013, The City of San Antonio offers civilian employees a Consumer Driven Health Plan as an option. While 2013 had only 409 civilians and 11 retirees enrolled in the City’s CDHP plan, initial enrollments for 2014 reflect 1,821 civilian and 26 retirees.

The table below summarizes the premiums, deductibles and out of pocket maximums for the City of Dallas as compared to the City of San Antonio ‘Employee Only’ and ‘Employee + Family’ healthcare plans.

		Dallas Uniform & Civilian			San Antonio Uniform		San Antonio Civilian		
		70/30 High CDHP*	70/30 Low CDHP*	75/25 CDHP	Fire	Police	CDHP	New Value	Premier
Employee Only	Premium	\$44	\$39	\$75	\$0	\$0			
	Pre-2009						\$0	\$40	\$214
	Post-2009						\$6	\$83	\$299
	Deductible	\$3,000	\$3,000	\$2,500	\$250	\$250	\$1,250	\$1,250	\$600
	Out-of-Pocket Max	\$6,350	\$6,350	\$3,650	\$500	\$600	\$4,000	\$3,000	\$2,200
Employee + Family	Premium	\$459	\$454	\$568	\$0	\$0			
	Pre-2009						\$65	\$265	\$817
	Post-2009						\$125	\$414	\$1,065
	Deductible	\$9,000	\$9,000	\$5,000	\$500	\$500	\$2,500	\$2,500	\$4,400
	Out-of-Pocket Max	\$12,700	\$12,700	\$12,700	\$1,500	\$1,500	\$8,000	\$6,000	\$4,400

** The main difference between Dallas’ 70/30 High CDHP and the 70/30 Low CDHP is the prescription coverage provided. The Dallas 70/30 High plan offers lower prescription out-of-pocket costs.*

ATTACHMENT I



Note: Combined Similar Questions 25 and 28

Question 25; Police and Fire do not pay any dependent cost coverage. How does this relate to other Texas cities? Is this consistent with other Texas Cities?

Question 28; How does the CoSA contributions to uniform and non-uniform benefits compare to other Texas cities?

San Antonio is the only major Texas City where uniform employees pay no healthcare premiums for dependents and families. Austin, Dallas, Fort Worth and Houston all have equal premiums, deductibles and Out-of-Pocket costs for Uniform and Civilian employees.

In addition to the chart below, please see attachment(s) Health & Welfare Benchmarks

FY 2013	Employee only Uniform premium	Family Uniform premium
San Antonio	\$0	\$0
Houston	\$58	\$345
Ft. Worth	\$77	\$598
Austin	\$5	\$486
Corpus Christi	\$0	\$252
El Paso	\$178	\$496
Dallas	\$53	\$494
TX 6 Cities Peer Average	\$62	\$445

Per employee cost to provide healthcare

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	\$ 13,788	\$ 12,006
Corpus Christi	\$ 9,319	\$ 4,480
El Paso	\$ 7,820	\$ 3,063
Dallas	\$ 3,575	\$ 3,575

*Pending confirmation from City of Houston.

Note: Combined questions 49 and 69

Question 49; Do any other cities provide current and retired employee Benefits to the level the City does?

Question 69; More comparisons with other cities, particularly regarding health & pension coverage provided for active and retiree uniform personnel & dependents, number of dependents covered for uniform vs. civilian (answered under question 22)

(Questions regarding pension will be answered in a separate document by Bartel & Associates)

As compared to the average City of San Antonio Civilian plan, the City of Austin and the City of Houston offer comparable benefit plans at monthly premiums either equal to or less than the average City of San Antonio Civilian employee only premium. However as compared to the Uniform plans, there are no comparable benefit offerings to Uniform employees within any of the Texas Peer Cities. The benefit plans offered an average \$852 Individual In-Network Deductible with an Out of Pocket Maximum of \$4,000 for a cost of \$208 monthly employee only. This compares to the City of San Antonio Uniform plan of \$0 premium, \$250 Deductible and \$500 Out of Pocket Max.

See chart below for additional average plan and premium detail.

2013 Average of Plans								
	CoSA Civilian	CoSA Uniform	Austin	Dallas	Ft. Worth	El Paso	Houston	Corpus Christi
Deductibles In-Network								
Individual	\$850	\$250	\$500	\$2,833	\$1,066	\$1,433	\$700	\$1,025
Family	\$1,700	\$500	\$3,000	\$7,667	\$2,633	\$3,083	\$1,433	\$2,450
Out of Pocket Max								
Individual	\$2,650	\$550	\$5,000	\$6,350	\$3,250	\$6,667	\$3,500	\$1,833
Family	\$5,300	\$1,500	\$10,000	\$12,700	\$5,708	\$6,000	\$7,000	\$5,416
Monthly Premiums								
Employee only	\$63	\$0	\$5	\$53	\$77	\$178	\$58	\$76
Family	\$273	\$0	\$486	\$494	\$598	\$496	\$345	\$280

Also please see attachment(s) Health & Welfare Benchmarks.

General Questions

Question 9; History of Civilian healthcare over past five years and under which plans is there an actual 80/20 or 70/30 split? My understanding is that it is an average.

See City of San Antonio Healthcare Plan Design History from 2008 to 2014 on page 12 of this Attachment. Information regarding 5 year history of employer/employee cost sharing is being compiled and will be provided next week. Below is the FY 2014 aggregate employer/employee Cost Ratio. Civilian Premium Cost Share is based on total plan contribution strategy and enrollment in plans. 2014 is a projection based on expected enrollment in plans.

City / Employee Premium Cost Share Split		
Year	Pre-09	Post-09
2014	87%/13%	83%/17%

The actual gross adequacy of benefits (the ratio of gross payments to covered expenses) which is an indication of overall benefit plan richness is listed in the chart below.

This includes the percent the City pays for the cost of healthcare as compared to the overall expense (Deductibles, Out of pockets and Copays are included in the employees cost share percentage; does not include premium contributions)

Gross Adequacy of Benefits	Civilian	Police	Fire
FY 2011	84.3%	88.5%	87.5%
FY 2012	84.2%	87.6%	88.6%
FY 2013	80.5%	89.7%	88.5%
2 Year Change	-4.45%	2.38%	-0.11%

Note: Combined similar questions 20 and 35 and 66.

Question 20; Show five-year snapshot of changes in both civilian and retiree plan design and costs.

Question 35; What plan changes have been made in the past three years to the civilian and uniform medical plan designs?

Question 66. The slides imply there is no cost for civilian's retirement healthcare. What is the pay-as-you-go cost per civilian employee for retiree healthcare?

The charts below provide three years of medical and pharmacy costs as well as the Gross Adequacy of Benefits. This is utilized to review the percentage of claims cost the City pays in

ATTACHMENT I



comparison to the responsibility of the employee. There were only 3 years of claims information available in UnitedHealthcare systems.

Gross Adequacy of Benefits	Civilian	Retiree
FY 2011	84.3%	91.3%
FY 2012	84.2%	87.3%
FY 2013	80.5%	84.1%
2 Year Change	-4.45%	-3.69%

**Gross Benefit Adequacy: The ratio of gross payments to covered expenses. An indication of overall benefit plan richness. This is also useful in measuring the impact of plan design changes over specific periods of time. The percent the City pays for the cost of healthcare as compared to the overall expense (Deductibles, Out of pockets and Copays are included in the employees cost share percentage; does not include premium contributions)*

Total Net Paid (Medical and RX) PEPM*	Civilian	Retiree
FY 2011	\$528.72	\$1,221.66
FY 2012	\$601.22	\$907.51
FY 2013	\$582.52	\$794.20
2 Year Change	10.18%	-34.99%
Average Trend	5.30%	-19.10%

**Figures only include medical and pharmacy claims. They do not include costs for administration or wellness programs.*

While plan design changes are outlined in the attached *CoSA Plan Design and History*, the Uniform plan designs have not experienced any changes since FY 2010 as they are negotiated as part of the collective bargaining agreements. The Police plan is an 80% Coinsurance with a \$250 In-network individual deductible and an annual out of pocket maximum of \$600. The Fire plan is an 80% Coinsurance with a \$250 In-network individual deductible and an annual out of pocket maximum of \$500. As part of the City's Total Compensation Strategy, the City annually reviews its health plan designs and evaluates options to maintain the cost sharing philosophy and competitive benefits for City employees. Civilian and Retiree plans have introduced multiple offerings every year, including introducing a CDHP in 2013.

Also please see attachment CoSA Plan Design and History for additional detail.

Note: Combined similar questions 22 and 69.

Question 22; Dependent to employee ratios between civilian and police and fire are way out of balance.

Question 69; (partial) Number of dependents covered for uniform vs. civilian

a) What defines a dependent?

A dependent is defined in the Collective Bargaining Agreements for the Police and Fire:

- i. For Uniform Police, a dependent is defined as the employee's Spouse, Domestic Partner (same sex or opposite), Dependent Child* (biological, step, adopted, or foster), and Child over 20 years old who is mentally or physically incapable of self-support (pg. 1 of the Master Contract Document)
- ii. For Uniform Fire, a dependent is defined as the employee's Spouse, Domestic Partner (same sex or opposite), Dependent Child* (biological, step, adopted, or foster) and Child over 20 years old who is mentally or physically incapable of self-support.

For Civilian employees, a Dependent is defined as a Spouse, Domestic Partner (same sex or opposite), or Dependent Child up to age 26 (biological, step, adopted, or foster).

*All plans now cover Dependent Children up to the age of 26 due to ACA.

b) How are dependents validated?

For existing Civilian employees, current dependent validation was performed in FY 2010 and required all civilian employees to provide documentation for all dependents. Current Dependent validation for Uniform Police employees was completed in 2013.

Last year, the Fire Association filed litigation against the City contesting the City's ability to validate dependents. The 4th Court of Appeals recently ruled that the issue must first be determined by the established grievance process. The City's Human Resources Department has informed the Fire Association of the City's intent to continue the validation process, and the parties are scheduled to meet this month.

For new Civilian and Uniform employees, dependents are validated upon joining with the City. The City also requires proper documentation and validation for all existing Civilian and Uniform employees who experience a Qualifying Life Event (birth, adoption, foster, change in work status of spouse or domestic partner, marriage, establishment of domestic partnership, divorce or death) or request a change during the annual open enrollment.

- i. For a Spouse, the City requires a marriage license or declaration of informal Partnership and two supporting documents (i.e. Joint lease, joint credit card, etc.)
- ii. For Dependent Child the City requires a copy of birth certificate, adoption agreement or other applicable documentation

c) How do these ratios relate to other Texas Cities?

The table below provides the dependents per employee for other comparable entities. The city of Dallas and Peer Cities dependent ratio combines uniform and civilian employees as all employees are covered by the same benefit plans.

	Employee to Dependent Ratio
City of San Antonio Uniform Police and Fire	2.3 dependents per employee
City of San Antonio Civilian employees	1.2 dependents per employee
City of Dallas Uniform and Civilian	1.1 dependents per employee
Average of Texas Peer Cities (Austin, Dallas, El Paso, Corpus Christi, Fort Worth and Houston)	1.1 dependents per employee
National Norm	1.2 dependents per employee

Question 32; Are dependent spouses eligible for coverage on the City plan if the spouse has medical coverage available through their employer?

Any eligible dependent can be covered by the City’s health plan at the established premium amount, regardless of coverage availability through another entity.

Question 34; When will the premier plan be phased out? What percentage of employees and dependents are in the Premier Plan?

There is no adopted strategy to phase out the Premier plan. However; the Affordable Care Act will impose a Cadillac Tax beginning in 2018 for health plans which provide a benefit greater than \$10,200 for individuals and \$27,500 for families. The Premier Plan will be subject to this Cadillac Tax which will increase costs for the City and employees enrolled in that plan. The City will evaluate the impact of this tax as it performs annual reviews of all healthcare plans and benefits offered to employees.

Percent of Civilian Employees and Dependents Enrolled in the Premier Plan	
Employee	8%
Spouse	6%
Dependent	5%

Note: Combined Similar Questions 41 and 42

Question 41; When comparing benefit values, can the City provide the “minimum value” calculations for all medical plans offered both civilian and uniform?

Question 42; Does the City want to target minimum value targets for its future benefits and if so what targets?

A health plan meets the definition of a “Minimum Value” plan if it is “designed to pay at least 60% of the total cost of medical services for a standard population.” Starting in 2014, individuals offered employer-sponsored coverage that provides minimum value at an affordable cost won’t be eligible for a premium tax credit through the Affordable Care Act.

On average, for all Uniform and Civilian employees combined, the City pays 85% of total medical costs. As currently designed, the City health plans are in compliance with the definition of a “minimum value” plan. The table below provides minimum value calculations separately for each plan provided by the City:

Plan	Minimum Value Calculation
Premier Plan	88%
Standard Plan	83.6%
Value Plan	81.6%
Consumer Driven Health Plan (CDHP)	82.4%
Uniform Police Plan	91.6%
Uniform Fire Plan	92.9%

Question 52; What are the industry trends for private and public employees regarding defined contribution pension plans, retiree healthcare and employee participation in healthcare expense?

(Questions regarding pension will be answered in a separate document by Bartel & Associates)

A few ways currently being explored by private and public employers to help control their health care spending are:

- Focusing on changing the health behaviors that contribute to increased costs;
 - Health and wellness reward strategies; providing financial and other incentives for participation in health risk assessments and other health promotion programs
 - Incentivizing employees to take better care of themselves and charging those who do not higher premiums; programs designed that will not reimburse an employee for health care in the normal manner, but at a lower rate/benefit when not compliant with specific steps needed to be healthy.
- Increasing employee copayments and coinsurance to promote cost-effective use of prescription drug plans and health care services

- Increasing the employee’s share of premium contributions to encourage cost-effective plan selection
- Eliminating high-cost health insurance plans or restricting enrollment in higher-cost plans
- Consumer Driven Health Plans (CDHP’s) with Health Savings Account (HSA)/Health Reimbursement Account (HRA)
- Capping the portion of health care costs paid by the employer (defined contribution)
- Increasing the portion of premiums paid by retirees for themselves and their dependents
- Establishing programs to help chronically ill employees better manage their illnesses (using strategies such as medical interventions, reduced/free drug copays and incentives)

Presentation Clarification Questions

Question 40; When making cost comparison – especially in the health plan discussion, can the City provide comparative statistics using per member per month (PMPM) units instead of per employee per month (PEPM) units given the wide disparities on slide 30?

In this instance, PEPM (the average cost of service for an employee plus covered dependents, for a one month period) is a more accurate comparator given the wide dependent disparities between the Civilian and Uniform populations. Uniform average contract size=3.3 or 2.3 dependents per employee/Civilian average contract size =2.18 or approximately 1.2 dependents per employee.

Total Net Paid (Medical and RX) PEPM	Civilian	Police	Fire
FY 2011	\$528.72	\$786.62	\$759.35
FY 2012	\$601.22	\$793.55	\$838.63
FY 2013	\$582.52	\$938.86	\$944.73
2 Year Change	10.18%	19.35%	24.41%
Average Trend	5.30%	9.60%	11.55%

Only 3 years of data available in UnitedHealthcare systems.

Total Net Paid (Medical and RX) PMPM	Civilian	Police	Fire
FY 2011	\$243.67	\$246.78	\$239.32
FY 2012	\$275.68	\$240.57	\$255.48
FY 2013	\$266.72	\$293.08	\$282.06
2 Year Change	9.46%	18.76%	17.86%
Average Trend	4.94%	9.66%	8.58%

Question 67; Can slide #32 be shown as a cost per person and not total dollars?

Numbers have been updated to reflect actual for FY13 in addition to a new FY14 projection based on the actual updated FY13 results.

Net Paid (Medical and RX) Per Person Per Year	Uniform
FY 2011	\$9,301.58
FY 2012	\$9,750.33
FY 2013 (actual)	\$11,295.92
FY 2014 Projected	\$13,016.00

Question 73; Do City and Uniform personnel pay monthly amounts for current uniform healthcare plus the pre-funded amounts showed on slide 39? Would be helpful to see this side by side. Is this why City's contribution is so much more for uniform than civilian personnel?

Uniform employees do not pay any monthly premiums for active health insurance for themselves or their dependents. For Uniform Retirees, the City pays today for future retirees through a single employer defined benefit post-employment healthcare plan at a cost sharing ratio of 2:1. This means the City contributes 9.4% of the employee's salary and the employee contributes 4.7% of salary as an active employee.

Civilian active employees pay a premium to share in the cost of healthcare. The premium is based on the plan chosen (CDHP, New Value or Premier), the date of hire (Pre or Post January 1, 2009) and the number of dependents covered. Civilian retirees pay a percentage of that premium based on the date of hire and years of service.

The below table summarizes the employee premiums for active and retired uniform and civilian positions. The costs paid by the City for healthcare is included in the answer to Question 28.

	Uniform	Civilian
Active Employee Cost for Healthcare	\$0 for employees \$0 for dependents	\$0-\$1,065 per month Cost is based on plan, hire date & number of dependents
Active Employee Cost for Pre-funded Retiree Healthcare	\$279.61 per month on average (4.7% of salary)	N/A
Retired Employee cost for Healthcare	20-29 years of contributions to pre-funded retiree healthcare: \$279.61 30+ years of contributions to pre-funded retiree healthcare: \$0	Hired Pre-2007: 33% of active employee healthcare premiums Hired Post 2007 with 10+ years of service: 50% of active employee healthcare premiums

City of San Antonio Healthcare Plan Design History 2008 - 2014

Civilian & Retiree Health Plans	Standard PPO							Premier PPO							Value PPO							New Value effective 1/1/14 (combination of Value & Standard PPO)			
	2014	2013	2012	2011	2010	2009	2008	2014	2013	2012	2011	2010	2009	2008	2014	2013	2012	2011	2010	2009	2008	2014	2013 - 2008		
Annual Deductible																									
Employee		\$750	\$600	\$500	\$500	\$500	\$500	\$600	\$500	\$300	\$250	\$250	\$250	\$250		\$900	\$900	\$750	\$750	\$750	\$750	\$1,250			
Family		\$1,500	\$1,200	\$1,000	\$1,000	\$1,000	\$1,000	\$1,500	\$1,000	\$600	\$500	\$500	\$500	\$500		\$1,800	\$1,800	\$1,500	\$1,500	\$1,500	\$1,500	\$2,500			
Annual OOP																									
Employee		\$2,400	\$2,400	\$2,000	\$2,000	\$2,000	\$2,000	\$2,200	\$1,200	\$1,200	\$1,000	\$1,000	\$1,000	\$1,000		\$3,000	\$3,000	\$2,500	\$2,500	\$2,500	\$2,500	\$3,000			
Family		\$4,800	\$4,800	\$4,000	\$4,000	\$4,000	\$4,000	\$4,400	\$2,400	\$2,400	\$2,000	\$2,000	\$2,000	\$2,000		\$6,000	\$6,000	\$5,000	\$5,000	\$5,000	\$5,000	\$6,000			
Coinsurance		80%	80%	80%	80%	80%	80%	90%	90%	90%	90%	90%	90%	90%		80%	80%	80%	80%	80%	80%	80%			
Office Visits	N/A														N/A									N/A	
PCP		\$25	\$20	\$20	\$20	\$20	\$20	\$30	\$25	\$15	\$15	\$15	\$15	\$15		\$25	\$25	\$25	\$25	\$25	\$25	\$30			
Designated Specialist		N/A	N/A	N/A	N/A	N/A	N/A	\$35	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	N/A	\$35			
Specialist		\$35	\$20	\$20	\$20	\$20	\$20	\$55	\$35	\$15	\$15	\$15	\$15	\$15		\$35	\$25	\$25	\$25	\$25	\$25	\$55			
Urgent Care		\$40	\$20	\$20	\$20	\$20	\$20	\$50	\$40	\$15	\$15	\$15	\$15	\$15		\$40	\$25	\$25	\$25	\$25	\$25	\$50			
Emergency Room		80%	80%	80%	80%	80%	80%	90%	90%	90%	90%	90%	90%	90%		80%	80%	80%	80%	80%	80%	20%			
Civilian & Retiree Health Plans	Police							Fire							EPO Eliminated for 2011				CDHP Introduced 1/1/2013						
Annual Deductible	2014	2013	2012	2011	2010	2009	2008	2014	2013	2012	2011	2010	2009	2008	2014 - 2011		2010	2009	2008	2014	2013	2012 - 2008			
Employee	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	N/A		\$0	\$0	N/A	\$1,250	\$1,250	N/A			
Family	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500			\$0	\$0	\$2,500		\$2,500					
Annual OOP																									
Employee	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$500	\$600	\$600	\$600	\$600	\$600			\$0	\$0	\$4,000		\$4,000					
Family	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500			\$0	\$0	\$8,000		\$8,000					
Coinsurance	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%			100%	100%	80%		80%					
Office Visits																									
PCP	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%			\$15	\$15	80%		80%					
Designated Specialist	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%			N/A	N/A	80%		80%					
Specialist	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%			\$15	\$15	80%		80%					
Urgent Care	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		\$40	\$40	80%	80%							
Emergency Room	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		\$100	\$100	80%	80%							

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Health and Welfare Benchmark Questionnaire						
City	Corpus Christi	Fort Worth	Austin	El Paso	San Antonio	Houston
<u>Plan Offering</u>						
a. How many medical plans do you offer?	5	2 - 2012 / 3 - 2013	2	3	5 - 2012 / 6 - 2013	3
b. How many are PPOs?	4	2	1	3	5	1
c. How many are HMOs?	----	----	1	----	----	----
d. How many are EPOs?	----	----	----	----	----	2
e. How many are Qualified CDHPs?	1	1 - 2013	----	1	1 - 2013	1
i. If you offer a Qualified CDHP, do you also offer an HSA?	yes	yes	----	yes	yes	no
ii. If you offer an HSA, do you contribute?	yes	yes	----	no	yes	no
iii. If you contribute, how much per month?	\$75	\$45 ee / \$125 fam	----	----	\$500 Employee/\$1,000 Family ANNUAL	----
f. Of total enrolled employees, what percentage is enrolled in each type of plan?						
PPO %	99.8%	100% - 2012 / 90% - 2013	71.0%	----	97%	14%
HMO %	----	----	29.0%	----	----	----
EPO %	----	----	----	----	----	69%
CDHP %	0.2%	10% - 2013	----	----	3%	6% CDHP / 11% medicare plans

Health and Welfare Benchmark Questionnaire									
City	Corpus Christi	Fort Worth	Austin	El Paso	San Antonio	Houston			
<u>Contribution Strategy</u>									
a. Is your contribution a flat dollar amount or a percentage of premiums?	% of premium	% of premium	% of premium	flat dollar	% of premium	flat dollar			
b. If flat dollar, how much per month?	----	----	----	Non Uniformed <u>CY2013 Monthly</u> EE Only: \$265.40 EE+1: \$503.56 EE+2<: \$741.78	Uniformed Police <u>CY2013 Monthly</u> EE Only: \$282.34 EE+1: \$553.14 EE+2<: \$881.80	Uniformed Fire <u>CY2013 Monthly</u> EE Only: \$268.90 EE+1: \$526.80 EE+2<: \$839.80	fire / municipal / police <u>open</u> EE : \$498.08 ES: \$974.58 EC\$834.64 EF\$1,481.36	fire / municipal / police <u>cdhp</u> EE : \$481.52 ES: \$1,029.98 EC\$863.70 EF\$1,561.14	fire / municipal / police <u>limited</u> EE : \$496.34 ES: \$1,014.20 EC\$857.92 EF\$1,538.94
c. If percentage, what percentage of Employee Only premium?	85%	90% core plan	100%	----	Contribution strategy is in aggregate 80/20 for employees hired before January 2009 and 70/30 for employees hired after January 2009		----		
d. If percentage, what percentage of Dependent premium?	ES 67%, EC 69%, EF 63%	70% core plan	50%	----	Contribution strategy is in aggregate 80/20 for employees hired before January 2009 and 70/30 for employees hired after January 2009		----		
e. Does your contribution vary based on a Wellness Initiative?	no	no	no	no	no	yes			

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Health and Welfare Benchmark Questionnaire							
City	Corpus Christi	Fort Worth	Austin	El Paso	San Antonio	Houston	
<u>III. Wellness Initiatives</u>							
a. Do you offer a wellness program incentive?	----	yes	yes		yes	yes	
i. If yes, what is/are the incentive(s)?	----	\$250 or 15 vacation hours annually	administrative leave for health assessments and wellness activities		Up to \$500 for civilian employees for remaining active throughout the year by tracking steps taken There are no wellness incentives provided to uniform employees	Wellness programming requirements - (1) obtain biometric screening numbers, (2) complete the annual health assessment, and (3) accrue at least 500 wellness points - will receive a discount on their medical contributions for the next benefits year. In addition, employees receive extrinsic motivation to accrue points for prize drawings based on their point levels. Lastly, employees who do not have any health risks based on the health assessment risk stratification i.e. "Zero Risk Category" are exempt from participating in any additional wellness programs and automatically receive the discount on their medical contributions.	
<u>Funding Type</u>							
a. Are the plans you offer fully insured or self-funded?	self-funded	self-funded	self-funded	self-funded	self-funded	self-funded	
i. If self-funded, do you purchase specific stop loss?	\$250,000	\$750,000	\$500,000	\$225,000	----	----	
ii. If self-funded, do you purchase aggregate stop loss?	----	----	----	yes - 125%; max annual ASL payment \$2,000,000	----	----	

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Health and Welfare Benchmark Questionnaire						
City	Corpus Christi	Fort Worth	Austin	El Paso	San Antonio	Houston
<u>Network Options</u>						
a. Do any of the plans you offer include a Limited Network (fewer providers than a standard Full Network)?	no	no	no	no	no	yes
b. Do you offer a dual choice (a PPO with a full network and a PPO with a limited network)?	no	no	no	no	no	We offer a full open network in the Open Access Plan (PPO) and a limited network in the Limited Plan
c. Has the City contracted directly with any local providers or hospital systems?	no	no	no	no	no	no
i. If yes, please list provider names.	---	---	---	---	---	---
<u>Cost</u>						
a. What is your Per Employee per Month (PEPM) cost per plan? (Includes Medical & RX)	pepm data is based on fiscal year 2013 (08/01/2012 - 07/31/2013) fire : \$1,363 public safety : \$907.39 citicare : \$653.39 citicare premium : \$1,094.29	for basic plan: 2012 plan year - \$800.95 2013 ytd. - \$896.65 fiscal year 2012 (10/12 - 09/13) - \$890.50	2012 calendar year - \$788.70	fy2012 : non-uniformed - \$669.93 uniformed - \$704.20 fy2013 : non-uniformed - \$662.46 uniformed - \$633.33	FY2012: Civilian - \$601.22 Fire - \$838.63 Police - \$793.55 FY2013: Civilian - \$582.52 Fire - \$944.73 Police - \$938.86	PLAN CY2012 JAN-SEPT; 2013; 10/1/2012 - 9/30/2013 Limited Plan (EPO) \$748.99; \$763.81; \$757.18 Retiree Plan \$881.56; \$995.86; \$923.50 Open Access (PPO) \$926.81; \$905.26; \$916.63 CDHP \$798.25; \$830.82; \$817.27 TOTAL ALL PLANS \$790.35; \$795.68; \$792.66
<u>Size</u>						
a. How many employees are eligible for your health plan today?	2,656	6,184	11,305	full-time - 5,392 / part-time - 54	10,609	21,460 (does not include retirees)
b. How many employees are enrolled in your health plan today?	2,454	5,495	11,122	full-time - 4,424 / part-time - 12	9,667	24,119

*The City of Dallas has not confirmed their information as of today

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Item 2 B:

Attachment II - Bartel and Associates (50 minutes)

Mary Elizabeth Redding, FSA, Assistant Vice President



December 6, 2013

Healthcare and Retirement Benefits Task Force
Mr. W. Reed Williams, Chair
City of San Antonio
City Hall
100 Military Plaza,
San Antonio, TX 78205

Re: Response to Task Force Questions

Bartel Associates has been asked to respond to portions of the following questions raised by the Task Force:

22	52	What are the industry trends for private and public employees regarding defined benefit pension plans, defined contribution pension plans, retiree healthcare and employee participation in healthcare expense? (to be handled by the consultant)
36	4	Has a comprehensive peer analysis with regard to benefit/pension been performed? Can we see that?
41	28	How does the COSA contributions to uniform and non-uniform benefits compare to other Texas cities?
42	47	What are other cities doing to manage their pension cost?
44	69	More comparisons with other cities, particularly regarding health & pension coverage provided for active and retiree uniform personnel and dependents, number of dependents covered for uniform vs. civilian (slide 30, 36)
	26	How does the total compensation for uniform and non-uniform employees compare to other Texas cities? <i>Bartel Associates is currently validating the total compensation information received from other Cities. We will report back to the Task Force when our review is complete.</i>

Pension Benefits and City Costs for Comparator Texas Cities

The following charts provide information on pension benefits offered by the 6 comparator cities and San Antonio. To enable comparison, we calculated an estimated benefit for an employee retiring at age 58 with 31 years of service (based on averages for San Antonio’s police and fire plan) under each current tier of the uniform and non-uniform plans. We then calculated the present value now of each of the benefits under the assumptions listed, most significantly a 5% discount rate, consistent with TMRS’s new annuity factors. The present values are expressed as a multiple of final salary, and incorporate the benefit amount as well as any “free” retiree survivor benefits and automatic cost of living increases. We also estimated the value of the member-paid portion of the benefit, assuming the current member contribution rate was always in effect. Finally, we added the value of Social Security benefits for any covered groups. Our analysis excludes the value of payment subsidies prior to age 58, any DROP program, disability benefits, 13th or 14th checks, and any other supplemental benefit amounts, as well as the value of Social Security survivor benefits.



The chart is designed to show the relative value of each pension that would be earned by an identical person retiring from each City and each group and tier. This enables the different benefits to be compared to each other on an “apples-to-apples” basis. For example, the first bar, for Austin Civilians hired before 2012, is just over the 15.0 line. This means that the value at retirement, of all the future pension payments for an Austin Civilian retiring at age 58 after 31 years of service, is about 15 times their final pay. The value of total future benefits for an Austin Civilian hired in 2012 or later, who retires at age 58 after 31 years of service is only about 10 times the final pay.

The chart showing employer costs was based on information posted on the Texas Pension Review Board website, 2012 CAFRs and 2012 TMRS valuation reports. The benefit comparisons were based on information from the Texas Pension Review Board website as well as the retirement system and city websites. The benefit comparison and present value calculation are estimates for the Task Force’s informational use only and will not be the same as amounts calculated by each system.

General Trends In Pension And Retiree Healthcare Benefits.

Public and private sector retiree healthcare and especially pension benefits are very different, partly due to historical practice but also to their very different governance. Private sector pension plans are governed by the federal government (as opposed to state and local legislation) which requires minimum funding and also has rigorous rules regarding plan features such as vesting and nondiscrimination. Private sector accounting is governed by FASB rules which are different than GASB’s, most notably in requiring lower discount rates. Public companies in the private sector are also subject to SEC reporting rules and shareholder and investor disclosures.

Public Sector Pension Trends

Over the past several years there has been a widespread trend in public-sector pension plans toward pension reform and sustainable pension costs. Most states have changed – decreased – the pension benefits they provide, and so have many cities. For example, of the 6 comparator cities, Austin, Dallas, El Paso and Fort Worth and Houston have added new pension tiers since 2007, reducing benefits for newly hired employees.

The following types of changes are found in public sector pension reform. Based on recent reforms made by state-wide systems we’ve listed the most common changes first

	Current Employees	Future Hires Only
Add a New Tier	N/A	Yes
Increase Member Contribution Rates	Yes	Yes
Reduce COLAs	Yes	Yes
Increase Statutory Employer Contribution	Yes	N/A
Increase Retirement Age	Less Common	Yes



Change Final Average Earnings (generally to avoid “spiking” by lengthening the averaging period or excluding non-base pay)	Less Common	Yes
Reduce Benefit Multiplier	Less Common	Yes
Add employee cost sharing of Unfunded Accrued Liability	Less Common	Less Common
Implement Cash Balance or Defined Contribution Plan	Less Common	Less Common

Reducing benefits (as opposed to contributions) for current employees is not common, even for benefits relating to future service, and would depend on the laws of each state. However, the judge in Detroit’s bankruptcy recently ruled that reduction to current employee pensions would be permitted. It is currently not known whether that decision will ultimately be upheld and implemented or if similar decisions will be handed down in other jurisdictions.

The inability to make changes in current employees’ pension benefits, even those that will be earned for future service, limits the ability of public agencies to control pension costs. Again depending on state laws, it may be easier to increase member contribution rates and cost sharing than to change benefits. If the only permissible option is to change future employees’ benefits by creating a new tier, the agency’s costs will be reduced only very slowly, over 20 or 30 years or more, as new employees are hired into the new tiers.

Public Sector Retiree Healthcare (OPEB) Trends

While not receiving as much popular press as pensions, retiree healthcare plans are getting more notice than previously. Many OPEB plans not pre-funding are experiencing significant increases in benefit costs and bond ratings agencies and the forthcoming GASB rules are highlighting large unfunded OPEB liabilities.

We observe that in most cases it is easier for employers to change retiree healthcare benefits for current employees than to change pensions. State laws may be unclear and benefit changes are often subject to a lengthy legal process. We observe that it is more common to make changes affecting new hires and to make only small changes, if any, for current retirees.

- Change benefits for a new tier
 - Add a new tier with lower benefits for future hires or active employees not near retirement
 - New tier employees pay all or most of the healthcare premium upon retirement
 - Terminate plan for new hires
- Increase employee share of costs, for new or current employees
 - “Unbundle” the premiums for active employees and early retirees, so that retiree premiums reflect retiree age and resulting health status. If retirees share in premium costs, their share will increase to reflect their true costs. This can also reduce the GASB “implied subsidy” liability.



- Increase age and service eligibility requirements.
- Base employer subsidy amounts on service, with a sliding scale
- Provide retiree coverage only, with no employer subsidies for dependents.
- Freeze employer subsidy at the current level. Increase on an ad hoc basis, or at less than 100% of the full premium increase, or not at all.
- Control plan costs
 - Require retiree Medicare enrollment
 - Change plan design for deductibles and co-pays
- Change the fundamental promise of retiree healthcare from a promise of future medical benefits to a promise of future dollars. The promise of dollars is less risky and easier to manage.
 - Limit employer subsidy to a fixed dollar amount, often not related to premiums. Increase the subsidy on an ad hoc basis, if at all.
 - Provide Retiree Health Savings or similar accounts, funded by the employer, employee or conversion of sick leave or vacation. The accounts can be used to purchase coverage from employer plans (employer may retain some GASB liability) or ACA healthcare Exchanges.
 - Employers are considering not providing employer-sponsored health care plans for retirees, as retirees should be able to find coverage through healthcare Exchanges in the future.
- Prefund retiree healthcare liabilities so investment earnings will reduce future costs, and to take advantage of higher discount rates for GASB accounting calculations.

Private Sector Pension Trends

The private sector pension trend can be summarized as: eliminate as much pension liability and risk as possible. To that end, we see employers:

- Close plans to new employees
- Eliminate future pension accruals for current employees
- Use Liability-Driven Investing (LDI) and “glide paths” to increase the plan’s funding level. When the plan is well funded the intent is to turn over all benefits to an insurance company (annuitize) or pay employees full lump sum benefits. The goal is to eliminate or reduce risk.
- Pay some terminated employees and retirees lump sums, eliminating all future benefits, again to remove risk. Some companies have borrowed to generate the needed cash.
- Ongoing retirement benefits are almost always 401(k) plans. The most typical arrangement is a 50% employer match, usually equaling 3% of employee pay, although dollar-for-dollar matches are becoming more common.

Private sector employers are concerned about investment risk, but also about financial statement and contribution level risk from fluctuating interest rates, and risks relating to maintaining and administering the plan. Defined benefit plans are not generally perceived to be required or even an advantage in recruiting or retaining employees.

According to the Employee Benefit Research Institute, in 2010, 30% of employees of medium and large private sector employers and only 9% of small company employees participated in defined benefit plans. In contrast, 87% of public sector employees participated in defined benefit plans.



Remaining private sector defined benefit plans tend to be found in very large companies, unions and in certain industries such as utilities.

Private Sector Retiree Healthcare (OPEB) Trends

Again, the private-sector trend is to eliminate this benefit and its risks wherever possible. Generally, the same changes are being made as in the public sector, with the exception that the benefit, both employer subsidy and the employee's ability to buy coverage in the employer plan, is more likely to be totally eliminated, especially for employees not yet eligible to retire. Even where retiree health benefits are retained, typically only for retirees or those near retirement, the required retiree premiums are increasing, eligibility is more stringent, and benefits provided are reduced.

One difference from the public sector trend is that there is little movement toward funding private sector OPEB plans, since in most cases it is difficult to do so on a tax-advantaged basis. Private sector companies have already been required to record their unfunded OPEB and pension liabilities on their balance sheets since 2006.

The Employee Benefits Research Institute reports that in 2010, only 17% of private sector employees worked for organizations that provided retiree healthcare benefits, down from 29% in 1997.

* * * *

We hope this survey of current trends is helpful to the Task Force. We would be please to provide additional detail, documentation, or discuss this material further with the Task Force.

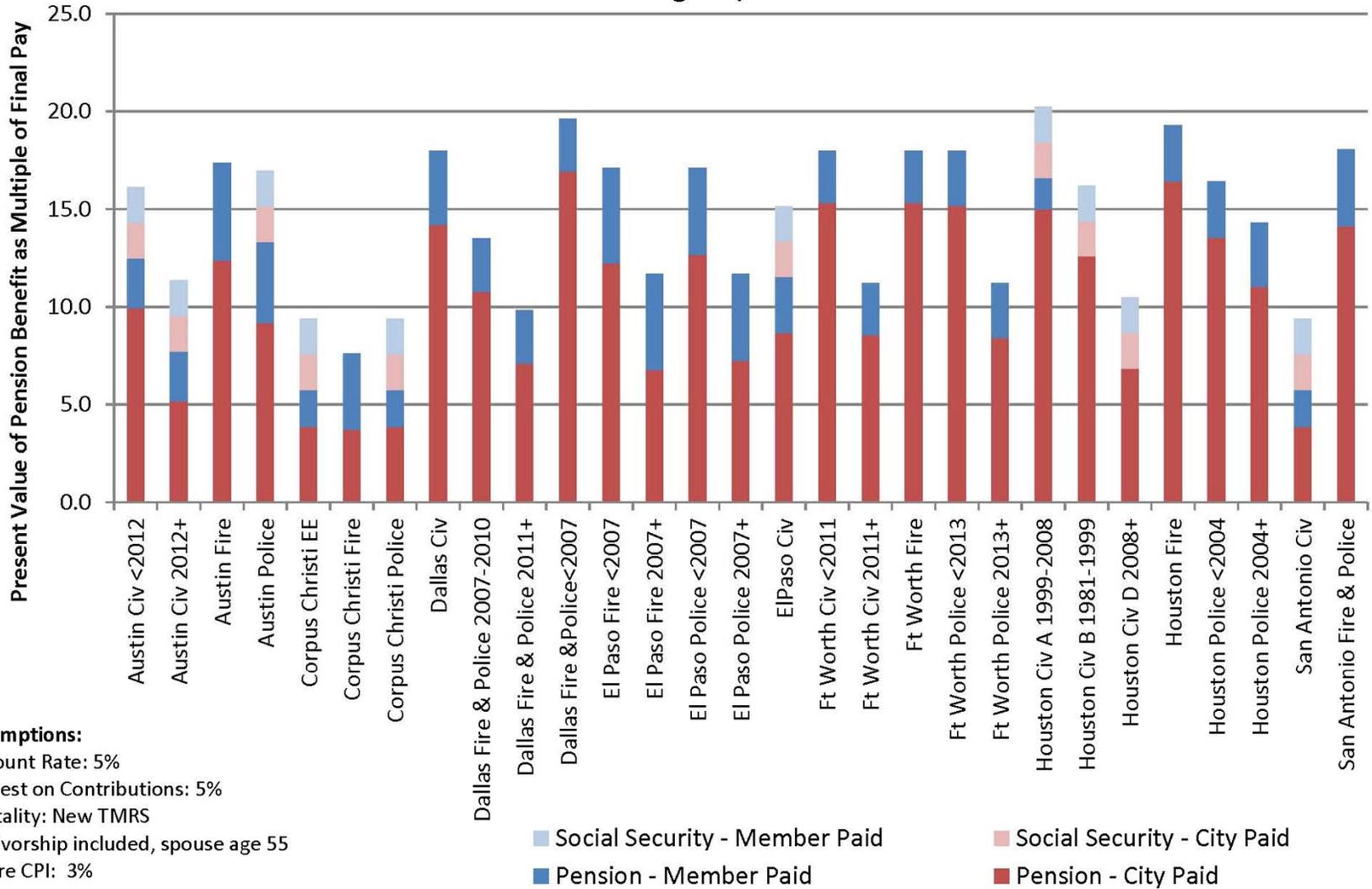
Sincerely,

Mary Elizabeth Redding, FSA
Assistant Vice President

c Marilyn Oliver, Bartel Associates LLC
o:\clients\city of san antonio\projects\2013\reports\ba 2013-12-06 review of budget model.doc

Total Present Value of Future Pension Payments

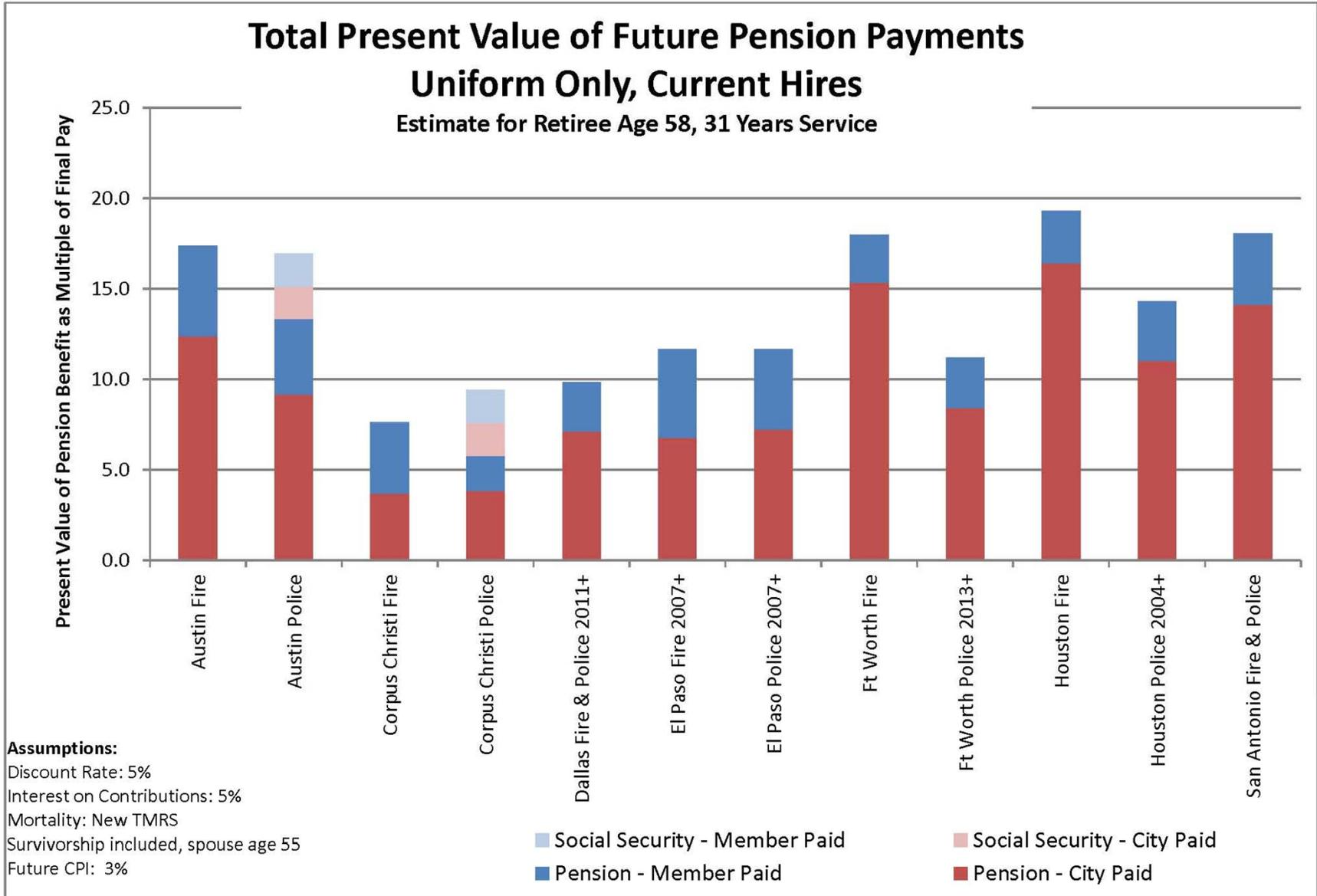
Estimate for Retiree Age 58, 31 Years Service



Assumptions:

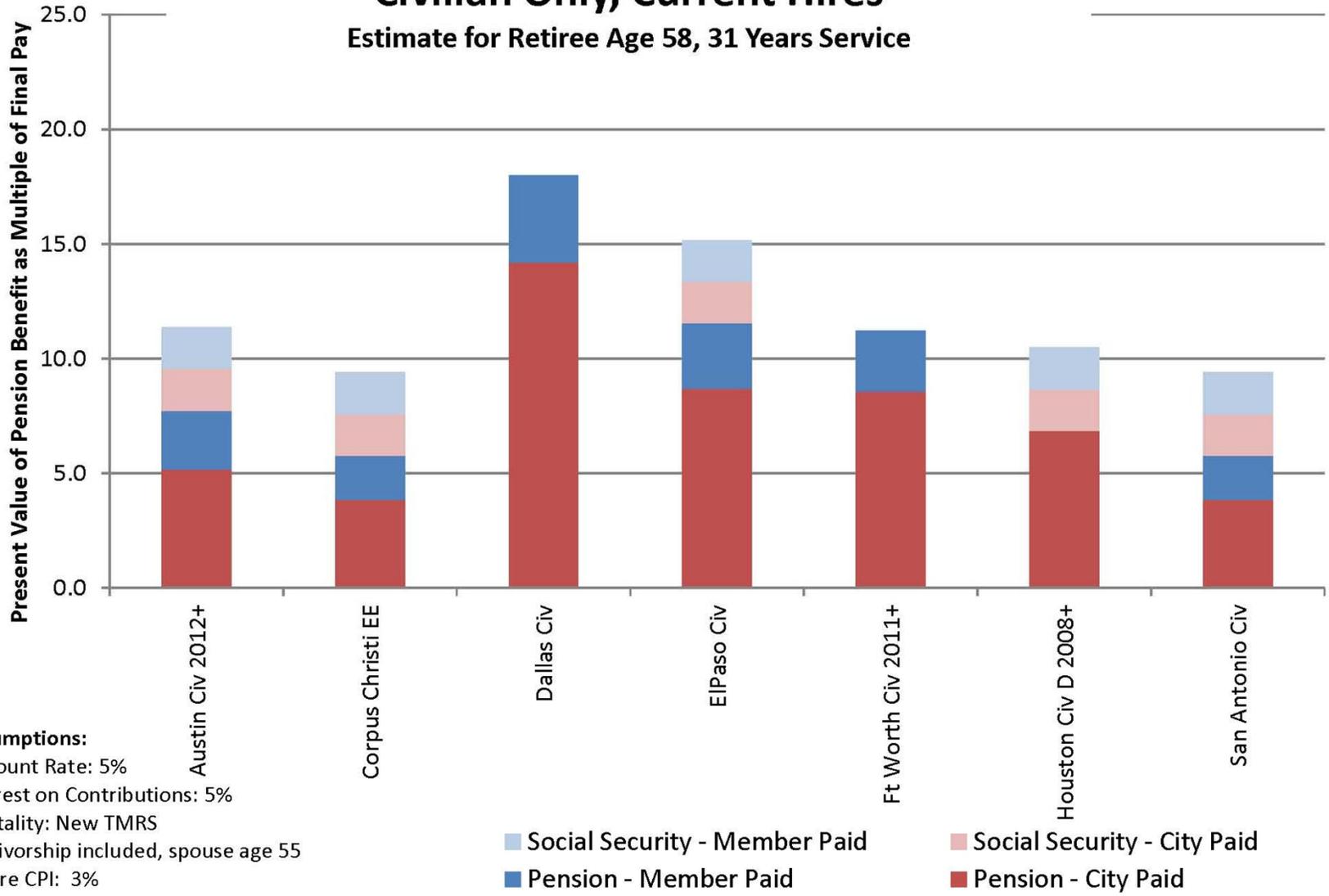
- Discount Rate: 5%
- Interest on Contributions: 5%
- Mortality: New TMRS
- Survivorship included, spouse age 55
- Future CPI: 3%

■ Social Security - Member Paid
 ■ Social Security - City Paid
■ Pension - Member Paid
 ■ Pension - City Paid



Total Present Value of Future Pension Payments Civilian Only, Current Hires

Estimate for Retiree Age 58, 31 Years Service



Assumptions:

- Discount Rate: 5%
- Interest on Contributions: 5%
- Mortality: New TMRS
- Survivorship included, spouse age 55
- Future CPI: 3%

■ Social Security - Member Paid
■ Pension - Member Paid

■ Social Security - City Paid
■ Pension - City Paid

Healthcare and Retirement Benefits Task Force
City of San Antonio

Comparison of Pension Benefit Formulas

City	Group	Tier Eligibility	Age/Svc Required for Service Retirement	Final Salary (Years)	Benefit Multiplier	COLA	DROP	Social Security	Survivorship (No reduction)	Current Member Contribution
Austin	Civilian	A: Hire<1/1/2012	55/20, 62/0, 0/23	3	0.03	None	Yes	Yes	Single Life	8.00%
Austin	Civilian	B: Hire>1/1/2012	62/30, 65/5	3	0.025	None	Yes	Yes	Single Life	8.00%
Austin	Fire		50/10/25	3	0.033	At least 1%, more if actuarially sound	Yes	No	75% J&S	15.70%
Austin	Police		55/20	3	0.032	None	Yes	Yes	Single Life	13.00%
Corpus Christi	Ees & Police	Civilian	60/5, 0/20	N/A (3)	TMRS 2-for-1 matching contribution	.70*CPI	No	Yes?	Single Life	6.00%
Corpus Christi	Fire		54/20	5	50.8% * Final Average Earnings	None	Yes	No	100% J&S	12.20%
Corpus Christi	Ees & Police	Police	60/5, 0/20	N/A (3)	TMRS 2-for-1 matching contribution	.70*CPI	No	Yes?	Single Life	6.00%
Dallas	Civilian		50/30, 60/0, 78 points	3	0.0275	CPI, up to 5%	No	No	50% J&S	11.87%
Dallas	Fire & Police B: Hire 3/1/73 - 2/28/11		50/5	3	0.03	Hire>2006: None	Yes	No	50% J&S	8.50%
Dallas	Fire & Police B: Hire >2/28/11		55/20	5	2% * (Svc<20) + 2.5% * (Svc 20 - 25) + 3% * svc >25	None	Yes	No	50% J&S	8.50%
Dallas	Fire & Police B: Hire 3/1/73 - 2/28/11		50/5	3	0.03	DOH<2007: 4%	Yes	No	50% J&S	8.50%
El Paso	Fire	Hire<6/30/2007	45/20	3	0.0275	3% after 60 or 5 yrs	Yes	No	100% J&S	15.28%
El Paso	Fire	Hire>6/30/2007	50/25	3	0.025	None	Yes	No	75% J&S	15.28%
El Paso	Police	Hire<6/30/2007	45/20	3	0.0275	3% after 60 or 5 yrs	Yes	No	100% J&S	13.89%
El Paso	Police	Hire>6/30/2007	50/25	3	0.025	None	Yes	No	75% J&S	13.89%
El Paso	Civilian		55/10, 0/30	3	0.025	None	No	Yes	66.67% J&S	8.95%
Fort Worth *	Civilian *	Civilian 1: Hire<7/1/2011	65/0, 80 points	3	3.00% *	2% auto, or Ad Hoc up to 4%	Yes	No	75% J&S	8.25%
Fort Worth	Civilian	Civilian 2: Hire>7/1/2011	80 points min age 55	5	0.025	None	Yes	No	75% J&S	8.25%
Fort Worth	Fire	Fire	65/0, 80 points	3	0.03	2% auto, or Ad Hoc up to 4%	Yes	No	75% J&S	8.25%
Fort Worth *	Police *	Police Hire<1/1/2013	65/0, 0/25, 80 points	3	3.00% *	2% auto, or Ad Hoc up to 4%	No?	No	75% J&S	8.73%
Fort Worth	Police	Police Hire>1/1/2013	65/0, 0/25, 80 points	5	0.025	None	Yes	No	75% J&S	8.73%
Houston	Civilian	A: Hire<9/1/1981 or 9/1/1999<Hire<1/1/2008	62/5, 75 points min age 50	3	.025 * Svc<20 + .0325 * svc>20, maximum 90%	3% Simple; 2% Simple if Hire >2005	Yes	Yes	100% J&S	5.00%
Houston	Civilian	B: 9/1/1981 < Hire < 9/1/1999	62/5, 75 points min age 51	3	.0175*svc<10 + .020*Svc<(10 - 20) + .025*svc>20, maximum 90%	3% Simple; 2% Simple if Hire >2005	Yes	Yes	100% J&S	0.00%
Houston	Civilian	D: Hire > 1/1/2008	62/5	3	.018 * svc<25 + .01 * svc>25, maximum 90%	None	No	Yes	Single Life	0.00%
Houston	Fire		0/20	3	50% + .03 * Svc>20	0.03	Yes	No	100% J&S	9.00%
Houston	Police	Hire < 10/9/2004	0/20	3	.0275 * svc <20 + .02 * svc>20	66.67% * CPI, min 2.4%, max 8%	Yes	No	100% J&S	9.00%
Houston	Police	Hire >10/9/2004	55/10	3	.0225 * svc <20 + .02 * svc>20	80% * CPI, min 2.4%, max 8%	No, Partial lump sum	No	100% J&S	10.25%
San Antonio	Civilian		60/5, 0/21	N/A (3)	TMRS 2-for-1 matching contribution	70% * CPI (Ad Hoc)	No	Yes	Single Life	6.00%
San Antonio	Fire & Police		0/20	3	.0225 * svc<20 + .05 * svc (21 - 27) + .020 * svc (28-30) + .005 * svc>30; maximum .875%	75% * CPI	Yes	No	100% J&S	12.32%

**Healthcare and Retirement Benefits Task Force
City of San Antonio**

Comparison of Pension Costs

City	Group	Funded Ratio	Unfunded	Employer	Employee	General Fund Revenue (2012 CAFR)	Er Contribution/General Fund Revenue	Amortization Period (years)	Amortization Type	
		(Assets @ Market Value)	Liability per Member	Contribution Rate (% of pay)	Contribution Rate (% of pay)					
Austin	Civilian	61.20%	111,756	16.00%	66,717,926	8.00%	12%	27	Open, % of pay	
Austin	Fire	79.90%	77,803	18.10%	14,583,154	15.70%	3%	21	% of pay	
Austin	Police	59.30%	160,213	21.60%	28,767,411	13.00%	5%	31	Open, % of pay	
Corpus Christi										
Ees & Police	Civilian	96.58%	8,577	10.51%	15,990,707	6.00%	8%	16	Closed, % of pay	
Corpus Christi	Fire	56.70%	176,648	20.80%	4,724,580	12.20%	2%	22	Open, % of pay	
Dallas	Civilian	81.00%	70,409	10.5%(will	27,302,000	11.90%	3%	30	Open, % of pay	
Dallas	Fire & Police	66.00%	221,423	27.50%	103,933,961	8.50%	10%	23	% of pay	
El Paso	Fire	74.40%	136,068	18.50%	10,062,408	15.30%	3%	76	% of pay	
El Paso	Police	72.70%	167,802	18.50%	13,855,084	13.90%	5%	infinite	% of pay	
El Paso	Civilian	74.30%	49,947	12.90%	19,181,091	8.40%	6%	21	Open, % of pay	
Fort Worth	All	64.90%	119,122	20.00%	77,484,791	8.40%	15%	28 years	Open, % of pay	
Houston	Civilian	51.00%	118,390	21.40%	87,284,737	3.20%	5%	30	% of pay	
Houston	Fire	90.00%	88,681	26.90%	61,319,983	9.00%	3%	30	Closed, % of pay	
Houston	Police	75.10%	114,972	21.70%	78,287,000	9.30%	4%	30	% of pay	
San Antonio	Civilian	95.09%	8,359	10.54%	28,695,646	6.00%	3%	19	Closed, % of pay	
San Antonio	Fire & Police	83.70%	54,695	24.64%	67,238,000	12.32%	7%	7	% of pay	

Bartel Associates, LLC December 6, 2013

Source: Texas Pension Review Board website & 2012 City CAFRs

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Item 2 C:

Attachment III - City Staff (30 minutes)

**ATTACHMENT III
GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF**

TOPIC – STATE STATUE QUESTIONS

(Combined Similar Questions 30 and 72)

Question 30. What are the statutes and how do they contrast the benefits of the uniform and non-uniform employees?

Question 72. More info on uniform contribution and benefits included in State Statue (slide 39) - what benefits can be changed by Board of Trustees vs. State legislative action?

The benefits included in state statute are: 1) Retiree Healthcare Benefits for Uniform Fire and Police employees; 2) Pension Benefits for Uniform Fire and Police employees; and 3) Pension Benefits for Civilian employees. Following is a brief summary of the contribution and benefit provisions included in each of the statutes.

San Antonio Fire and Police Retiree Healthcare Fund (Retiree Healthcare Benefits for Uniform Fire and Police Employees)

The Retirement Health Trust for police officers and fire fighters statute is set forth in the Texas Civil Statutes, Article 6243q.

The Health Trust is a Texas statutory retirement trust that provides post employment healthcare benefits to police officers and fire fighters that retired on or after October 1, 1989. The Plan is a single-employer defined benefit post-employment healthcare plan and is prefunded with contributions from active fire and police employees and the City.

The Statute mandates the level of contribution for both the employee and the City. Currently, the contribution is 4.7% of covered payroll for employees and the contribution for the City is 9.4% of covered payroll, or a matching ratio of 2 to 1. Annually, the employees' contribution is converted to a fixed monthly contribution by an actuary based upon the 4.7% of covered payroll calculation and for Fiscal Year 2014 that amount equates to \$279.61 per month.

If a uniformed employee retirees with at least 30 years of service, there is no premium paid by that employee for them or their spouse after retirement. For retirement with less than 30 years of service, the retiree must continue to pay the same monthly premium as an active employee until they reach contributions equivalent to 30 years of service or the retiree is eligible for Medicare.

The benefit plan is also included in the Statute. Generally, the Board of Trustees of the Fund may not change provisions of the Statute unless specifically provided for in the statute. All changes to the provisions of the statute must be made by legislative enactment. However, the statute gives the Board specific authority to modify the retiree health plan if the modifications do not, in the aggregate, increase the fund's total actuarial unfunded liability, as determined by the actuary.

Additionally, the Board was given specific authority related to the following:

- if on Oct 1, 2017, the actuary determines that the number of years required to fully amortize the unfunded liability of the retiree health plan is more than 30 years, the board shall (1) modify the contributions by the employees and the City in an amount determined by the board, but by an amount not to exceed 10%, on Oct 1 of each year, commencing October 1, 2017; and (2) increase the amount of the maximum deductibles and maximum out-of-pocket payments in an amount determined by the board, but by an amount not to exceed 10% on January 1 of each year, commencing Jan 1, 2018
- on Jan 1 of each year, the board shall increase the amount of the maximum deductible and out-of-pocket payments by a percentage equal to the then most recently published annual percentage increase in health

ATTACHMENT III GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF

care costs as set out in a published index selected by the actuary that reflects annual changes in health care costs, but by an amount not to exceed 8%

Provisions related to civilian retirement healthcare costs are not included in State Statute. The civilian retirement plan is funded on a pay-as-you-go basis and cost sharing and benefit levels can be adjusted through the annual budget process. For more detail information on the current civilian healthcare plans, see the response to Question No. 73 provided by MHBT and Slide No. 39 of the powerpoint presented to the Task Force on October 28, 2013.

San Antonio Fire and Police Pension Fund

The pension statute for police officers and fire fighters is set forth in the Texas Civil Statutes, Article 6243o. The San Antonio Fire and Police Pension Fund is a single-employer defined benefit plan that provides pension benefits to eligible uniformed police and fire employees of the City.

The State Statute mandates the level of contribution by the employee and the City. Currently, the employee contribution is equal to 12.32% of covered payroll with a double match by the City of 24.64% of covered payroll.

The level of benefit is also mandated by Statute. Vesting requirements are 20 years of service with retiring employees receiving a retirement annuity calculated based upon the average of the employee's total salary, excluding overtime pay, for the highest three years of the last five years. Currently, the annuity computation is based upon the following: 2.25% of the average total salary for each of the first 20 years; plus 5% of average total salary for each of the next seven years; plus 2% of average total salary for each of the next three years; plus ½% of average total salary for the next three years. The retirement annuity cannot exceed 87.5% of average total salary.

Other benefits included in the State Statute include cost of living adjustments which are outlined in the response to Question No. 70 above. Additionally, retiring members have the ability to take a Backwards Deferred Retirement Option Plan (BackDROP) which provides a lump-sum payment for a number of full months of service up to 60 months under certain conditions with a reduced annuity payment.

Texas Municipal Retirement System (Civilian Pension Plan)

The pension statute for all civilian employees is set forth in Texas Government Code, Title 8. Public Retirement Systems, Subtitles A and G, and is referred to as the Texas Municipal Retirement System (TMRS). TMRS is statewide agent multiple-employer public employee retirement system. The Plan is a nontraditional, joint contributory, hybrid defined benefit plan.

Contributions are established under the State Statute with the plan options that were selected by the City. The employees contribution is 6% of covered payroll with the City's contribution generally expected to be 12% based upon a 2 to 1 benefit design ratio. See the response to Question No. 71 above for additional information on the City's contribution rate.

Benefit levels are also established under State Statute. Vesting requirements are five years of service. Benefits depend on the sum of the employee's contributions, with interest, and the City's credits, with interest. Additionally, the City grants a monetary credit referred to as an updated service credit. Other benefits include options for cost of living adjustments (COLA) options, however, in fiscal year 2010, the City eliminated the annually repeating COLA from its plan and now grants them on an ad hoc basis. Retirees can also elect a partial lump sum with a reduced pension annuity.

**ATTACHMENT III
GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF**

TOPIC – EMPLOYEE HEALTHCARE

Question 36. What steps has the City taken to educate employees (uniform and civilian) regarding Healthcare Reform Act and its impact to the City?

In addition to mailing out notices as required by the Affordable Care Act, Human Resources (HR) staff posted a series of educational videos on the impact of healthcare reform. Those videos are available on the HR website along with other educational videos on benefit programs provided by the City. HR staff also conducted informational meetings with employees at facilities throughout the City regarding 2014 benefit changes and the impact of Healthcare Reform. As more information becomes available, the City will continue to communicate important information to employees through informational meetings, newsletters, and educational videos, and other media, as applicable.

Question 50. Are Police and Fire required to maintain certain physical fitness standards?

No, Police Officers and Firefighters are not required to maintain any physical fitness standards. There is a voluntary program in the Police collective bargaining agreement that awards days off to officers who achieve certain milestones on set physical exercises.

Question 51. Are wellness incentives offered to city employees? Do employees participate in Health Savings Accounts?

Yes, the City provides a variety of wellness incentives and programs to help Civilian employees improve their overall health. Civilian employees can earn monetary incentives through participation in the Virgin Pulse Program which tracks employee fitness levels. To date, over half of all civilian employees participate in the program and have logged over 3 billion steps. In addition, civilian employees have access to other wellness programs such as the Tobacco Cessation Program, Employee Health + Wellness Center, On-Site Wellness Coaches, and Weight Watchers at Work. Employees also have access to the Employee Assistance Program which offers counseling services for work, personal, marriage, and family issues.

The City offers a Consumer Choice (CDHP) medical plan with Health Savings Account (HSA) to active civilian employees and retirees. Flexible Spending Accounts (FSA) are also available to civilian employees enrolled in the Premier and New Value Health Plans.

There are no wellness incentives provided to uniform Police and Fire employees in the collective bargaining agreements. No uniform employees participate in Health Savings Accounts because the City's Consumer Choice (CDHP) medical plan is not included in the collective bargaining agreements.

(Combined Similar Questions 37 and 54)

Question 37. What type of benefit strategies and commitment is being used to extend cost sharing to civilians and uniforms?

Question 54. What is the City's total compensation strategy (wages and benefits) for each class of employees?

For civilian employees, historically, wages were below market rate and benefit packages exceeded industry trends. In the last seven years, wages have been increased to be consistent with market competitive rates and healthcare benefits have been adjusted to increase employees' share in cost and to align with industry trends.

With respect to compensation, the City established a Step Pay Plan in Fiscal Year 2008 for civilian non-professional and non-managerial positions. This plan is a step based plan which rewards employees for tenure in a position by providing employees pay increases as they move through each step. For civilian

**ATTACHMENT III
GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF**

positions not included in the Step Pay Plan, market wages are maintained through the use of cost of living adjustments and performance pay.

On healthcare benefits for civilian employees, many strategies have been implemented over the past seven years while transitioning to market competitive wages. Those strategies have included the adoption of cost sharing philosophies, the creation of new tiers with increased cost sharing, changes to plan design, addition of a consumer driven health plan, and increased wellness programs and initiatives. These strategies are outlined in more detail in the attached document which includes responses prepared by MHBT to questions from Task Force Members.

For uniform employees, active healthcare is included in the respective fire and police collective bargaining agreements and are subject to negotiation. Minimal changes have been made to these healthcare benefit plans and no philosophy or formal strategy is currently in place.

Presentation Clarification Questions
(Combined Similar Questions 43 and 65)

Question 43. On slide 37, can that be clarified as to whether the other cities include prefunded retiree costs? And, whether the civilian column includes the unfunded liability component?

Question 65. Regarding slide 37, do other cities pre-fund their retiree healthcare or are they pay-as-you-go, then the information is misleading to the committee. What is the retiree cost per person for these cities?

The cities noted on slide 37 do not prefund retiree healthcare and use a pay-as-you go model for retiree healthcare costs. No other major Texas City pre-funds the cost of uniform employee healthcare. The civilian column does not include the unfunded liability component.

Staff asked the comparable cities listed on slide 37 to validate that their costs provided included the cost of retirees. Of the six cities surveyed, 5 confirmed that their numbers include the pay-as-you go cost of retiree healthcare. City of Austin provided an updated number since the figure provided in July and it includes the pay-as-you go cost of retiree healthcare. City of Houston has not confirmed their amount as of today.

FY 2013	Per Uniform position cost to provide healthcare	Per Civilian position cost to provide healthcare
Austin (figure shown on 10/28 presentation)	\$10,546	\$9,961
Austin (updated figure as of 11/21)	\$13,788	\$12,006

Question 74. Slide 41 is confusing on premium amounts

Slide 41 shows the current uniform retiree healthcare premiums. Uniform retirees with 30 years of service or more do not pay premiums. Uniform retirees with 20 to 29 years of service pay the same monthly premiums as the prefund amount paid by active uniform positions until their contribution reaches 30 years of service or retiree is eligible for Medicare. The monthly prefund amount paid by uniform active employees and retirees with 20 to 29 years of service is \$279.61 in FY 2014

**ATTACHMENT III
GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF**

TOPIC – CIVILIAN AND UNIFORM PENSION

Question 70. How do uniform retiree pension COLA adjustments compare to civilian retiree TMRS adjustments?

Uniform Employees	Civilian Employees
<ul style="list-style-type: none"> • Based on Consumer Price Index for all Urban Consumers (CPI-U) • Pre-August 31, 1971 – 100% of Increase in CPI-U • After August 31, 1971 but before October 1, 1999 – 100% of CPI-U up to 8% and 75% of increase above 8% • After October 1, 1999 – 75% of the increase in CPI-U 	<ul style="list-style-type: none"> • 70% of Consumer Price Index (CPI) • Retroactive feature • Eliminated Annually Repeating COLA in 2010 • Granted Ad Hoc COLAs • Pursued Legislative Adjustments to add COLA options to include non-retroactive alternatives

Question 71. I thought for TMRS that the civilian contributes 6% and the City contributes 12%, not the 10.78% noted in the presentation

The plan benefit design structure for the City’s civilian employees under TMRS is based on a 2 to 1 ratio with a 6% employee contribution. Under this structure, employees contribute 6% of covered payroll. While the City’s contribution is expected to be generally 12% (based on the 2 to 1 ratio), the City’s actual contribution rate is actuarially determined on an annual basis. The City’s contribution rate can fluctuate based upon the actuarial determination based on actual experience compared to assumptions, changes in assumptions, investment portfolio performance, and other changes. Currently, the City’s actuarially determined contribution for fiscal year 2014 is 10.78% of covered payroll.

Question 13. More information from TMRS. For instance invite Dan Wattles to lay out what average retiree gets.

A representative from TMRS will be in attendance at the December 9 Task Force Meeting.

(Combined Similar Questions 21 and 77)

Question 21. Need more statistics on TMRS annuities:

- a. Average amount,
- b. Average amount with health benefits, and
- c. Average amount without health benefits

Question 77. I would like to request that the SA Fire & Police Pension Fund provide information on the average pension annuity by years of service as well as any lump sum distributions for current retirees and beneficiaries. I would like to see the same information for both civilian and uniform retirees who retired in the last five years.

Staff is working with Warren Schott, Executive Director of the San Antonio Fire and Police Pension Fund and the Texas Municipal Retirement System (TMRS) to obtain the requested information. Both entities have agreed to provide the requested information and once it is received, it will be provided to the Task Force.

**ATTACHMENT III
GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF**

TOPIC – GENERAL INFORMATION QUESTIONS

(Combined Similar Questions 1 and 29)

Question 1. Budgeted police positions versus actual for the last five years.

Question 29. What are the active number of uniform and non-uniform employees from FY 2006 to FY 2013?

The below table provides a snapshot of Authorized and Filled positions by Civilian, Fire, & Police at the beginning of the 4th Quarter (July) of each Fiscal Year (the month of July was selected for the snapshot to account for any changes to positions in the budget or during mid-year budget review).

Fiscal Year	Civilian		Uniform Fire		Uniform Police	
	Budgeted	Filled	Budgeted	Filled	Budgeted	Filled
2006	8,496	6,842	1,493	1,474	2,068	2,020
2007	8,236	6,890	1,530	1,513	2,122	2,099
2008	8,266	6,906	1,564	1,526	2,202	2,138
2009	7,952	6,941	1,624	1,581	2,302	2,196
2010	7,617	6,636	1,653	1,607	2,352	2,230
2011	7,501	6,597	1,656	1,649	2,374	2,304
2012	7,376	6,611	1,658	1,646	2,375	2,301
2013	7,320	6,644	1,660	1,654	2,375	2,346

Question 2. Number of cadet classes delayed for the last three years.

The table below reflects the number of police and fire cadet classes planned for the last three fiscal years and the actual number cadet classes held.

	Police		Fire	
	Planned	Actual	Planned	Actual
FY 2012	3 classes 135 cadets	3 classes 92 cadets ¹	2 classes 50 to 60 cadets	2 classes 53 cadets
FY 2013	3 classes 84 cadets	2 classes 58 cadets	1 class 25 to 30 cadets	1 class 30 cadets
FY 2014	3 classes 90 cadets		1 class 40 cadets	

Notes:

- 1) In FY 2012, the Police Department did not realize the projected vacancy rate resulting in classes of smaller size than projected
- 2) In FY 2013, the Police Department did not realize as many vacancies as projected and cancelled the September 2013 class. The next cadet class is schedule for January 2014.

**ATTACHMENT III
GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF**

Question 5. What percentage of total compensation is benefit/pension?

Total Compensation is the total cost for the City to employ staff and is comprised of two components: 1) compensation (salaries, incentives, and specialty pays), and 2) benefits (healthcare and pension benefits). For Civilian employees, benefits represent on an average 38% of salaries and for Uniform employees, benefits represent on an average 55% of salaries.

Question 10. Last time market survey for civilians on pay?

In FY 2008, the City established the Civilian Step Pay Plan for non-professional and non-managerial positions and was based upon the results of a market survey of all civilian positions. This plan is a step based plan which rewards employees for tenure in a position by providing employees pay increases as they move through each step. Given the financial impact of the plan, the implementation was phased in over a six year period with the final phase being implemented in Fiscal Year 2013. For Fiscal Year 2014, the Civilian Step Pay Plan has now transitioned into a maintenance function in order to continue to provide competitive wages.

For civilian positions not included in the Step Pay Plan, market wages are maintained through the use of cost of living adjustments, market adjustments, and performance pay. Market surveys for specific positions or job classes are completed as required and have been done in conjunction with organizational realignments, reorganizations, and as needed to address specific requests.

Question 11. Trends in the Human Resources Department. FTE's over the last seven years and out of what funds are those FTEs funded and at what cost?

Below is a table that shows the personnel trends in the Human Resources department from FY 2008 to FY 2014 and the budget for those positions. Shared Services positions support operating departments and are funded by those budgets under the supervision of the Human Resources Department.

Human Resources Department Number of Authorized Positions							
Fund	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
General Fund	53	52	43	44	42	42	41
Employee Benefits	21	22	23	23	27	27	27
Shared Services (All Funds)	39	42	42	38	38	38	39
Total	113	116	108¹	105	107	107	107
Adopted Budget (Salaries, Benefits, and other personnel costs) (\$ in Millions)							
Fund	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
General Fund	\$3.5	\$3.8	\$3.1	\$3.4	\$3.2	\$3.4	\$3.7
Employee Benefits	1.4	1.5	1.6	1.7	1.8	1.9	2.0
Shared Services (All Funds)	2.0	2.3	2.3	2.1	2.2	2.2	2.3
Total	\$6.9	\$7.6	\$7.0	\$7.2	\$7.2	\$7.5	\$8.0

Notes:

1) In FY 2010, the Innovation Team of 4 positions was transferred to the Budget Office and 4 positions were eliminated.

**ATTACHMENT III
GENERAL & CLARIFICATION QUESTIONS ANSWERED BY CITY STAFF**

Question 23. What year was the original collective bargaining agreement executed? What percentage of the total general fund budget were police and fire?

The first Fire Collective Bargaining Agreement (CBA) contract was executed on August 1, 1975; and the first Police (CBA) was executed on August 1, 1976. In FY 1975 the Public Safety Budget (Police and Fire) comprised 36% of the total General Fund Budget.

Question 68. Will all committee members be afforded the right to make presentations as was afforded to the City Manager, Mr. Erik Walsh and Mr. Ben Gorzell.

Chairman Williams stated that others would be provided the opportunity to present as agreed to by the Task Force.

Question 24. How do our number of police and fire employees per capita of population relate to other Texas cities

Police Officers per 1,000 population (includes sworn officers assigned to Airport, Parks and Schools using FY 2013 Budget Figures)					
	Dallas	Houston	San Antonio	Austin	Fort Worth
Officers per 1,000 Population	2.86	2.56	2.11	2.08	1.99

Uniform Fire per 1,000 population (FY 2013 Budget Figures)*					
	Austin	Houston	Dallas	San Antonio	Fort Worth (contracts EMS)
Officers per 1,000 Population	1.86	1.78	1.60	1.22	1.18

**Source: FY 2013 Adopted Budget Documents*