

SPECIAL BUDGET REVIEW COMMITTEE

JANUARY 16, 2020

A special meeting of the Budget Review Committee was held Thursday, January 16, 2020, at 7:00 p.m. in the Auditorium.

Alderman Richard A. Dowd, Chairman, presided.

Members of Committee present: Alderman-at-Large Ben Clemons, Vice Chair  
Alderman-at-Large Michael B. O'Brien  
Alderman Jan Schmidt  
Alderman Ernest Jette  
Alderman-at-Large Lori Wilshire  
Alderman-at-Large Shoshanna Kelly

Also in Attendance: Mayor James Donchess  
Steven Bolton, Corporation Counsel  
Alderman Patricia Klee  
Alderman-at-Large Brandon Michael Laws  
Alderman Linda Harriott-Gathright  
Alderman-at-Large Shoshanna Kelly  
Kim Kleiner, Administrative Services Director  
John Griffin, CFO

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PUBLIC COMMENT - None

ELECTION OF CLERK

**MOTION BY ALDERMAN WILSHIRE TO NOMINATE ALDERMAN MICHAEL B. O'BRIEN, SR. TO SERVE AS COMMITTEE CLERK FOR THE 2020-2021 TERM**

**MOTION BY ALDERMAN WILSHIRE TO CLOSE THE NOMINATIONS  
MOTION CARRIED**

**MOTION BY ALDERMAN WILSHIRE CARRIED TO ELECT ALDERMAN O'BRIEN AS COMMITTEE CLERK FOR THE 2020-2021 TERM  
MOTION CARRIED**

COMMUNICATIONS - None

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCES - None

GENERAL DISCUSSION

Discussion relative to Budget Summit.

Chairman Dowd

Tonight we are here for general discussion as a Budget Summit and with that I will turn it over to the Mayor.

Mayor Donchess

Well thank you very much Mr. Chairman and everybody who has come. So thank you very much for the Board of Aldermen for, of course, holding this event and to everybody who has come. We invited, of course, all members of the Board of Aldermen and all of our Employer Boards, Police, Fire, Public Works, Library and everybody else to talk over some serious budget issues that we are facing this year and in the coming years.

Now the last time we had a meeting like this it was several years ago and the problem then, and many of the Board of the Aldermen were here, but some were not; the problem then was that we faced a \$2 million dollar, one-time increase in the pension budget. When the State Retirement Board adjusted the assumed the rate of return on the pension assets held but the State of New Hampshire, which caused a \$2 million dollar increase for the City of Nashua over and above normal increases caused by wages.

We worked together at that time and managed the Budget in a way that we did not seriously impact the tax rate, but we worked really years in advance in anticipation of that one-time, \$2 million dollar increase. Over the last four years we've managed the budgets so that the average tax increase is about 2.6% while at the same time maintaining the quality of services and improving services in some respects; adding fire dispatchers, paving, kindergarten, some ELL teachers and other things.

But now the problem we are facing is far more significant than what we dealt with with the pensions, because a not only was it bigger in the current fiscal year, Fiscal '20, but it's not a one-time hit. This is going to proceed year by year in the same fashion. So what we are looking at and, you know, I've been discussing this for a year now on many occasions and I won't detail them. But in the current Fiscal Year we needed to budget an 11% increase in health care costs, a \$3.3 million dollars in a single line item. It turns out our projections, and you are going to hear tonight from John Griffin, CFO; Kim Kleiner, Administrative Services Director; and Steve Bolton, City Attorney. It turns out that the projections that were done of the 11% increase by the health care consultant was, at least so far, looks very accurate because through the first six months we are tracking right on the projected numbers, with the 11% increase that we had projected.

Now they are projecting next year an 8.6% increase and in succeeding years the industry trend is 9% a year. We are going to do everything we can to try to mitigate these costs; SmartShopper, try to move people or persuade people to go into high deductible plans, things like that. They will have some effect around the margins but for there to be any significant change, there probably would need to be some kind of re-negotiation of the benefits in the contracts such as increasing deductibles or something like that. But we will do everything we can do mitigate these changes but we are looking at a significant challenge going forward.

I think it is important to emphasize that this is not Nashua alone; Nationwide we are seeing problems, you are going to see a slide later that is going to show you that all of the healthcare administrative companies, Anthem and all the others are all projecting around 9% for their customers, their clients in these coming years. Of course it is all driven by the cost of claims. The administration cost on our \$33 million dollar budget is only a little over \$1 million dollars and that is paid to Anthem to administer the claims. We also pay \$880 or \$900,000.00 for so-called "Catastrophic Coverage" to cover claims over \$350,000.00. But other than those \$2 million dollars, all the money goes to pay claims. So this is driven by people getting hurt, people getting sick, their dependents of the City Employees and of course, healthcare for all employees is a very important benefit.

The goal tonight is to project out some budgeting as to where budgets and tax rates are likely to go under, at least we've sketched out, three different scenarios. The first scenarios is we call Version One which is on the slide that you are looking either on the screen or on your hard copy which is a 2.25% increase in the budget apart from the one line item of insurance which is projected to go up 9%, 8.6 or 9%. So Version Number One is a 2.25% increase.

Of course to hit that version, wages would need to go up really an average of 2.25% because wages, apart from the cost of health insurance, are 80% or are the driver of the budget. We are a service organization and what we pay our employees is really what we deliver and that is the vast majority of the cost.

Scenario Number Two suggests that we, and as you can see from the first slide, if the budget goes up 2.25% for the next five years and health care goes up 9% and our tax base remains relatively stable, you will see tax increases of 4.5, 4.0, 4.1, 4.2, and 4.3 over the next five years. Now if Scenario Number Two we increase wages and budgets by 3% instead of 2.25 across the board, across our budgets, now in that situation taxes go up, I am rounding off some of these numbers, 5.4, 4.7, 4.8, 4.9 and 4.9 % over the next 5 years. And if we got to 3.5% wages and budgets across the board up that much, then we are looking at increases of 5.9, 5.2, 5.3, 5.3 and 5.4% approximately over the next five years.

And, of course, the reason is that we have this one line item that is going up a huge amount. If we use last year as kind of a model, our budget went up 3% but and we did have an 11% health care increase, but we held the remainder of the budget to 1.76%. But if wages are going up even a 2 or 2.5, or 3.0 or 3.5 there is no possibility we can hold the budget increase, the non-health care remainder of the budget to 1.7 unless we reduce services. And to some degree that did happen last year; you saw some attrition in the Police Department because of it. But if we held the budget to that level for 5 years, you'd see major service cuts because we could not increase compensation, at the same time increasing health care while at the same time keeping services at the current level.

Now there are some assumptions that are built in here, again the 9% increase in the healthcare cost, we have assumed kind of a constant \$500,000.00 into CERF which an underfunding. We are assuming we would continue the custom that we have followed the last few years, which is to sort of backfill that with surplus at the end of the year. We could change that and budget CERF at like \$2.5 million and then not have the surplus at the end of the year to do that; either way that is cost and tax neutral. We are assuming here that we would apply \$4.5 million dollars of surplus to tax reduction at the end of every year. That is a constant number throughout all of these projections and there are a few other assumptions; we are assuming that we are going to lose a little bit in tax base through the operation of House Bill 700. That will cause us over a period of 5 years to lose \$35 million dollars in value which is approximately \$700,000.00 per year in revenue.

Those are some of the things that we are looking at and this why I have been suggesting to the Board of Aldermen that we need to be somewhat careful about what we commit ourselves to. I think you, the Board of Aldermen, we as a City, are looking at several alternatives. Number One we either kind of go with – one alternative would be to just increase say the budget wages 3% a year for everyone and see the taxes go up as we have suggested. Another would be to try to hold the wage increases down in order to mitigate the effect of the health care increases on the tax rate. A third would be to reduce services; another approach could be to try to negotiate, as contracts come forward, to try to negotiate changes in health care. It would push more costs onto employees and reduce on the City. Now of course we want to give raises to our employees, we don't want to change healthcare, we've tried to avoid going back to them after they have made a major sacrifice several years ago and ask for any kind of concessions and we haven't really done that yet. But this is the kind of thing we are looking at.

I think the fact for the taxpayer, the fact that insurance is going up so much is a big increase in compensation, at least from the taxpayer's pocket. For an employee that makes \$50,000.00 or \$60,000.00, that amounts to a significant increase in compensation every year just to meet the healthcare cost. So I think another approach we could use it to try to, while we try to work out exactly what to do, you could say that we wouldn't agree to more than 1 year of an above the cost of living increase for any contract and then try to work things out in the succeeding years. But these are issues that you, as the Board of Aldermen, we as a City, are going to need to consider. I mean I have to be fairly frank in that if employer boards simply go around the administration and come to you with whatever – just come to you with increases at 3.0 and 3.5 and you conceivably could see a 3.5% contract someday on your desk.

It is at least a possibility within the next few months. If the employer boards simply go around the negotiating strategy we have tried to develop and come directly to you, you are going to be faced with this direct problem. Are we going to approve these contracts and allow – I mean what strategy are we using, I mean it will kind of come to you, the buck will stop with you.

So we have tried to develop a negotiating team that would uniformly apply the uniform set of guidelines with respect to that, the issue of labor negotiations. Ms. Kleiner has been trying to lead that effort and will continue to do so. But as we go forward, I mean we are not facing any good choices because of this and I wish all of this weren't the case but over the last few years at least, we have sort of looked at taxes as a significant issue for the citizens of Nashua. We have tried to sort of begin with, OK what can we do within a reasonable increase in the tax rate and have tried to manage in that direction. Certainly you can take the City in a different direction, ultimately the choice is yours. But I think that it is important that we, as a group, try to decide what direction the City is going to take so that we can at least have some understanding of where we will be going within the next 5 years.

So with that, all that good news I have been able to give you, John is going to go through a few more of the slides and some of the assumptions. Kim is going to just go over some of the healthcare details, but not too much, we are not trying to get deeply, deeply into the healthcare thing now. Steve is going to talk a little bit about the negotiations or sort of follow up; sorry is going to talk a little bit about anything that John and Kim do not cover. So anyway, thank you Mr. Chair.

#### John Griffin, CFO

Thank you Mayor, Mr. Chairman, and members of the Budget Review Committee and members of the Board of Aldermen. This particular slide was developed to kind of simplify the assumptions. As you can imagine with a \$270 million dollar operating budget that results in a tax calculation, there are some complicating factors and choices. But as we talked at length about, at the most recent budget sessions, just think that every \$2 million dollars of appropriations is 1% on the tax rate. That's on the appropriations side, it is the same thing, if we were to be able to get \$2 million dollars from somewhere, whether it was local receipts or State receipts, that's 1% of the tax rate.

Just to kind of go over some things that the Mayor talked about, surplus – we are fortunate that we budget revenues conservatively, such that we do have surplus at the end of each year. We've looked at \$4.5 million number as a good amount of surplus to apply against the tax rate. So as I just mentioned, if every \$2 million dollars is 1% on the tax rate, we are essentially bringing it down slightly over 2. So if we didn't have any surplus, last year's tax rate – or the year the before I should say – would have been 2% more.

As you recall last year, we got the first half of people are referring to as one-time revenues; a \$40 million dollar, unrestricted aid that was apportioned to all the City's and towns, we were lucky to get \$1.8 million. The funding for school was somewhat true up to historical levels, we got \$2.9. As you recall, we let that because of the DRA Regulations, we let that go through to the tax calculation and we appropriated other things in another Resolution that you approved.

So last year, the 2.6 was a result of apply all of that \$4.7 plus from surplus; that was a little bit complicated last year it is in the decision to provide us with that good fortune of getting those dollars. So last year we handled it, as you recall, we tried to true up with pretty much specificity we tried to true up to a 3% increase in taxes, we were lucky to get a 2.6 by using that strategy. The 4.5 is a comfortable number for the financial services group and the Mayor of course but now getting back to the next one, is the one-time revenue, we have had some internal discussions on that. We are going to get the 1.8 and hopefully the 2.9, can't really plow that into any kind of budgeting on an on-going basis. So you've heard the concept of one-time revenue for one-time projects or one-time expenditures. It is not clear to me that in the next Legislation Session at the State Level that any of those monies are going to continue so we have to be a little conservative. We hope that they grow from the State Level, but we have to take a conservative approach.

The selection of how to use that money is to come. I just wanted to share with you at this juncture that there is money hopefully that the Treasurer Fredette receives that money and we can have that go through – it will go through the tax rate.

With regard to the State Revenues, as I said, they are expected to revert back to historical levels, hopefully not worse. But we plan for the State Revenue and the Local Revenues to remain stable; those two numbers add up to \$62.5 million and as the Mayor said, we are not projecting any increases or decreases so we always have to watch that. So \$62.5 million of State Revenue and Local Revenue, separate from property taxes are to balance these budgets and create these tax rates. With regard to the Assessing Valuations, as you recall a few years ago we had a revaluation; we've got about \$9.9 billion in assessed value without counting utilities, so we kept that the same for lack of any other better information. Utilities, as the Mayor said, HB 700, our consultant has told us that you can expect reasonably a \$7 million dollar reduction cumulative to \$35 million at the end of five years. So in the tax calculation model is a \$7 million dollar reduction in value for utilities then a 14 in the next year, 21, 28, 35. There is a lot more ingredients into a tax calculation, but these are the main ones. I don't know if we want to have questions but I will go forward with the budget part if it is OK with Mr. Chairman?

Chairman Dowd

Go ahead.

Mr. Griffin

OK thank you. This is the projected General Fund Budget Increases that affect the tax rate and these are the increases based on versions that the Mayor just described. The General Fund Adopted Budget for Fiscal 2020 was \$270,384,000.00. So the increases that you see here on top of that, just for Fiscal '21 what is interesting if you look at all of the Divisions with the exception of pensions, FICA, MEDI, benefits, those are all increasing 2.18% and the reason for that is the Mayor's guidance was 2.25% increase for Police, Fire, School and DPW. 2% for everybody else, so when you average all that out it is about 2.18% on those components. The components of Pension, FICA, MEDI, and benefits is 5.36% increase predominantly due to the 8.6% increase in healthcare costs. There are some transfers and Capital Improvement things down below but those are about 1%, .94%.

In order to develop this I created some assumptions and this page clearly describes the versions as the Mayor indicated. Healthcare benefit increase is 9% each year; 8.6 this year, 9% for next several years. Capital Improvement Budget, we kept that at \$1 million and that's been \$1 million for several years. CERF Budget, \$500,000.00; Debt Service Annual increases which you saw in the most recent communication from Treasurer Fredette is approximately \$300,000.00 for each year based on the October 2019 Bond Sales Plan. So that's a number that is programmed in here, so those assumptions are how we derived the percentage increases that you see on the previous page. So with that, I guess I'll turn it over to Mrs. Kleiner.

Kim Kleiner, Administrative Services Director

Good evening, thank you, Kim Kleiner, Administrative Services – so we are going to start, you heard the Mayor speak about an increase, what we have already been informed of for next year of about 8.6%. The next slide will show you that this is not anything new to us, this is across the board, this is what providers and insurance specialists are recommending. This is both municipalities, this is the private industry, so this is a trend that most major insurers are seeing and expect to see in the near future. So as we have looked at budget numbers, we have included in the budget for next year, 8.6% as we look at expenditures we have seen our claims rise. So on the next slide you will see that over the four years we have seen claims rise 4%, 6%, 8%. And then most recently we budgeted an 11% increase across the board for Fiscal '20.

Yesterday we had Tom DeLacey from WorkPlace Benefit Solutions come and speak with a new Committee that the Mayor mentioned briefly, our new CBA Strategy Committee.

That Committee consists of some members from employer boards, Division Director, HR, Financial Services, and we are attempting to meet and discuss items that we know are both important to the City and to our employees; items across all contracts, some are very different and some are very much the same and that is very much the same across all employee groups. So Mr. DeLacey came and he gave a presentation, he talked about increasing medical costs and pharmacy spend. We have seen since 2008 Pharmacy Spend – Pharmacy is a huge dollar figure. He mentioned one drug and I think it was a very good example, one drug that is showing promise in improving blindness in children but unfortunately that drug is \$850,000.00 for that cycle. When you look at what it can do, it is small price to pay for a child's sight. But we are seeing a lot of those drugs come, these specialty pharmacy drugs become available and they are high cost and they driving up everybody's cost.

So he started to speak about one solution that we are taking advantage of starting now and that is increase consumer education. That's the one influence that we have over our health insurance cost right now is consumer education on claims; advising people how they can shop a little smarter. So Mr. Delacey has made himself available, he is willing to meet with any Employee Group, any Division, go out and speak about costs, speak about how employees can benefit from the high deductible health plan, how they can benefit from mobile health and SmartShopper.

SmartShopper is one item that we have really tried to push most recently through our HR Department. Nashua started just this Fiscal Year, Fiscal '20, already we have saved over \$18,000.00 in claims. The City of Manchester started back in 2010 and they have seen over \$2.5 million dollars saved in claims. So while we have a little bit of a way to go to see Manchester's number, it has started and employees are out there and they are shopping for the most effective way to have procedures, everyday common procedures from your colonoscopy to your mammogram. And so we are pushing out more information on that, happy to share the presentation that Mr. DeLacey gave with the Board. It was quite informative. He talked about how we saw in our Fiscal '19 results medical claims were over \$30 million. We saw pharmacy claims over \$8.4 million. Our stop loss of over \$800,000. We've seen those already start to trend pretty true to budget for this year with over \$21 million in claims already hitting our books for FY20. I caution a little bit here because generally later in the fiscal year you see claims start to jump up. That is often because have met their deductibles. So you may see more claims at the end of the fiscal year than you see at the beginning. We're watching that line item very carefully.

The other item that we wanted to talk about briefly is collective bargaining. I apologize for the slide being so small but we have 17 different union groups across the city. That's over 2,400 city employees that are covered by a collective bargaining agreement. We want to really push now and bring to light is you have three that have already expired that are being negotiated. You have another six that are going to expire in FY2020. Then you have another three in FY2021. So that's a large number of agreements that will be flowing through the Board that are being negotiated by city employees and employer boards. One thing that I think we have heard in the collective bargaining strategy group is collective bargaining units watch other units. It's a trend. As you start to see negotiations arrive at 3 percent increases whether it's across a couple of years or a cost four years, other bargaining units are watching as they head into negotiations. It does prove difficult for the negotiation teams and for the employer boards that are trying to come to those agreements.

The one thing here is we have a lot of our bargaining agreements right now that cover a large amount of our employees. While you have AFSCME at DPW, that's over 100 employees. You have your firefighters that's over 160 employees. So these are large groups of employees that we're negotiating now. At least two here at City Hall that expire in FY2020 have already started negotiations.

I'm happy to take any questions but to the point of I think as we share information in our collective bargaining strategy group and we talk about concerns, that's very positive for the city and it's positive for the employer boards as we share information. I really want to stress that everyone is watching what happens with each union negotiation. It's certainly nothing new here. It's everywhere. That's very common. I'll turn it over to Attorney Bolton and see if he has anything to share as he's active in negotiations across the city.

Steve Bolton, Corporation Counsel

Thank you Mr. Chairman. Either myself or Attorney Dory Clarke from my office participate in most of the negotiations with the different bargaining units. The exception would be in the School Department where they get outside counsel or Dan Donovan basically does that work, although we're available to consult on those as well. Typically whether it is any of the units at the Police Department, or Fire, the Library, the UAW which has most of the employees in this building and some in other city facilities. Either Dory or I will be involved in participate in those negotiations. I can assure you and reiterate what Kim said the people that we're negotiating with know what the trend has been with the contracts that have recently been approved. It's like if your brother-in-law bought a car at a certain dealership last week for \$30,000 and you go in and want the same car. You're not going to be very happy with being told the car now costs \$40,000. That's the situation we can end up with in these negotiations.

If you've given one group a raise of a certain amount, the next group is going to start higher than that to try and improve on it. They will be very reluctant to take less than the group that had settled immediately before them. We can say no and often times we do say no. At some point, not me particularly I can say no all day long and that's why the AFSCME contract is getting close to three years since it expired. That's not really good for anybody but there are reasons why we are seeking improvement there. It wears people down eventually and compromise gets easier to make. Sometimes it will be necessary for fiscal control to be asserted at a higher level. I think that's what the Mayor is asking you all to consider. I can assure you, you will be facing some hard decisions in that regard.

Mayor Donchess

Mr. Chair I just had one thing to add. Of course we will take questions or comments from you, the Aldermen of course or anybody here. One thing that I don't think has been mentioned is that if we enter a bunch of longer term contracts, 3, 4, 5 years which include 3 or 3 ½, whatever the numbers are and we get locked into that, you know, you will really have no flexibility when it comes to the higher range here on property tax increases because you will already be committed to, no matter what happens with healthcare, to a higher level of expenditure. The only way to meet that will be to raise taxes; now I don't think anyone here wants to see the tax increases of 5% a year, I mean I get that. We want to pay people more money, we want to fairly compensate our people, we want to provide health care. We also don't want big tax increases. It just that it results in hard decisions needing to be made; but with that, Mr. Chair, we are open to any comments or questions that anybody might have.

Chairman Dowd

Ok I'd like to open it up to the Aldermen for questions first and then we will open up ... Do the Aldermen have any questions for anyone that has presented.

Alderman Klee

In listening to all of this, the biggest issue that we have is with healthcare, obviously. And I see my own healthcare which is actually Anthem too, but through the federal program, federal Anthem, I see every year it changes. I see my deductible changing, I see my out-of-pocket expenses changing, I see the percentages of what they cover changing. I see what medications that they cover going to specialty and so on; so I see all of those things changing. I am assuming that we have this changing here but where we are self-insured it is not quite the same thing. Is it possible and this kind of putting a lot on you to get presentations of possible what-if scenarios? What if certain things were covered at 80%, what if certain things – to be honest with you, I don't know and I don't know if it is from contract-to-contract what the employee, what they have to pay, what their percentages are. I think I would like to get a really good or better understanding of, and I don't know if it is contract-to-contract so is that even possible to do?

Ms. Kleiner

So certainly I mean we can get the information to you on what the things you are talking about are plan-design and we haven't had any substantial plan-design changes now for a number of years. These things are the collective bargaining agreements. As you can imagine with 17 different it is a task to get those negotiated into each contract. We are looking at those and we are doing a lot of modeling with Workplace Benefit Solutions as to what those may look like in the future. We will have to start somewhere with some negotiation and yes you are right, it is common. That is commonly what you see, we've seen it in other municipalities having plan design changes. We see it in private industry, very commonly, that is one solution and we know that is going to be a needed change. The other is the consumer education piece, trying to get people to move to the high deductible plan which does show us some savings and it does show a benefit to our employees. I mean you can grow that tax deductible fund up and have it for your retirement. Quite often, even if you have a worst case scenario where unfortunately you happen to be very ill, you are only going to incur so much cost, that deductible is going to kick in and you are never going to go over a certain amount plus the City is giving you money to put into the fund that really covers you up to that deductible. So that is a way to go and we do see a lot of savings that way. So while we work through the consumer education piece right now with all of our Division and our Employee Groups, we will be working on the plan design changes. We can get information to the Board on what all of our deductibles are and our drug information and things of that sort. And then as we look at model changes, of course, that'll be conversations we will have to have with our employee groups.

Mayor Donchess

Can I follow up on that just for a second? The most radical plan design change that was made through negotiations was before you, Alderwoman Klee, were on the Board. Mayor Lozeau was Mayor and at that time the standard was that for an HMO, the City was paying 90% of the cost; and for a point of service plan, 80% so the employee paid basically 10% for almost all employees. The City took the position that they would not negotiate or agree to any contract unless it increased the employee percentage from 10 to 20% for HMO and that happened. It played out over a period of several years I would say. It was a big sacrifice and it was a big change for the employees. We had employees who saw a, even though they got a raise technically, their paycheck actually went down because of the take home. That was true of the teachers and fire fighters and others, basically everybody. It was tough and they made a big sacrifice.

So at least up until now, for the last several years, we have tried with that sacrifice in mind, with that change in mind, we have tried not to push for major concessions regarding plan design. But, of course, now circumstances have escalated to the point where we are seeing these major increases and maybe that is something we reluctantly have to consider. We have tried to stay away from it because of the big concession that all the employees made not that long ago.

Alderman Klee

And if I may? And I don't want to hurt any of the employees because I know the issues of healthcare and I know how it feels to wait to get something done until you have no other choice. I am truly sympathetic to that. I would, it sounds like your Board will be looking at all these, but I would like kind of a clear cut plan, what each of these unions have, what their deductibles are and maybe they are the same. As you stated before, you know, they are looking as to what the raises are, you know? I don't want to scare anybody out there saying that we are going to do anything to them, I would not want to hurt an employee but the thing is that there is the realization of what is happening. I myself have changed, I don't go to Southern to get a lot of my big tests done, I got to Bask because it is a lot cheaper, you know? I do the rebates as much as I can off of my, so now when they've just changed my medication, thank God, knock on wood, I don't have to pay for it because the rebates are kicking in which drive me crazy because if we didn't have the rebates maybe the cost of that medication would be down.

So I really applaud you guys for trying to do the different things to bring the cost down, but I personally would like to see what all the plans are and if we can understand more of what your Board is doing, I think it would help us to make an educated decision when we are really contracts and so on. I think that is a tool that we need, thank you.

#### Alderman Laws

Thank you. I have two questions, each of which may expose me as being the dunce that I am. First, Attorney Bolton, broader questions – in the negotiation process and this popped into my head, has there ever been any desire to incentivize the unions to hire people who live in Nashua so therefore they would be paying the taxes on their own salaries?

#### Attorney Bolton

It is unconstitutional in the State of New Hampshire to require people to live in the municipality for which they work.

#### Alderman Laws

It just popped into my head I had to ask. And CFO Griffin, you earlier said that for every \$2 million in appropriations the tax rate goes up 1%. Does that work backwards; so for every \$2 million dollar we save, does the tax rate go down 1%?

#### Mr. Griffin

That's correct. John Griffin, CFO, that is correct, so whether it is a decrease in an appropriation or an increase, increase in revenue, decrease in revenue, that's why we can't apply, it wouldn't be prudent to apply one time State Revenue to the budget because you wouldn't have it the following year. So the answer to the questions yes.

#### Attorney Bolton

I do live in Nashua by the way.

#### Mayor Donchess

There are certain incentives for example there is a high deductible plan which incentivizes the employee, the deductible in that situation is \$4,000.00 so there is a \$3,000.00 cash payment made every year to encourage people to enter the high deductible plan. But once in it, then they can always leave when the changeover date comes but it encourages shopping. So one thing that we have been doing, and now I think close to 500 employees are in the high deductible plan, we are encouraging, trying to educate people that they might make out well with the high deductible plan which does incentivize price shopping and being careful about health care expenditures and there is an incentive to enter and stay in that plan.

#### Alderman Jette

So I am wondering, I have been watching the Democratic Debates and the whole issue of healthcare and it has been quite interesting. I am thinking if it came to be that the whole healthcare system changed we would be looking at this differently but I guess we can't plan on that, we have to look at what we've got. But I am wondering with a group of 2,500 or so employees, have we no bargaining power? Can't we, whether it is Anthem or some other group that we get to administer these things, can't we push them to negotiate better deals with the healthcare providers? Or could we, if we are not large enough, can we get together with other municipalities in the State, form a larger group and have a larger or more of a bargaining power with the healthcare providers to try to get these costs brought down?

Ms. Kleiner

Kim Kleiner, Director of Administrative Services; so one of the things that we have been discussing with Mr. DeLacey and their group now is handling the State as well, is they are going out and they are starting to work with Anthem to negotiate some local healthcare deals. They are actively in conversations with some local providers and some local hospitals to do so. Anthem works very hard and I think that our administrative costs are pretty low in comparison to the industry across the board. So last year we paid \$1.4 million in administrative costs; now that is the cost to handle all of your claims and pay all the providers, that is pretty low when you look at other municipalities and other groups that deal with other insurance, major carriers. But they are actively out there and they just retained the State's business which they can now use collectively in those negotiations.

Mayor Donchess

Well we are getting, I mean some of that has been done so we are getting rebates on pharmacy costs. How much did we get on annual basis?

Ms. Kleiner

So our pharmacy claims were 8.4% this year we have already seen over \$400,000.00 come in for pharmacy rebates.

Mayor Donchess

But now the total number I think is \$8 or \$9 million dollars in pharmacy claims.

Ms. Kleiner

In pharmacy claims \$8.4 million in Fiscal 19.

Mayor Donchess

\$8.4 million; we have so far this year gotten \$400,000.00 of rebates, that's negotiated through whatever bargaining power we have. And, of course, we always want to try to increase that so yes definitely we want to try to improve, increase any leverage we can to negotiate lower costs.

Alderman O'Brien

Thank you. I appreciate this presentation and this report I think it is definitely an eye opener and I see the City's point but I just see the City's point. What I am talking about is you are an employee for the City of Nashua, one would think that lightning only strikes once, but if you are an employee it hits you a couple of times it appears. And what I am exactly talking about is I see in one of the presentation that \$2 million dollars raises the tax rate 1%. Yet we've got to look back in recent history by our friends of the 400 up at the State House brought us back a pension plan and I think our fiscal liability to it was \$2 million dollars which was made up by the tax rate and that was a hit. If you were an employee living in the City, you paid that through taxes but it didn't end there.

What they also did was take if you were a teacher, police officer or a fire fighter, you went from police officer and fire fighters up to almost 12% and teachers went I think from 3 to 6 or 6 to 9, I don't have those particular numbers. But in the end result, I hear the presentation, I just don't want the tax payers to think that the employees are somewhat of the enemy; they are not. The dollar amount for a fire fighter, police officer, teacher or many people who are on the collective bargaining units, their dollar amount from five years ago is completely down today.

So when they go grocery shopping they are not buying as much groceries that they bought five years ago. I have to take that equally into account as well as what is happening with the tax payer. It goes across the board everywhere, but yet what I see who is not suffering, is these guys. They seem to be doing ok as buckwheat would say. The thing is we need, and I agree, we need to really look at the health situation here and to this. It used to be when you were a municipal worker, one would say, well the job kind of stinks but the bennies are good; it seems now recently the bennies are down and the bennies are decreasing right now. So I think we have to take a look and if there are numbers to look at to help us make the decision, I think yes, there are a lot of things that maybe we can, as a Board to tighten our belt on but equally I would like to see numbers of what is the spending power of some of our employees? What is doable that we can work together with them because we've got to have solutions, if we are going to ask them to make concessions, I think we've got to know exactly what we are asking of them and what is the point of sacrifice? I think it needs to be made in several quarters here but also with the employees but I like to know what would be a reasonable amount that we can ask them to come up with? Because like I say, the other one that I see is HB700 which that utility bill that I know Mr. Mayor you and I have talked about, \$7 million dollars right there, we have taken substantial hits, more from Concord. And it not our employees that are the bad guys, there seems to be coming from another direction north of Manchester.

#### Mayor Donchess

Well certainly we have taken a lot of hits from Concord and we can get into the details of the pension; it goes far beyond the \$2 million dollars. They withdrew their 35% commitment which has cost a total of over \$50 million dollars to the City over the few years. But in any event, no, of course the employee are not the enemies. We rely on the employees, they deliver quality services to our citizens every day. We know that healthcare is such a critical benefit, families and employees rely on it. That's why despite all of this, up to this moment we have never gone back to the employees and done anything like what happened four or five years ago, whatever that was, five years ago, six years ago and said, you've got to go now from 20 to 30; we have not done that because that was very painful and we understand how employees rely on this and they are contributing to it there's no question. They contribute 20% plus there are some deductibles and the like so they are suffering along with us.

I have at least floated the idea we could say that rather than kind of go after, get healthcare concessions, it being such a significant benefit and so important to family survival, that maybe we moderate the wage increases while this is going on rather than try to renegotiate healthcare issues. But we are just trying to point out that something has to give. We want to make sure that if the Board of Aldermen decides that we need to or should give certain raises and not touch the healthcare benefits, that taxes are definitely going to go up, I mean you've got to know that. We want you to make informed decisions.

#### Attorney Bolton

It's too bad we don't know any State Reps that could help us out.

#### Alderman O'Brien

I know I am part of the 400, I admit it, I apologize, duly noted.

#### Alderman Clemons

Thank you, I am wondering if it makes sense, I understand from a broad perspective that it is easy to just say you know if everybody comes in at 2.2% you know we can make these budget assumptions and that's a plan I guess moving forward and that's probably what a business would do or somebody in a more controlled environment where they are not dealing with 17 different bargaining units. But it brings up the thought that we tried, and this is when I was on the Board in 2010 or 2011, I think we introduced under Mayor Lozeau a deductible the first time and you would have thought that the \$250.00 deductible that the sky was falling. I think the reason for that was because we tried to push it on to all of the collective bargaining units at the same time, you know, with good cause.

The point I am trying to make is that maybe some of the contracts we should really be looking at them not as a whole but as each individual bargaining unit in the sense that if they are stuck on the fact that they want a higher raise, then maybe they have to make some healthcare concessions, or vice versa. That way the City can balance out that 2% or 2.25% in a number of different ways to get to that bottom number. It is more complicated to do that but I think you've got to understand, a lot of these groups have different, they are all, some are fire fighters, some are working the Library, some are police, custodians. They are coming with a different set of perspective and different backgrounds and different needs and things like that. So to one group that doesn't want to give up healthcare, maybe one, it doesn't really matter. So that is just the point that I bring up. I think these have to be negotiated one by one, despite the fact that we may want to impose an across the board limit, I don't think that that's, in my opinion, I don't think that is realistic.

#### Mayor Donchess

I think that's certainly a constructive approach, I mean we could give that alternative right? You know, well if you want this in a raise, you need to do this with healthcare and negotiate separately in different circumstances. It does make things more complicated but that's not necessarily fatal to it. I mean what we do though run into is when we agree to X with one union, the next union not only uses that as a negotiating tactic, but also has the basic point, well that's not fair, you know? I mean so and so got this, I teach school, why can't I get the same thing, you know? Or I clean the school or whatever it is, I'm the custodian, I am the Library worker. So that's kind of the idea, or part of the idea behind a kind of uniformed standard, that at least we can treat people fairly.

But what you have suggested might work. I mean some employees might want a higher raise in exchange for healthcare concession, for example the deductibles which you just mentioned which are now I think, 22, 50 and 500. Now Manchester's are much higher, \$1,500.00 not \$500.00, you know that type of thing. So anyway that is an approach certainly we could try to adopt.

#### Alderwoman Kelly

Thank you. So my comment is that this isn't an easy conversation, I am sure everybody in the room is kind of feeling that. I would like to hear from the employees as well. I think regardless of the people in this room, the municipality just in a general sense, the fact that we have to think about whether we want to give our service workers, our teachers, our fire fighters, our police officers, a 3% raise, which is pretty meager or cut their health benefits is a sad state of affairs. And this not anybody's fault, it is just where we are right now and that is really frustrating. But I would like to hear where they are with that. I also feel like it is a conversation and a problem that has been brought consistently. But to Alderman Klee's point, I am not sure that we have been presented with a solution or potential solution. And I think the fact that we haven't looked at how our plans are built since Mayor Lozeau is a problem. And if we are saying that it is continuing to go up we need to at least look at what the alternatives are. So not really a question.

#### Mayor Donchess

Well we have certainly looked at the way they are built but we haven't wanted to push healthcare concessions as a negotiating tactic up to now. Now we might be, you know, maybe we have no alternative at this point.

#### Alderman Klee

I have to say as I have been sitting here listening, I am thinking that there is a City employee that is sitting there watching this and thinking, Oh My God, I can't take any less money or I can't, you know, I have to keep up with the cost of living. Or healthcare is going up faster than anybody can do and to that end, I understand that. As a person on a social security that got a 1.6% raise, and my insurance went up higher than my raise, I saw a decrease in my paycheck. So I do understand that and I am truly sympathetic and that's why I want to look at what our plans are and know what options are.

For instance, as I kind of pointed out, when it comes to my pharmaceuticals, they have 3 different levels of pharmaceuticals. I don't know if we have a plan that is similar to that. I'd like to see that, I'd like to see, I don't need to know what drugs and which one, but I know like if I get the basic drug, I only pay 15% of that cost after I've met my \$500.00 deductible I pay 15% of that cost. And then when it gets to this next level, I have to pay I think I have to pay 20% or 25%, then when I get to the big one which is like my \$8,000.00 injections, I have to pay \$225.00. I don't really know where that percentage is an then I have to go through a specialty pharmacy. So that is kind of what I would like to know, do we have a specialty pharmacy, do we have this? What are the different deductibles in each group?

And I am not saying that we are going to change it but I think we need to know what they are as far as the tools are concerned and I don't want anybody out there to be scared to think that we are going to slash paychecks or increase their cost. I think we can't make any more decisions until we know what is going on. I don't think it is fair to us, I don't think it is fair to them; I don't think it is fair to the bargaining units.

#### Mayor Donchess

Well of course we can get you that information, I mean that's very easy. We need to consider, of course, the welfare of our employees who deliver all of the services. On the other hand, we look up at the board and we see the abstraction of a 5% tax increase, kind of an abstract concept. But that also has real people behind it, I mean we've got people, senior citizens, families with a couple of kids you know who are struggling, or at least living paycheck to paycheck who are watching every penny and to whom a 5% increase is a big hit. There's a of those people. So the reason that this is a difficult discussion for all of us is we want to do as well as we can for our employees, but on the other than, or at the same time, we have thousands of tax payers out there who work hard and want to provide for their families. New Hampshire being a very high property tax State, a very regressive tax, you know that's why I am just saying and I know everyone here agrees, I am not saying that anybody here wants taxes to go up. You don't obviously, but we need to keep that in mind as well and those real people that are paying for this in the front of our minds at the same time.

#### Attorney Bolton

I don't think anyone out there should be concerned about having their pay cut. We are definitely not talking about that. I think what we are talking about is adhering closer to the cost of living so I will just leave it at that.

#### Alderman Klee

And I agree and that I am sorry that I actually even used that word. And to Mr. Mayor, I absolutely agree with you, we have tax payers out, I know in my Ward we have a lot of senior citizens and we have a lot of people who saw their assessments, including mine, go up, much higher than the income is coming in. I understand that and I have spoken to homeowners who have said, it goes up one more time and I have to move because I can't afford to live here, it would be better for me to sell my house at the rate that it's up now and try to find something smaller. So I understand that and I don't want to see a 5% increase, I don't even want to see a 3% increase, but we will do everything we can. But again, I don't think we can make these decisions until we have all the tools and see all the information in front of us so we know what is happening. So we know if we do this, if we make this change, this a real effect that is going to happen and we can see that.

#### Alderman Jette

I just want to bring out that I think that people generally, myself included, don't really understand completely what healthcare costs. And our employees who are, you know, getting the benefit of healthcare coverage, which I think they should, I just did a quick calculation and if we take the claims we paid last year which we paid over \$41 million dollars in claims and we divide that by the number of employees, 2,488; that comes out to over \$16,000.00 per employee in health care costs that the City has paid on their behalf. You know that doesn't take into consideration what they may have paid out-of-pocket themselves.

So I just think it is important for us, you know, as I have said before, as I watch these debates about healthcare costs, I don't think most of us understand what it is costing us. You know a combination of what we pay ourselves in premiums, what our employers pay in premiums and what the Government pays to subsidize these various insurance costs.

Our medical costs, our City employees on average are receiving an additional, over \$16,000.00 that is being paid on their behalf for healthcare costs. I think as those healthcare costs go up, their compensation in effect is increasing because we are continuing to pay those healthcare costs on their behalf. So I don't want to add any additional burden to our employees, I don't want them to be paid less than what the cost of living is and what they need to support their families and I certainly don't want to see them getting less in healthcare coverage. But I think the answer here is we have to somehow reduce the healthcare cost. And as I said before, the way that I see us doing that is combining with other groups, I don't the Regional Planning Commission or a Statewide Coalition of Municipalities to negotiate better rates from the healthcare providers. Thank you.

#### Mr. Griffin

Yes Mr. Chairman, John Griffin, CFO, just a couple of things. I was actually here in 2011 it was my second year where we did the healthcare. The reason why went from a 10% contribution to 20% was that kind of a general market. We wanted to subtly introduce plan design because people just weren't used to that; they were used to the \$10.00 co-pay, the \$50.00 admission to a hospital, etcetera. And so as the Mayor said, what we don't want to do is potentially go from 20 to 30% because some folks don't even use healthcare. So what plan design does is it is a cost causation plan. That's why the high deductible healthcare with \$2,000.00, \$4,000.00 and we give \$1,500.00, \$3,000.00, you make choices. Personally, I have been on this plan for 5 years, I have \$13,000.00 in my account and I do have some medical expenses, but I am a family so I really lucked out.

It is a little bit more paperwork. So what Mrs. Kleiner is trying to say and the Mayor, we don't want to charge anybody anymore and I'll give you an example. This past year, the 20% contribution went up 11%, I don't know if you folks kind of realize that and this year it is going to go up 8.6. So the frustration on the part of the members and the subscribers is, I don't know about you, but I am seeing any 8.6% increase in my healthcare costs. So if you kind of de-couple the 20% thing from the choices you make on healthcare, then you have that consumerism, that's what it is all about.

With regard to the pharmacy part of it, I don't know how many NBC Nightly News Reports I see, Dateline, NBC, all that stuff, it is so complicated on purpose. The cost of production is decoupled from the cost of the good or service right? We are not going to be able to solve that here but I think that as Mrs. Kleiner and the Mayor said, if we can get our expert out to you folks, he's been here before, but to the groups and kind of demystify that whole high deductible HSA, a lot of benefits to it but you have to pay attention to it, that's kind of the thing.

One point on we've got to reduce cost to healthcare, that's not going to happen. What we are trying to do is bend the cost increase, so instead of that 9%, we are trying to get it to 7 or 6. It is going to up and when see Mr. DeLacey's presentation, there's more than just the providers, the drug companies, there is a lot of influence on the price and the increase. So I just wanted to share that, that we are very concerned about the employees from a cost perspective; we don't take lightly an 11% increase in the appropriation and the cost that the employees pay. So education is the key, because all they are seeing is an 11% increase and some of them walk around and say, I don't even go to the doctors, you know, that type of thing. So they are paying for something they don't use, but it is insurance so thank you for that.

#### Alderman Harriott-Gathright

My question I think is to Corporate Counsel, when there is negotiations, it is you or either Attorney Clarke correct?

Attorney Bolton

Typically.

Alderman Harriott-Gathright

And someone from the union; does anyone else go to those contracts with you guys with the union?

Attorney Bolton

There is always someone from the Administration that we are dealing with, so Director Fauteux, the AFSCME negotiations for most of the Public Works employees along with her Assistant Director and three of the Superintendents. The Union brings about 8 people; most of them City employees and a representative from their Union which is AFSCME in that case. For the fire negotiations you'll have the Chief and the Assistant Chief and one of the members of the Fire Commission. I'm not there so I don't know entirely but I think that is the team on the City's side. On the other side there are Union officials and a lawyer that helps them. So there's plenty of input from our side from the administration of the various departments.

Mayor Donchess

In terms of trying to provide some kind of uniform guidance to all of the employer boards, we are seeking to, in addition to the team that Ms. Kleiner has spoken about, have someone from that team such as the Administrative Services Director, Ms. Kleiner attend all the negotiations. Now I'd say the Employer Boards, maybe some of them aren't wildly enthusiastic about that idea. But I think it is a good practice because we can say, hey look, you know, because we will have someone who is knowledgeable about all these issues that we have talked about and what is happening with all the other unions present during all of the negotiations. So I think from our perspective and in terms of really trying to understand and inform all of the Employer Boards and the Unions as to what is happening, that makes sense.

Chairman Dowd

We will take yours and then I am going to open it up to the employees.

Alderman Clemons

Go ahead and do that.

Chairman Dowd

Alright, anyone that is sitting in the audience, City employee, want to come up and comment on anything you've heard this evening?

PUBLIC COMMENT

Paula Johnson Good evening, my name is Paula Johnson, I am a member of the Board of Education but I am speaking for myself because I wanted to come and see what this was all about because this budget, of course, is going to affect the school budget, it affects everything. Attorney Bolton, we put together and Alderman Wilshire is gone, I remember sitting in the same auditorium back in 2000-and something and we talked about the healthcare with Mayor Streeter back then. So this isn't anything new about the rising cost of healthcare, we have known that this has been going up and this has been rising for years and years and years, except we've never gotten a grip on this. So it just nothing new, it is just how it has played out over the years and the difference in the deductibles and the cost and how it has been rising.

I know that my husband and my plan, I think between the two of us a family plan, is a \$12,000.00 deductible right now. That's a lot of money, it really is, we have a \$35.00 co-pay, OK? So every time we go to the doctor we have to pay that \$35.00; I don't know if we have anything like that, but you know, employees that really don't use it, a higher deductible is better for them, you know, more the catastrophic. It is sad that we have gotten to this point. Whether or not Universal Healthcare is the all answer or Medicare for all, there's so much fraud in that system, because I'm on Medicare, I've hit that wonderful age of 66, but there's so much fraud, there has to be a better plan. When we had the 80/20 plan, everybody said that was horrible but it worked better than what we have now with the HMO's and all this high rising costs, it is out of control for years.

I think also, we want Nashua to be the best place to live and the best place without high rising taxes, because if you have high taxes people can't afford to come and people can't afford to live here. And if you have an exit, then who is paying the taxes? The people that are left. I think what you need to take a look at, from a point of view of me being, before I got elected again and you know sat through all of this in my past life and my current life, we have to take a look at what is the priority that we have to do. What is Government's responsibility to the citizens of this City? It is police, it is fire, it is school. It can be trash pickup, it doesn't have to be. It's plowing the streets, that's what we do. And then you take a look at the projects that we are engulfing in. First of all, we are going to be building a new middle school; that's going to hit the tax rate as we start selling bonds. We are going to be renovating two middle schools; that is going to be hitting the tax rate. With all of this, it accumulates, it is a cumulative effect. And we go back to, and I know you put in Legislation about the Performing Arts Center.

Alderman Klee

I didn't put any legislation.

Paula Johnson Oh there was something that was changed in it.

Alderman Klee

I didn't do anything.

Paula Johnson OK well somebody did, I read it quickly in the paper, the question is, do you need that? Is that a top priority in the City? We are going to be adding on to our DPW at the landfill that is going to cost us millions of dollars. So as you keep adding this with the cost of healthcare and we have employees that depend upon the healthcare and they are depending upon paychecks, I think it is time as a City that we start taking a look at what is our priority and what isn't? If our schools are a priority and maintenance in the schools; I mean we can build all the schools we want, we can build all the buildings that we want but you know what we lack in the City? And if you go through all these budgets, it's the maintenance because when you take a look at the deterioration of all these buildings, back even when I was on the Board and that was 20 years I sat on the Board of Education. It is the same thing, the deterioration of the building. Why spend the money on all this and hit the taxpayers for bonding and building new buildings if we are going to let them deteriorate? It doesn't make any sense anymore.

So we as Boards I think really need to take a look on how we are spending the money and how we are fixing and maintaining the building. Because if we are not going to maintain them, 30 years ago, very quick, I never thought I'd be 66 years old; 30 years goes very quick and all of a sudden the life of the building, we take a bond out for 20, 25, 30 years and the next thing you know, we are tearing it down because we didn't do what we were supposed to do in the building. So this is just a small piece and I feel bad for all our employees, I feel bad for the taxpayers, because everybody is getting hit on a piece of this. But you know, we've got a lot of people out there who are on a fixed income and like what you said, Alderman, is when your social security only goes up 1.6% and you've got a 3% increase in your taxes, you are in a deficit situation. How do you make it up? And you can't ask seniors to go out and get a job because a lot of them waited their whole life to sit back and retire and a lot of them are going out and working because they have to keep up with the expenses.

So it is a lot of hard work, I get it. I've done it before. But I think we are the point now in this City, what are our priorities and what is the role of Government in these priorities. Thank you.

Michael Carignan, Chief of Police NPD

My name is Michael Carignan, Chief of Police to the Nashua Police Department. I guess I just want to say a couple things and I'll be very brief. I think this healthcare issue came very quickly upon us, although it was mentioned a couple times throughout the beginning of the year; I believe the severity of it and the impact has come upon us all pretty quickly. That being said, I think it is our obligation and I will speak on behalf of the Police Department. It is our obligation to do everything that we can to manage this problem to help the City out. Our intentions are, we are attending the meetings, we met with the City's Representative on healthcare, he gave us quite a bit of options, SmartShopping, different options that we can do that will not only save the City money but it will also put money in the employee's pockets.

It is our obligation and our job to educate our employees to get them on board and to basically sell them on it. So what I want to tell you tonight is we may not have all the answers, but the Police Department will do its part to educate its people and to be able to get people to participate in these programs. So thank you.

Mayor Donchess

And we do need that because to the extent we can save through high deductible plan which can benefit the employee as well, people taking over that plan or starting to use the SmartShopper, there's another app they can use. Having the management of the department as the Chief has suggested, try to educate all the employees as to what these options are and how it might help both the City and them, that's very helpful. So we really need that to take place everywhere and that is what we are seeking.

Chairman Dowd

One question I have for CFO Griffin, is just to get it on the record, what is the cost of living right now?

Mr. Griffin

I'll answer that a couple of ways, CFO John Griffin. The most recent 12 months ended December of 2019 as 1.6. What we have been using is 1.9 because that's the 3 year average; so you had a 1.8 two years ago, 2.2 the next year and then this past year 1.6. It went down from the beginning of the year the last six months it went down to create that 1.6.

Chairman Dowd

So from my standpoint just for salaries, the 1.6 to the 1.9 is the base. If increases aren't at least at that level, people are losing money. We all understand the healthcare issues and hopefully in the next year we will have some better solutions. A lot of them have been put out there, some of them don't make any sense. But somebody has got to address it nationwide because it is not just Nashua, it's not just New Hampshire. Across the country healthcare costs are out of sight and somebody has got to reign it in. I don't know who that will be but I hope that's attacked at that level.

I also think that between now and when we actually start the Aldermanic part of the Budget Process, we probably need more meetings to look at what we are facing going forward in the budget. The other thing is when we are addressing contracts, it is not just the salary, it is the total cost of the contract. There are other items in the contract that are cost items. So if you are talking hypothetically a 3% raise in salaries, what the rest of the increase, in most cases it is not too much more than that. I'd like to believe that if we can solve, if we can make the issue less impactful in the next year or year or two, then we will have some solutions going forward out beyond that.

The other thing that concerns me is that we don't seem to control the number of years of the contracts, although we did just reduce one year. Now we have six in one year, that's crazy because that's going to kill the budget. We need to spread them out and it is about four year, a little more than 4 year if you can get them in that cycle. Of course some of the unions the increases aren't that much money so you have to balance the timing of the negotiations with the total cost impact to the City. I think there's a lot of things that we can do as a City to wrap our hands around cost increases and I think we really need to look at that going forward and I think we will probably have more meetings of the Budget Committee to discuss some of the alternatives we might come up with.

Attorney Bolton

Yes Mr. Chairman, we have 17 bargaining units. Typically we have shot for 3 year contracts so you will have six coming due approximately each year. Now if you want to spread them out further, what you are talking about is longer contracts, four years, five years, six years. The problem with that is you are tying your hands for a long time if you agree, hypothetically, to give a 4% each year for six years and maybe 4% is the rate of inflation, that first year. Six years from now, the rate of inflation may be back down to 1.5% and you are tied in until that contract is over with what you agreed to. It is dicey to try and extend it that long. So if you want to keep it at 3 years, you are going to have six a year. If you want to go down to 2 years because you don't want to commit when you've got other concerns about what healthcare is going to do or what some other things are, you go to 2 year contracts, you are going to end up with 8 and 9 a year. So spreading it out more than it already is, is somewhat problematic.

Chairman Dowd

Yeah I agree.

Mayor Donchess

Mr. Chair, just going back to the beginning in the first slide, I mean if the City agrees to long-term contracts which grant raises of 3%, we will lock ourselves into version two because once you agree to 4 or 5 years or whatever it is, I mean that's – there's no way to reduce costs other than to reduce services. So as I look at it, the long-term contracts under this set of circumstances are a problem. I mean 1 year of a 3% raise OK, you know, with one union, that you can deal with. But if it is every year and it is all the unions and all the unions are going to want the best thing that any other union got, all the employees are going to want to be treated "fairly". If you lock yourself into that, you are going to be looking at somewhere between version 2, version 3, you will see a different climate than we have had recently regarding the increase in taxes that people see on an annual basis.

Chairman Dowd

Yeah I think that's what we are looking at and I think, again, as we go into the year, we've got to look at, because I'm looking at the percentage you said for increases in these departments. Based on conversations I've had with various department heads, we are going to lose some services. And if we do, that keeps the tax rate down, but do the people want to lose some services? It is a balancing game. The other thing is when we look at budgets coming forward, there are a lot of elements of the budget that are out of our control, long-term contracts is one of them but the other thing is bus contracts in the School Department, you know, it's like a four or five year contract and they go up every year and you are locked into that energy. There's a lot of things that we have no control over. So when we look at an increase in a Department in my perspective, we've got to look at that line as to where they have no choice but to pay that and then it goes up from there and adding stuff is very difficult. So the healthcare thing is killing us. If the State would at least give us 10% on pensions, that number is huge and the problem probably doesn't go away completely, leave that up to Mr. Griffin. But it certainly puts it in a new ballpark. If we only had State Reps; old joke.

Alderman Klee

May I ask a question of CFO Griffin. CFO Griffin and I am sorry at a real basic level, is there a difference between inflation and cost of living because when I look up numbers like on the Department of Labor for inflation rate, like CPI and so on, it seems to be a little bit higher. I am not asking you to – then the cost of living, but is there a slight difference?

Mr. Griffin

John Griffin, CFO. We have used the CPIU Northeast as the prior spending cap metric then we went to a more complicated one. But you are right, you look at the different metrics and some include gasoline, food, others don't. But we have historically used the CPIU Northeast for several years and I would say that's, depending upon people's choices of what they buy, it is a good representative number.

Alderman Klee

Thank you.

Chairman Dowd

The other thing from my perspective and we will be talking as a Budget Committee is when we are looking at budgets and contracts, I'd like to see when we are starting to get to a particular union, what are the competition being paid; Manchester, Keene, Portsmouth, Hollis, you know, so we have at least an idea where we fall. We are nowhere near the top of the food chain. The other thing is when we are getting their contracts, I'd like to know when we get the contract, and maybe even beforehand if we can have dialogue with the Mayor, what are they not going to be able to provide with the final budget that comes out of your office?

Mayor Donchess

What was that final part? I missed that, what was that last part?

Chairman Dowd

When we get the Budget and I know they are going to put in budgets that they feel are comparable to what they need, the guidelines are usually just guidelines, it's like the pirate's rules. When it comes out of your office, something has been cut and it's usually, in a lot of cases the bottom line dollar. But when that Department comes before us, we are going to ask, what are you giving up; 5 police officers, a fire detachment, less plowing or whatever it is, we want to find out what that is.

Attorney Bolton

On the "what other communities are paying people"? Anytime you can ask and we will get you that information, but you can find it yourself on the web site. All collective bargaining agreements in the State for municipalities are filed with the Public Employee Labor Relations Board. They have a portion of the State's website. So you can go to the State of NH Website, you look at Administrative Agencies, Public Employee Labor Relations Board and on their page you can find links to every public employee collective bargaining agreement in the State. So have all the fun you want on your own, you can look all that up, including ours, including every other community that has a collective bargaining base.

Chairman Dowd

That database, are they current?

Attorney Bolton

Yes.

Mayor Donchess

The one group of employees that is certainly not at the top are the teachers. In 1991 Nashua was the highest paid teachers in the State and now if you look the State Website, it's about 50. So there are some comparative figures around that you can find but for us the teachers are the largest group, therefore, the most expensive. So it's hard to, under these kind of circumstances, to give any employees huge raises or anything. But in any event, as Steve says, we can give you comparatives.

Chairman Dowd

And certainly I am not advocating we go to the top of the pile because that would be huge but at least it gives us a relative factor of where we stand relative to the other cities.

Alderman Laws

Thank you Chair, and kind of building of what you were saying, this fantasy about seeing like a pie chart of all of the money we are spending in the City and everything allocated so we would just be able to just have 30,000 foot overview of it.

Mayor Donchess

Yeah we almost brought that fantasy tonight but we can send that around. That is an easy fantasy to fulfill, it is probably one of your only fantasies.

Alderman Laws

I have a very glib imagination. In that pie chart, I was just curious, how big is the piece of pie for debt service for bond servicing.

Mayor Donchess

You know it's not that big, so within this pie chart of \$270 million dollars, you are going to see less than 10% as Debt Service; it's probably 6 or 7% whereas healthcare, 11%+, 12%. So that one line item is bigger than all of Debt Service and if you compare wages and everything else to Debt Service, I mean not that spending \$15 million on Debt Service a year isn't significant but it being about 6% of the budget, you know, compared with everything else it's not a huge – comparative to everything else, it is not a huge item.

Alderman Laws

I knew that, I just wanted to have you say that.

Mayor Donchess

So I fulfilled another fantasy?

Alderman Laws

You are knocking them down tonight, thank you Mayor.

Chairman Dowd

I think Treasurer Fredette gave everyone that chart that shows that we keep that payment level. You know, there are major expenses a City has to incur and we don't come anywhere near what we could bond legally, very low. And we keep those payments right about the same every year so it is not as big an impact on your budget.

Alderman Wilshire

Yeah have you talked to your counterparts in Manchester or Concord, Dover, Portsmouth anywhere and any strategies they've taken? You know, because like you said, this is across the board it's not just us facing this healthcare increase.

Ms. Kleiner

So we have or we have had some discussions with Manchester most recently and one of the things about dealing with Workplace Benefits Solutions is that they handle a lot of these municipalities and now the State. So we travel up to Anthem and we have these kind of group conversations, so we have started. If I could just speak to Alderman Klee's question a little while ago, one of the things we looked at was pharmacy cost because those are so high. Over 80% of our pharmacy spend is generic drugs and you want to see that, that's a good thing so we have that.

Then just to another piece, so we have a lot of contracts out there right now that are four-year contracts and in fairness to our very hardworking, dedicated City employees, I think that this chart was shared with members of the Board just a few weeks ago but we have a lot of employee groups that have traditionally negotiated some pretty reasonable increases so I don't want anyone to get the idea that they haven't – our employees have definitely taken a hit before and they have definitely worked with us in difficult times.

Alderman Wilshire

Our employees do take a big hit every time and like you said, no one is mad at them, no one is you know, for not negotiating for themselves a better deal and being able to provide for their families, pay their taxes, buy groceries and medication. It's tough, we all have a tough decision, all of us, the employees, the administration and the Board. We all have a tough decision and no one is going into this saying, Well jeez we are going to do this because they don't like it. Everybody has got a tough decision, I mean how do employees choose, do I get a raise? It's not easy especially, it is getting expensive to live here in Nashua. As the Mayor has touted all these new apartments coming on board, they are expensive. Even Marshall Street, workforce housing, those rents are up there, people are really struggling to put a good roof over their heads and live in this great City.

So I appreciate everything you have done Mayor and your team and everybody in the back, appreciate everything they have done too. It is not easy for any of us.

Chairman Dowd

Just one question I have, do we ever give the employees the cost of their benefits, when I was at BAE, once a year they give you – this is what all the benefits costs. Because when you are considering salary, you have got to also look at the benefits, because they are pretty expensive.

Ms. Kleiner

Like you Alderman Dowd, I am used to receiving that benefit, I received that in private industry where I was, and it is, it is eye opening, right? So that's one of the things that we have been looking into is the cost of the production of that, to provide that to employees and it is a goal that we have.

I don't think we can do it in-house with the staff that we have but I'd like to research having it done for us because I know how impactful it was to look at.

Mr. Griffin

If I may Mr. Chair, when it comes to the benefits statement everything is personal, but on each of our submittals of the costings of contracts, we simply divide the total cost of the contract to include wages, other compensation, pension, FICA, Medi, healthcare, divide that number and it is a proxy but it does give some scale as to the cost of the benefits divided by the number of employees in the unit. We have been struggling with this since I got here, because I asked for it. Sometimes we make it too complicated, but to me wages, pension, City-paid healthcare, that's a good number for each person. I think when employees look at us, they are kind of smart enough to figure out, can I afford the healthcare contribution. Some providers are more, the healthcare might not cost anything.

REMARKS BY THE ALDERMEN - None

POSSIBLE NON-PUBLIC SESSION - None

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN TO ADJOURN  
MOTION CARRIED**

The meeting was declared closed at 8:53 p.m.

Alderman-at-Large Michael B. O'Brien  
Committee Clerk

WBS

HUB

Advocacy. Tailored Insurance Solutions. Peace of Mind



# City of Nashua Insurance Review

Presented By:

Workplace Benefit Solutions

January 15, 2020



# WBS – Who are our Clients



# Medical Insurance - Funding Options

## • Fully Insured

- Carrier develops a set premium per single, two person or family unit.
- Winner take all... if claims are below expectations, carrier wins, if claims above expectations employer wins
- Fixed costs generally range from 12% to 15% for large groups (Incl. Taxes)

## • Self-Funding with a Carrier (ASO)

- Carrier adjudicates the claim, pays the provider then requests funding from the employer.
  - Working Fund – weekly or monthly (Anthem, Cigna, Harvard Pilgrim)
  - Reduces Taxes – 2% Premium Tax, 3.1% ACA tax
  - Reduces Administrative Expense from 12-15% to 1-5%
  - Gain Pharmacy Rebates
  - Employer bears the risk – mitigated by stop loss

# Stop Loss Insurance

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- **Stop Loss Facts:**

- Individuals with serious diagnoses can accumulate claims in the range of \$25,000 to several million dollars in a 12 month period
- Advances in treatment practices, technology and pharmacology are impressive, but so are the costs:
  - 1 in 8 babies are born prematurely. Costs can easily range from **\$100,000 to \$1,000,000 or more**
  - The cost of a transplant can reach **\$500,000 or more**
  - New forms of cancer treatments and medication for immune disorders and hemophilia can exceed **\$80,000 per month**
- Common high dollar claims include heart conditions, cancer, premature infants, hemophilia, multiple traumas, kidney or liver disease, severe burns
- Nashua Specific Stop Loss Level is currently \$350,000

# Where are Nashua's Dollars Spent

## (FY-19 Results)



Admn. Expense	\$1,421,325	3%
Stop Loss Premium	\$ 808,435	2%
Medical Claims	\$30,455,828	73%
Pharmacy Claims	\$ 8,411,072	20%
HSA Contribution	\$ 964,500	2%
Total Cost	\$42,061,159	

**Pharmacy Rebates & Stop Loss Reimbursements offset \$1,799,000 (4.2%) in costs annually**

# Annual Price Trends – 2019

## Expected Trend Factors for NH Major Insurers



- Anthem – 9.1%



- Cigna – 7.3%



- Harvard – 9.8%

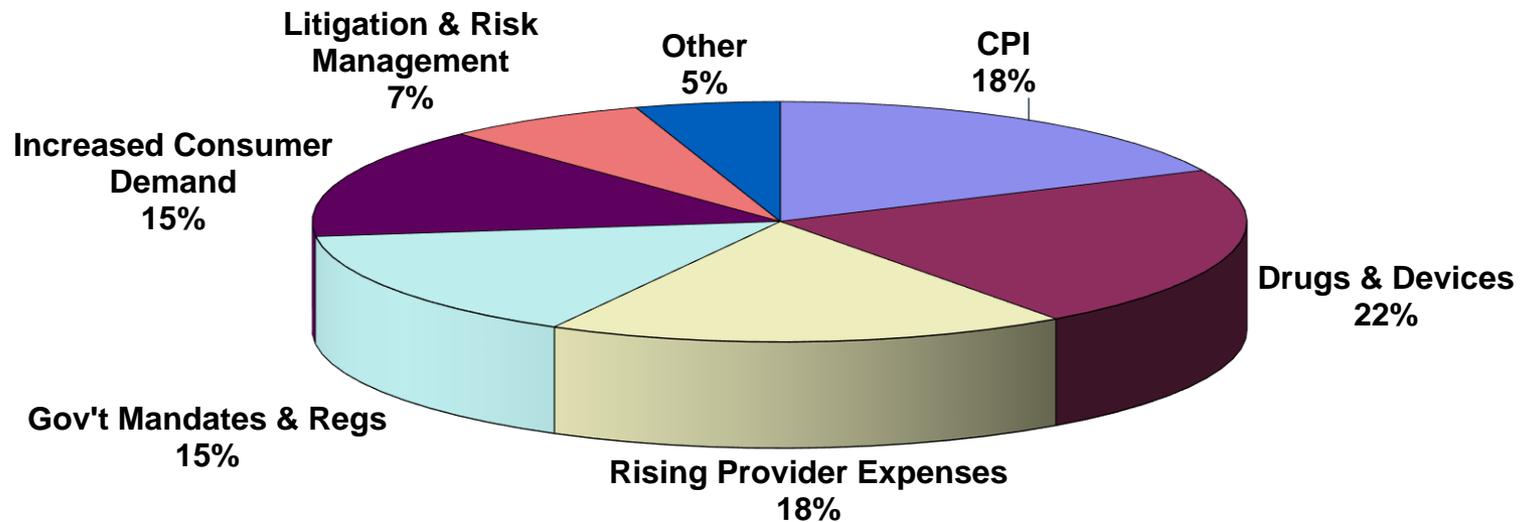


- Aetna – 8.8%

Carrier stated trends have hovered around 9%  
over the last ten years

\* Taken from the results of a 2019 Carrier RFP

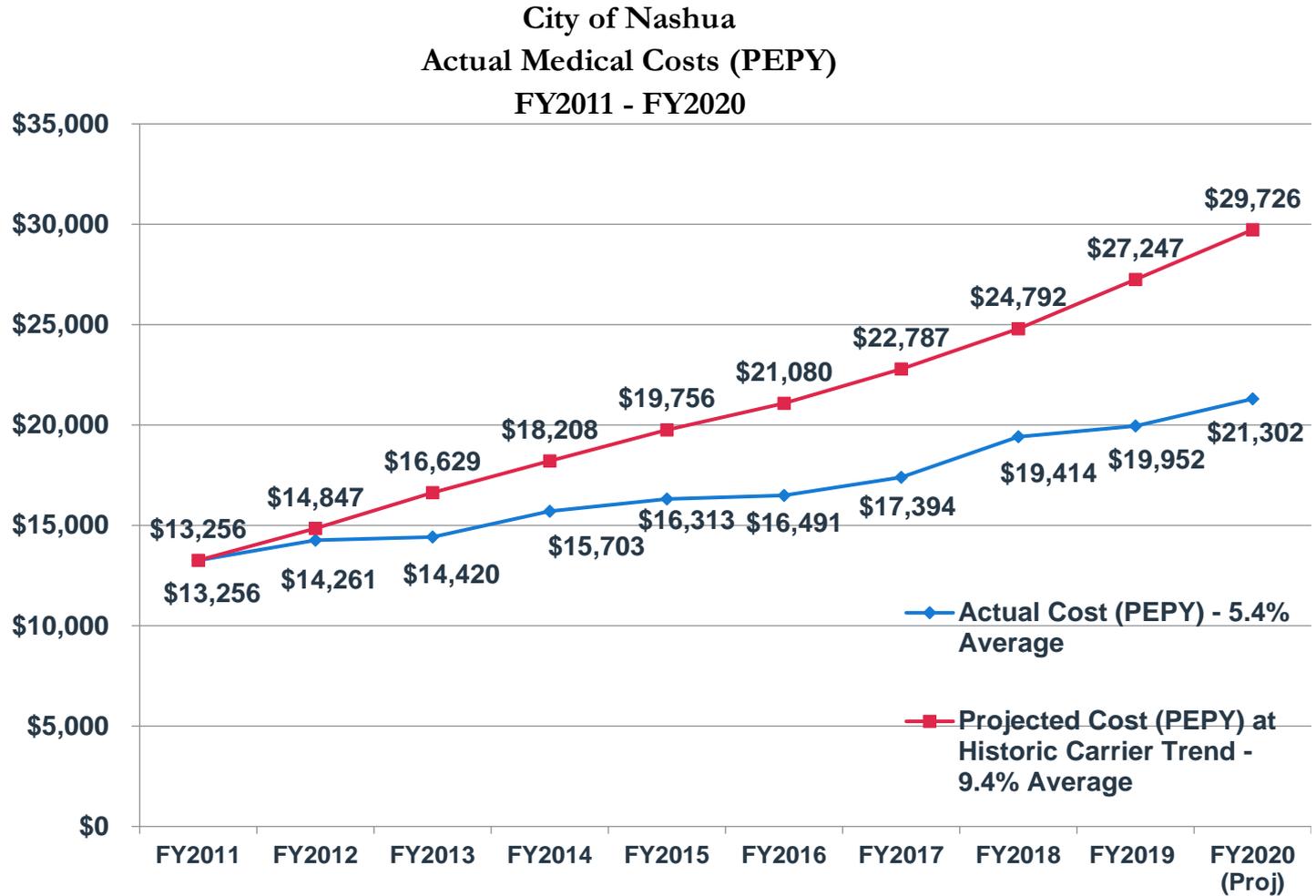
# What makes up Medical & Rx trend?



**Despite public perception, there is no one reason to blame for 9% premium trend!**

Source: PWC Trend analysis

# How has Nashua Done vs Trend



# Challenges Abound

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- Consolidation
  - Carrier Consolidation
  - Provider Consolidation

Everyone is looking for greater leverage

- Increasing Medical Cost
- Increased Pharmacy Spend – Specialty Pharmacy

# Carrier/PBM Consolidation Granted

- The impact of the recent PBM/Carrier transactions will add more complexity to an already complex market.

## CONSOLIDATION

Disruption will occur as new companies convert systems and deploy new solutions

## COMPETITION

Navigating these massive combined entities was already difficult and will become more difficult - requiring additional focus and scrutiny

## NEW MODELS

New models will be introduced and their value is yet to be proven



BUSINESS NEWS MARCH 7, 2018 / 10:32 PM / 9 MONTHS AGO

**Health insurer Cigna to buy Express Scripts for about \$52 billion**

## The New York Times

***CVS to Buy Aetna for \$69 Billion in a Deal That May Reshape the Health Industry***

## Forbes

11,732 views | Dec. 6, 2017, 07:05am

**UnitedHealth's Optum To Buy DaVita's Doctor Clinics For \$4.9 Billion**

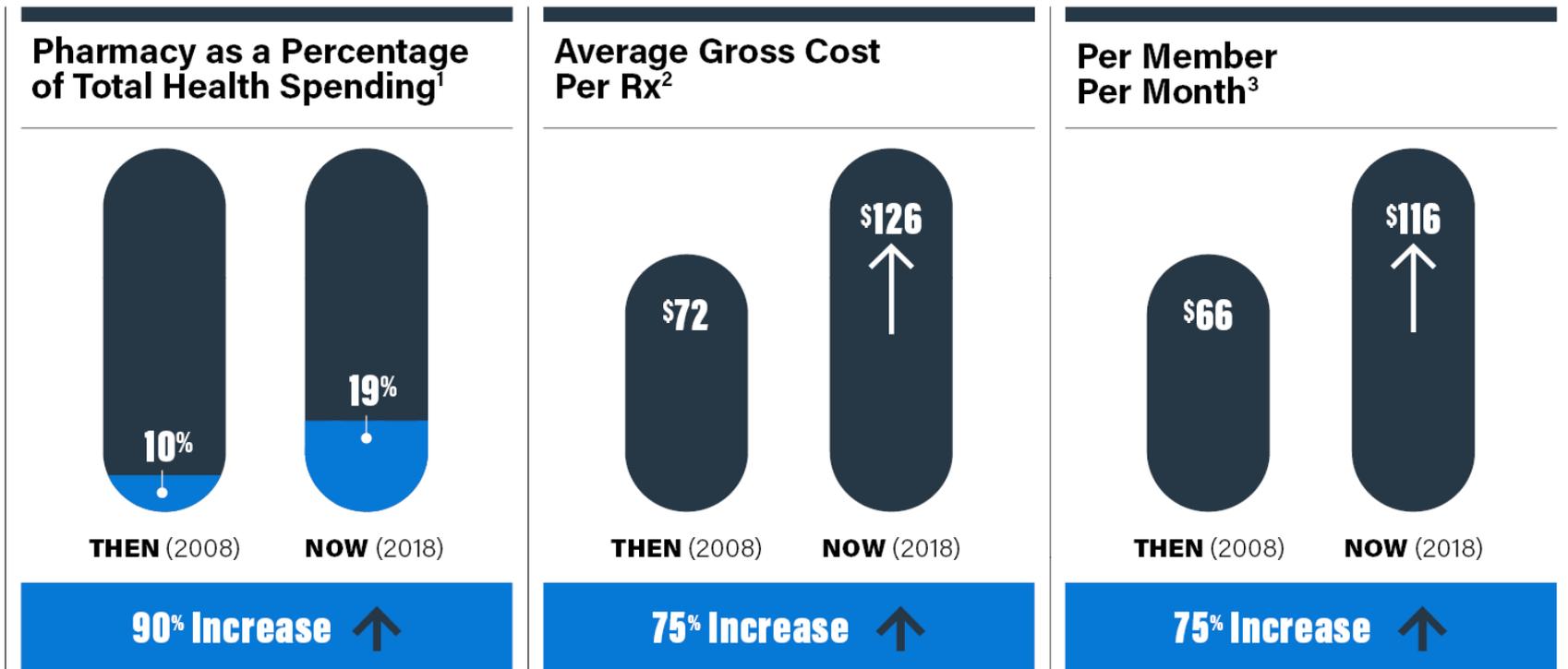
# Provider Consolidation

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- Mass General acquires Wentworth Douglas
- Mass General seeks to acquire Exeter Health Resources
- Elliot Health System merges with Southern New Hampshire Medical Center to form Solution Health
- Dartmouth Hitchcock and Catholic Medical Center “join operations”
- Frisbie Hospital acquired by HCA (Portsmouth & Parkland)

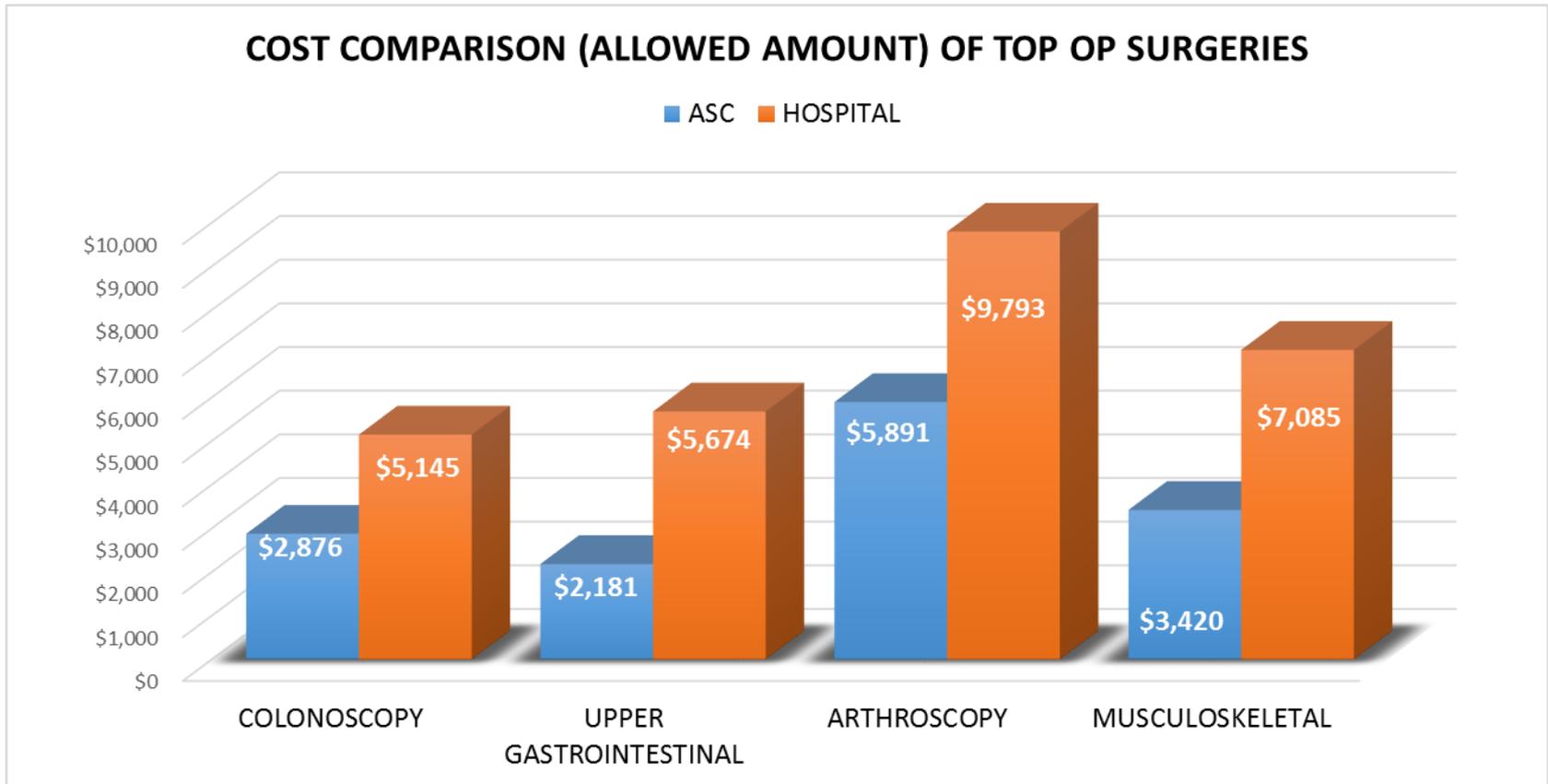
# Pharmacy: The Most Volatile Component of Your Healthcare Spend

- Pharmacy has become one of the fastest-growing components of healthcare spend, significantly outpacing the combined U.S. inflation rate of 17.1% for the previous 10-year period.<sup>4</sup>

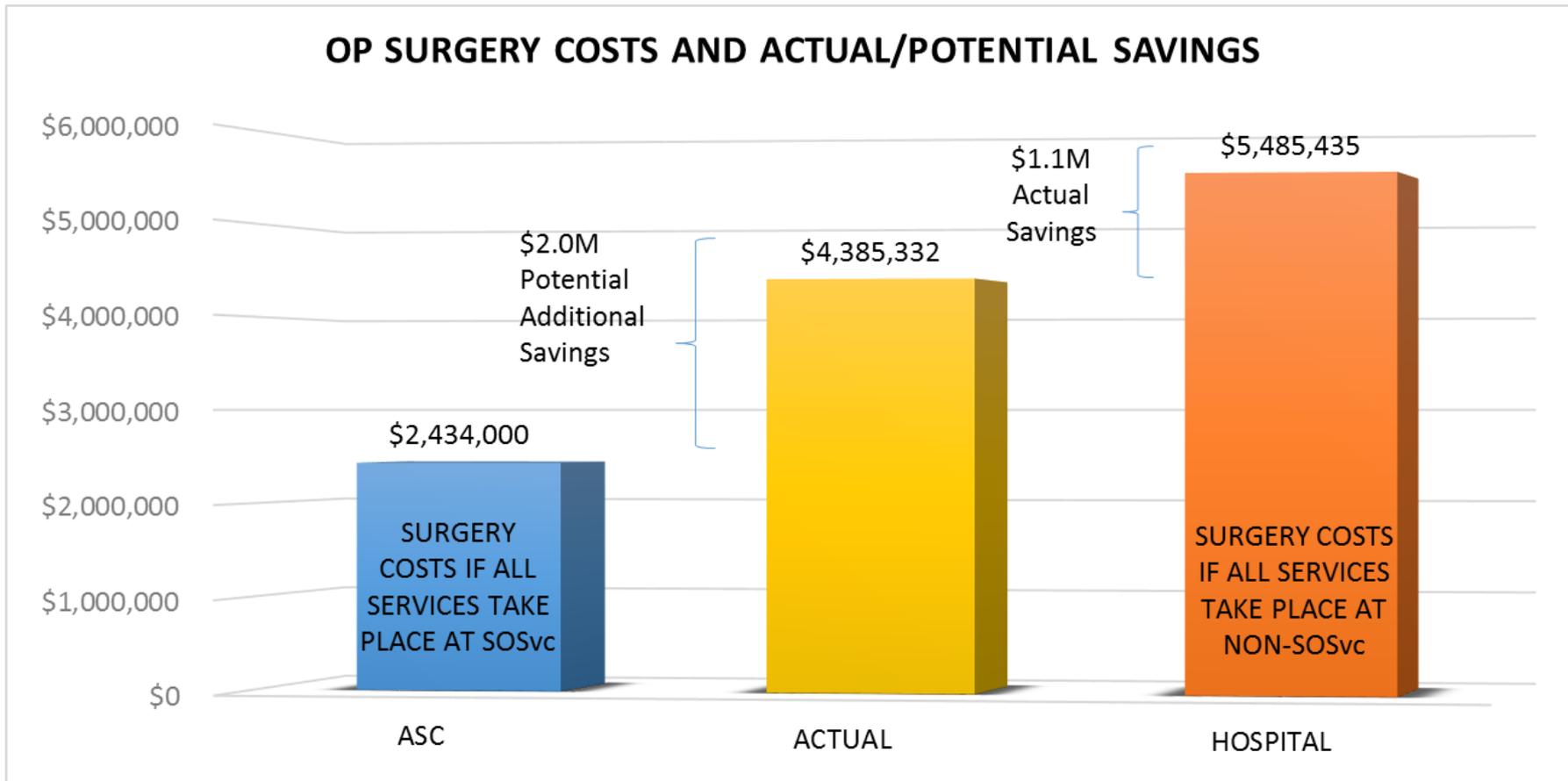


1. [https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-annual-growth-in-rx-drug-spending-and-total-health-spending-per-capita\\_nhe-2017](https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-annual-growth-in-rx-drug-spending-and-total-health-spending-per-capita_nhe-2017)  
 2. <https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2018/02/a-look-at-drug-spending-in-the-us> 3. Based on RxBenefits Book of business (gross cost—without member cost share or rebates)  
 4. <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

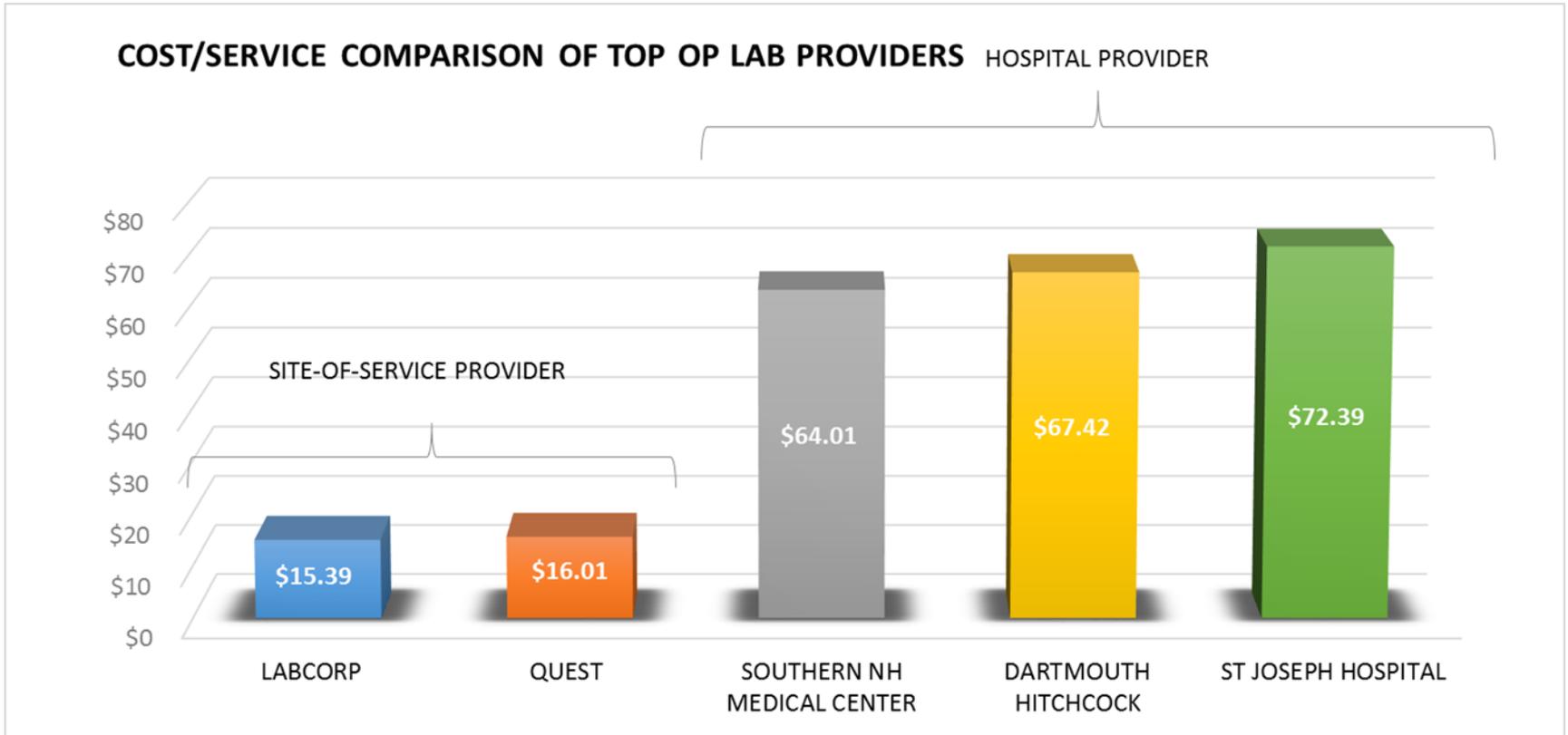
## Outpatient Surgery Cost Comparison by Site



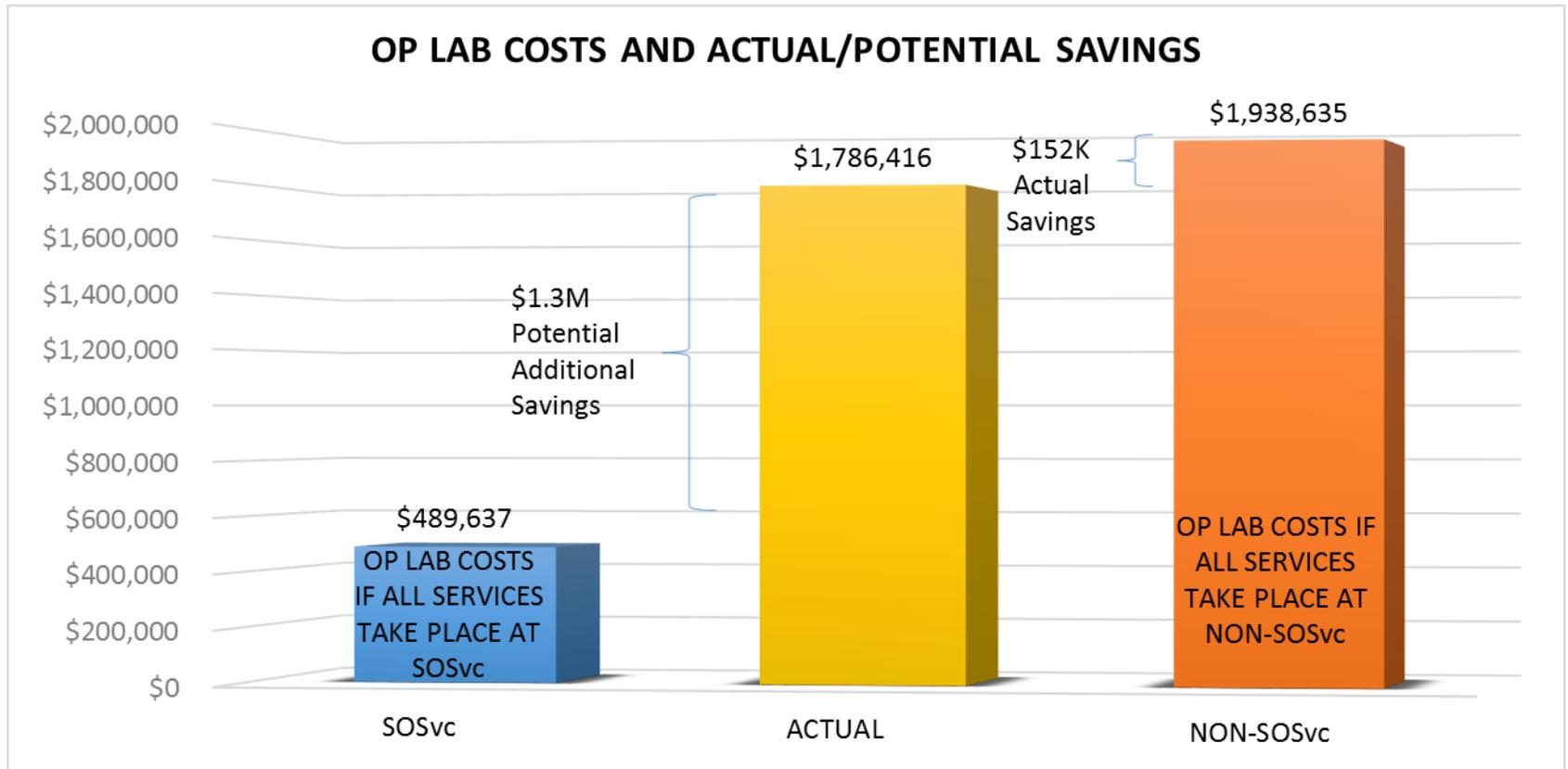
## Savings by Utilizing Ambulatory Surgical Center



## Comparison of Independent Lab vs Hospital Lab



# City of Nashua Outpatient Lab Potential Savings



# SmartShopper

*Earn Incentives at cost effective providers*



**Colonoscopy:**  
up to \$250



**CT Scan:**  
up to \$150



**Knee  
Replacement:**  
up to \$500



**Mammogram:**  
up to \$50



**MRI:**  
up to \$150



**PET Scan:**  
up to \$150



**Ultrasound  
Exam:**  
up to \$50



**Upper GI  
Endoscopy:**  
\$250

# SmartShopper Example: Knee Injury

## Example: Doctor Recommends an MRI

- **Call SmartShopper**
  - Verify location is cost-effective
  - Earn up to \$150 incentive with SmartShopper

## Based on MRI, Doctor Recommends Arthroscopic Knee Surgery

- **Call SmartShopper**
  - Verify location is cost-effective
  - Earn up to \$250 incentive

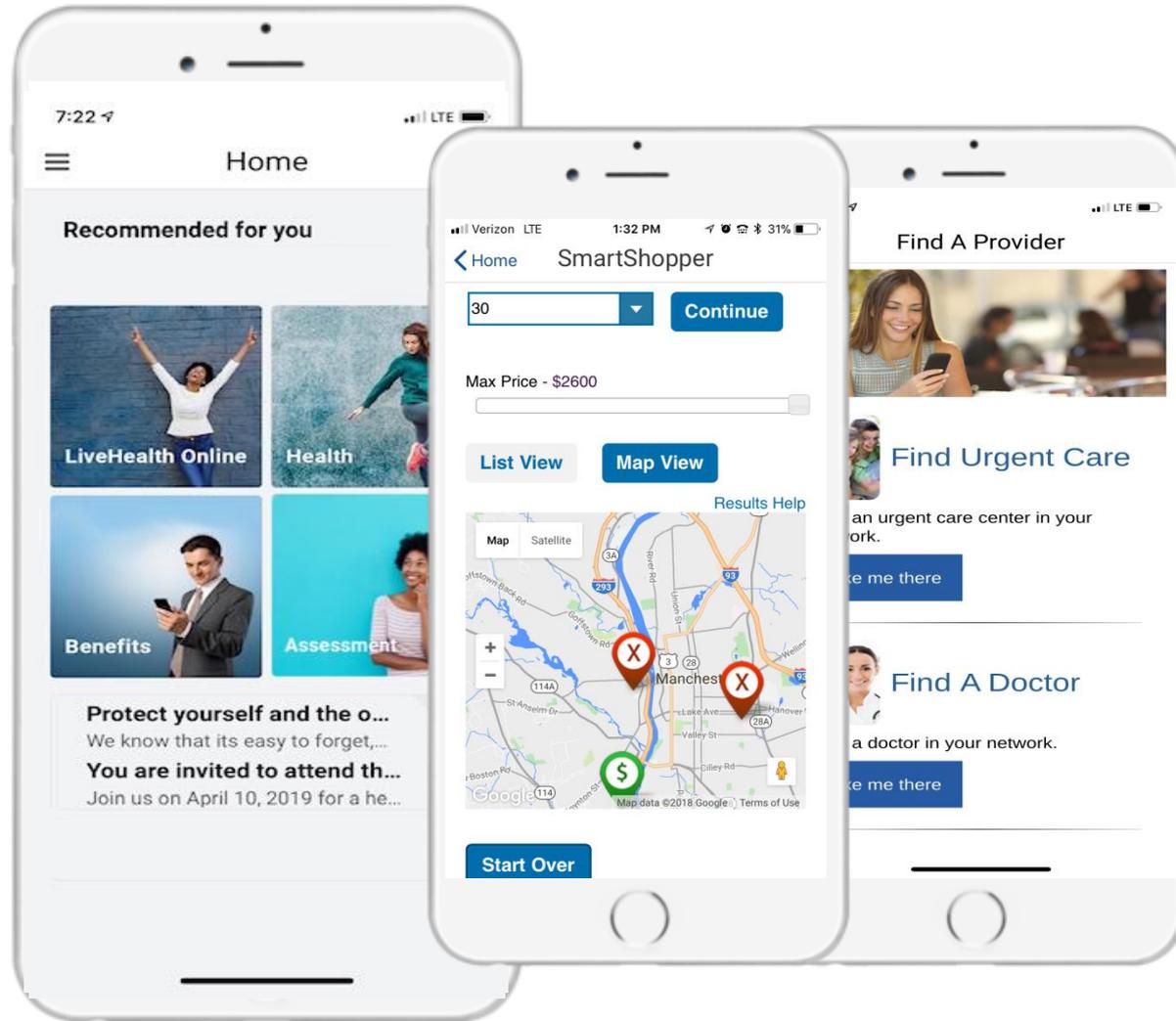
## After Surgery, Doctor Recommends Physical Therapy

- **Call SmartShopper**
  - Verify location is cost-effective
  - Earn up to \$150 incentive

**Total Incentives Earned = \$550**

## Mobile Access to: Benefits Resources Communications

- Anthem Medical\*
- Dental
- Vision
- SmartShopper\*
- LiveHealth Online
- Discounts
- ID Cards
- Challenges
- EAP



\*Single Sign On Access Available

## Get Alerts on Health, Wellness, and Citywide Events!

Login to **Mobile Health** to access your medical deductible, find a Smartshopper provider, see a doctor using Live Health Online, print ID cards, view your medical, dental, vision, pharmacy, flexible spending, HSA benefits, and more!

*Dependents over the age of 18 covered on city health plans are also eligible to download the **free app***



[www.mobilehealthconsumer.com](http://www.mobilehealthconsumer.com)



Available on the  
**App Store**



ANDROID APP ON  
**Google play**



Search for **mobile health consumer** in the app stores

# Conclusions

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- Continue to educate all stakeholders on the variation in costs with no discernable difference in quality.
- Promote use of SmartShopper and Mobile Health.
- Engage third parties to help steer employees to providers that data supports offer higher quality with better outcomes.
- Consider direct contracting with efficient providers.

# Thank you.

## Questions?

## We're All in This Together: Working with employees to reduce health insurance costs together



### Why do insurance rates increase?

Insurance premiums may be adjusted annually based on the amount of claims anticipated for the new plan year. The goal is to balance claim costs with premiums collected from employees, retirees, COBRA participants, and the City. You can help reduce costs; not by ignoring or delaying healthcare needs, but by being an **informed consumer**.

### How to Become a Better Healthcare Consumer:

1. **Know your health insurance plan options:** Make an effort to understand all your costs, deductibles, covered expenses, network providers, wellness incentives, and REWARDS (SmartShopper, page 3).
2. **Be proactive with your health:** The best way to keep healthcare costs down is to stay as healthy as possible. Always schedule preventive care screenings. Preventive care is free when using in-network care.
3. **Know when to see a doctor:** When a medical care need is not urgent, schedule an appointment with your doctor instead of going to the emergency room, or consider other resources such as an urgent care center or accessing LiveHealth Online (page 8) if you can't wait. [Watch this video.](#)
4. **Choose in-network doctors or facilities.** Staying in-network is always the best value.
5. **Ask about generic alternatives vs. name brand prescriptions.**
6. **Shop around and save money:** When you need diagnostic tests and medical procedures look for the best rates before choosing a service facility. **You can receive CASH REWARDS by using SmartShopper!**

## Shared Cost Savings: Employees can build savings for their future healthcare needs

# Health Savings Account

Empowering *employees* to build health savings by providing a health plan which encourages (and pays) members to better healthcare consumers.



Watch this short video to learn more about HSA benefits  
<https://mybenefitwallet.com/solutions-hsa.html>

### What are the Advantages of having a HSA?

Employees contribute pre-tax money to their Health Savings Account in addition to the funds contributed by the City each plan year. The money is used to pay the applicable annual deductible. At the end of the year all remaining funds roll-over to the next plan year building healthcare savings for the future, unlike a FSA account of which the funds are forfeited at the end of each plan year.

## Education and Rewards:

Teaching employees to be more mindful of healthcare costs

# Become a “SmartShopper”

Employees earn cash rewards for many common procedures, such as:

Lab Work ~ Mammogram ~ Colonoscopy ~ MRI ~ X-Ray

Rewards are earned for shopping for the most cost effective locations in their area for health services and procedures.

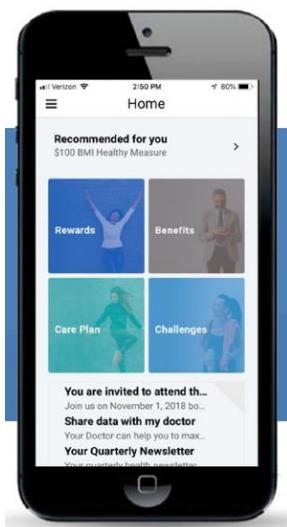


**Want to become a better healthcare consumer for all of your healthcare needs?**

You can find more healthcare cost saving opportunities at: [www.nhhealthcost.nh.gov](http://www.nhhealthcost.nh.gov)

You can find price ranges for prescriptions and medical services at: [www.anthem.com](http://www.anthem.com)

## Communication and Easy Access to Information: Reaching employees throughout the City of Nashua



### **Mobile Health :**

Employees and their covered dependents can access Mobile Health via mobile, tablet or web to get access to their medical deductible, find a SmartShopper provider, see a doctor using Live Health Online, print ID cards, view your medical, dental, vision, pharmacy, flexible spending, HSA benefits, and more!

We can send alerts on health, wellness, and Citywide events.

The app has many short educational videos on preventing and/or managing chronic health conditions.

Participants can earn points and receive rewards for healthy activities using the Points Program.

# Access Healthcare Anytime & Almost Anywhere: Online access to healthcare and education to meet all needs

**LiveHealth**  
ONLINE



Watch this short video to learn more about  
**LiveHealth Online benefits**

<https://www.youtube.com/user/LiveHealthOnline>

## Employee Assistance Program (EAP)



Watch this short video to learn more about  
**EAP benefits**

[https://www11.anthem.com/video\\_player/player.html?bctid=4572848714001&enableMapping=true](https://www11.anthem.com/video_player/player.html?bctid=4572848714001&enableMapping=true)

### Cost per visit:

- ❖ HMO/POS Member: \$20 (your copay)
- ❖ High Deductible Member: \$49 (\$0 if deductible has been met)
- ❖ Uninsured: \$49

### What is LiveHealth Online?

- ❖ Immediate doctor visits through live video on your computer or mobile device.
- ❖ Available 24/7
- ❖ **You** choose a board-certified doctor or therapists.
- ❖ Private, secure and convenient online visits with a doctor or therapist.

The EAP Program is fully paid for by the City of Nashua. Some of the services, resources and referrals that the EAP program can provide are:

- ❖ Counseling (includes marriage & relationship)
- ❖ Legal Services (wills, trusts, divorce, custody)
- ❖ Financial Planning (buying a home, budgets)
- ❖ Drug/Alcohol Abuse Help
- ❖ Elder/Child Care Specialists
- ❖ Identity Theft Protection
- ❖ MyStrength Program

Workplace seminars and activities are held on site throughout the year using resources provided by Anthem's EAP Program.

### Some examples:

- ❖ Financial Planning
- ❖ Estate Planning
- ❖ Stress Management
- ❖ Nutrition
- ❖ Work Life Balance



### City of Nashua Wellness Committee Mission:

To provide tools and support to employees to encourage wellness and help improve the work-life balance.

## City of Nashua - FY20 Plan Comparison

PLAN YEAR 7/1/2019-6/30/2020	ANTHEM HMO	ANTHEM POS	ANTHEM HDHP WITH HSA	ANTHEM HDHP WITHOUT HSA
<b>Employee Contributions</b>	See your specific employee group benefit guide	See your specific employee group benefit guide	See your specific employee group benefit guide	See your specific employee group benefit guide
New England Network for All Plans: NH, VT, MA, ME, CT and RI (must use Anthem providers for in-network services)				
<b>Deductible</b>  Preventive Care Services are covered at 100% for all plans when using <u>in-network</u> providers.  View guidelines for preventive care services at: <a href="http://www.Healthcare.gov">www.Healthcare.gov</a> search for "preventive care list"	<b>In-Network Deductible</b> \$250 deductible per person \$500 per family each plan year  <b>Out-of-Network Deductible:</b> No Services out-of-network  <b>Maximum out-of-pocket (OOP):</b> \$6,450/ Single membership \$12,900/ Family membership  <u>In-network</u> deductible ONLY applies to inpatient care and day surgery in hospital outpatient department or ambulatory surgical center.	<b>In-Network Deductible</b> \$250 deductible per person \$500 per family each plan year  <b>Out-of-Network Deductible:</b> \$250 deductible per person \$750 per family each plan year (applies to all services) (then 20% coinsurance until OOP max)  <b>Maximum out-of-pocket (OOP):</b> \$6,450/ Single membership \$12,900/ Family membership  <u>In-network</u> deductible ONLY applies to inpatient care and day surgery in hospital outpatient department or ambulatory surgical center.	<b>In-Network Deductible</b> \$2,000/ Single membership* \$4,000/ Family membership*  <b>Out-of-Network:</b> Maximum out-of-pocket (OOP): \$4,000/ Single membership \$8,000/ Family membership (30% coinsurance until OOP max)  <b>City Contributes to HSA</b> \$1,500/Single \$3,000/2P or Family  *APPLIES to all services with the exception of <u>in-network</u> preventive care services.	<b>In-Network Deductible</b> \$2,000/ Single membership* \$4,000/ Family membership*  <b>Out-of-Network:</b> Maximum out-of-pocket (OOP): \$4,000/ Single membership \$8,000/ Family membership (30% coinsurance until OOP max)  <b>No Health Savings Account</b>  *APPLIES to all services with the exception of <u>in-network</u> preventive care services.
<b>Office Visits</b> (PCP/Specialist)	\$20 Copay	<u>In-network</u> : \$20 Copay <u>Out-of-network</u> : subject to deductible, then covered at 80%	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Telemedicine</b>	Live Health Online \$20 per visit	Live Health Online \$20 per visit	Live Health Online \$49 per visit Covered at 100% if deductible is met	Live Health Online \$49 per visit Covered at 100% if deductible is met
<b>Routine Vision Exam</b> One exam every 2 years	100% covered	<u>In-network</u> : 100% covered. <u>Out-of-network</u> : subject to deductible, then covered at 80%	<u>In-network</u> : 100% covered <u>Out-of-network</u> : subject to deductible, then covered at 100%	<u>In-network</u> : 100% covered <u>Out-of-network</u> : subject to deductible, then covered at 100%
<b>Chiropractic Visits</b> Unlimited	\$20 Copay	<u>In-network</u> : \$20 Copay <u>Out-of-network</u> : subject to deductible, then covered at 80%	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Durable Medical and Prosthetic Equipment</b> Unlimited	100% covered	<u>In-network</u> : 100% covered. <u>Out-of-network</u> : subject to deductible, then covered at 80%	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Outpatient Surgery</b> Performed in a hospital or surgical center	Subject to deductible, then covered at 100%	<u>In-network</u> : deductible applies <u>Out-of-network</u> : subject to deductible, then covered at 80%	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Hospital Inpatient</b> (including acute and psychiatric)	Subject to deductible, then covered at 100%	<u>In-network</u> : deductible applies <u>Out-of-network</u> : subject to deductible, then covered at 80%	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Inpatient Rehabilitation Services</b> Limited to 60 days per calendar Year	Subject to deductible, then covered at 100%	<u>In-network</u> : deductible applies <u>Out-of-network</u> : subject to deductible, then covered at 80%	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Outpatient Rehabilitation Services</b> (physical, occupational, speech) Limited to 60 visits per calendar Year	\$20 Copay	<u>In-network</u> : \$20 Copay <u>Out-of-network</u> : subject to deductible, then covered at 80%	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Emergency Room</b>	\$100 per Visit Waived if admitted	\$100 per Visit Waived if admitted	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Urgent Care</b>	\$20 Convenience/Urgent Care \$50 Hospital Urgent Care Clinic	\$20 Convenience/Urgent Care \$50 Hospital Urgent Care Clinic	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Retail Pharmacy</b> (up to a 30 day supply)	\$5 Tier 1 - Generic Drugs \$15 Tier 2 - Preferred \$35 Tier 3 - Non-Preferred / Specialty	\$5 Tier 1 - Generic Drugs \$15 Tier 2 - Preferred \$35 Tier 3 - Non-Preferred / Specialty	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%
<b>Mail Order Pharmacy</b> (up to a 90 day supply)	\$5 Tier 1 - Generic Drugs \$30 Tier 2 - Preferred \$70 Tier 3- Non-Preferred / Specialty	\$5 Tier 1 - Generic Drugs \$30 Tier 2 - Preferred \$70 Tier 3- Non-Preferred / Specialty	Subject to deductible, then covered at 100%	Subject to deductible, then covered at 100%

Visit your City or NSD websites HR/benefits section for more detailed plan information in each of the Summary of Benefit Coverage (SBC) documents.