

**MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
Wednesday, September 14, 2022**

A Human Resources Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, September 14, 2022, at 1:30 p.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Committee members were present: Directors Burbage (Committee Chairman), NeSmith and Mims. Also present were Directors Henderson and Munchus who are not Committee members.

Others present: Michael Johnson, General Manager; Iris Fisher, Derrick Murphy and Jeffrey Thompson, Assistant General Managers; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist, Vanessa Washington, Executive Assistant; Marsha Hammonds, Paul Lloyd, Joyce Dupree, Rosalind Jones, Derrick Maye, Charles McGee, Jeff Wade, Collin Johnson and David Walker, BWWB Employees; K. Mark Parnell, Parnell Thompson Law, LLC; Byron Perkins, Perkins Law, LLC; Kelvin Howard, KWH, LLC; Oliva Martin, Alabama State Attorney General's Office and Kristy Sheffer, Fisher Brown Bottrell Insurance, Inc.

Inasmuch as all Committee members were present, a quorum was in attendance. Committee Chairman Burbage called the meeting to order at 1:33 p.m.

Next, the Committee proceeded to approve the agenda. Director NeSmith made a motion to approve the agenda and Director Mims seconded the motion. The agenda was approved by unanimous vote.

Following, the Committee proceeded to the first item on the agenda, Request the Committee to approve minutes of the Human Resources Committee Meetings held March 3, 2022, and May 17, 2022, respectively. Director NeSmith made a motion to approve the minutes and Director Mims seconded the motion. The minutes were approved by unanimous vote.

Next, the Committee proceeded to the second item on the agenda, Request the Committee to hear a presentation and to recommend to the Board the FY2023 health insurance plan design, premium rates, COBRA rates, and Post-65 Insurance Renewal. Former IWB Employees and Under 65 IWB Retirees BCBS health insurance plan design and premium rates will not change. Assistant General Manager Fisher recognized Kristy Sheffer, Fisher Brown Bottrell Insurance, to present information on the FY2023 drafted numbers for BWWB's health insurance plan. Ms. Sheffer stated the company's cost and utilization of the plan have increased in all major areas, which increased the budget for the health plan. She recommended to the board to consider a premium increase equitably split between the board and employees, and increase premium rates deducted from the employees and pre-65 retirees with no plan design changes or reduction in ancillary services to offset the increased costs. Ms. Sheffer highlighted four plan increases modeled for review. She began by discussing the three levels of funding, whereas adherence to the plan guidelines would earn premium discounts for 2023.

Following, she talked about the premium increases. The Premier PPO Plan premium would increase by 10% and the Standard/Base Plan premium would increase by 8.5%. However, the High Deductible Health Plan (HDHP) would not have a premium increase. Ms. Sheffer stated that BWWB's health plan is self-insured, and the company currently does not have Applied Behavioral Analysis (ABA) therapy included in any of its health plans. She indicated that the State of Alabama and all fully insured plans include this benefit. Therefore, the ABA benefit would be an addition to all plans moving forward. Ms. Sheffer stated that ABA is an autism benefit for children. Director NeSmith inquired whether the Premier and Standard Plan premium increases were caused by adding the ABA. Ms. Sheffer responded no. She stated the rate increase is caused by the company's increased utilization and medical trends.

Next, Ms. Sheffer discussed the Health Savings Account (HSA) benefits. This plan would have no plan change or premium increase. There would be a \$500.00 benefit annually for enrolling and participants would receive an additional \$500.00 for earning engaged status or higher with a completed biometric screening. Director Mims asked for the High Deductible Health Plan (HDHP) participation percentage rate. Ms. Sheffer stated only a small percentage of employees were enrolled in the High Deductible Plan and she would provide the exact percentage to him later. Following, Director Mims inquired about the participation rate for the biometric screening. Ms. Sheffer stated she did not have the number and asked Human Resources Manager Paul Lloyd if he had the answer. Mr. Lloyd stated that the biometric screening was postponed for the last two years due to COVID. The board approved to give employees that benefit during those years. Historically, there has been a high number of employees who participated in the biometric screening. He indicated that the onsite biometric screening was popular with employees and that staff was currently in the process of working through the administration necessary to offer the benefit this year.

Following, Ms. Sheffer discussed the Freshbenies benefit. She stated that total utilization is 2% consisting of 29.5% Telehealth services. Due to poor utilization, the Telemedicine Benefit for FY 2023 would only include Telehealth and Behavioral Telehealth, which would result in a cost reduction.

Subsequently, Ms. Sheffer discussed the company's 2022 budget compared to 2023 budget projection. She indicated that as of August 31, 2022, the completion and total plan cost including administration and claims is \$11,637,884.00 and the 2023 projection is \$12,507,384.00. Ms. Sheffer wanted to note that the totals were only a projection, as there is ongoing increased utilization. Director NeSmith inquired about the note on the presentation stating that there was a large claimant of over \$1,000,000.00, which had not been included in the projected amounts. Per Ms. Sheffer, Blue Cross Blue Shield is not able to confirm the estimated cost for that claim, only that the claim is ongoing, extensive and that it will be very expensive. Afterwards, she reviewed the company's fixed cost for the budget. Director NeSmith asked for clarification on the equitable split between the board and employees and the current split. Ms. Sheffer stated that the percentage difference is usually 80/20 split, but as of now, it is approximately 78/22 split. General Manager Johnson asked Ms. Sheffer to further clarify the increase/split between the board and employees. Ms. Sheffer stated that the premium rates were increased by 10% of what was needed. The amount was evenly split between BWWB and employees. Mr. Lloyd stated that the under 65 retirees plan costs more; therefore, their split

(approximately 34% retiree portion) is slightly higher than what active employees would pay. Ms. Sheffer concluded by stating that since 2019, BWWB's average yearly utilization increase is 9%. Next, General Manager Johnson commented that hopefully the large claim would be covered next year and that the stop loss insurance would be issued and help with the cost. Per General Manager Johnson, the claim will be monitored, as it is the one claim that could increase the company's costs to be higher. Assistant General Manager Fisher stated that per Kristy Sheffer and Mark Johnson, they may have the true up numbers by the September 28, 2022, board meeting, which could potentially change the numbers due to the large claim. Afterwards, Director NeSmith made a motion to move said item to the full board with a recommendation from the Human Resources Committee and Committee Chairman Burbage seconded the motion. Director Mims abstained. The agenda item was moved to the full board for consideration.

As there was no further business before the Committee, Director NeSmith made a motion to adjourn the meeting and Director Mims seconded the motion. The meeting adjourned at 2:00 p.m.

_____/s/_____
William "Butch" Burbage, Jr.
Vice-Chairman

_____/s/_____
Carl Dalton NeSmith
Assistant Secretary-Treasurer

_____/s/_____
Ronald A. Mims
Director

_____/s/_____
Michael Johnson, MBA, CPA
General Manager