

AGENDA
SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(RE: CITY'S HEALTH INSURANCE PROVIDER)

April 29, 2009

6:00 PM

Mayor Guinta called the meeting to order.

Mayor Guinta called for the Pledge of Allegiance, this function being led by Alderman O'Neil.

A moment of silence was observed.

The Clerk called the roll.

Present: Aldermen M. Roy, Gatsas, Sullivan, J. Roy, Osborne, O'Neil, Lopez, Shea, DeVries, Smith, Ouellette, Murphy

Absent: Aldermen Pinard, Garrity

4. Discussion regarding the City's Health Insurance Provider.

Ms. Jane Gile, Human Resources Director, stated what I'd like to do is just review what we talked about last week at the BMA meeting. I'll do a quick review of that information that was provided for you. In December 2008 the Board took a vote to put the health insurance out to bid. This was in the middle of a three year contract that we have with our current provider, CIGNA Health Care. WBS, who is our insurance consultant, did bid the plan to seven administrators. It was with the understanding that if, in fact, we did

choose a different administrator, there would be a 60-day notice given to the incumbent, should we decide to change administrators. Seven administrators were approached. Five of these bid on the City's health plan with full quotes. One provided a pharmacy-only quote. There was a committee that was established to review the proposals. This committee was made up of various City employees, including the Finance Director, the Benefits Coordinator Jane LaPerle, myself as HR Director, and also Ted Gatsas, who is in Alderman here and also a State Senator. From WBS we had our consultants who were involved. That included Tom DeLacy, David Larrivee, Maureen Grande and Michelle Jukoski. The committee conducted an extensive review over several weeks of the proposals that were received. I will say that WBS as our consultant put in literally hundreds of hours assisting us with the proposal process and the review of the various vendors who submitted proposals. They provided extensive comparative analysis of the proposals. They looked at administrative fees, network access, discounts of the networks, medical and pharmaceutical discounts, reinsurance, disease management programs, retiree health plans and also looked at performance and discount guarantees. WBS actually uncovered every stone that needed to be uncovered so that we would have a fair and accurate assessment of the various plans that were being offered to the City. They wanted to accurately reflect what the costs were, what the benefits were, and what the programs were, and they did a side-by-side comparison of the people who were submitting proposals. The group narrowed the field to two health plan administrators: One was CIGNA and the other was Anthem. As a part of the process, the committee met with each administrator individually for an hour and a half. They were asked to bring back their best and final offers to the City in terms of their ability to administer the health plan, and at that time any questions that we had were answered by the administrators. Subsequent to the process, the committee evaluated both health plan administrators based on seven criteria that were established prior to the process. Based on that evaluation of the two health plan administrators, the committee selected CIGNA, to continue with CIGNA Health Care as the City's health plan administrator. As you know, through the process, by choosing CIGNA there is \$760,000 that will be saved over three years, and

there are also significant savings that will be realized for retirees over 65 who would be enrolled in the CIGNA Advantage plan. When we're talking about significant savings with that retirement plan, we're talking about \$300 a month at least for single people who are on the retiree, over-65 plan, or \$600 a month for individuals where both spouses are taking that plan. So for the retirees, the City does not contribute, but that is a cost savings to them, a significant cost savings. In the packet that you have before you we do have a summary of some of the committee's findings. They are key findings which illustrate not only the process used but our decision making process that was used to determine and evaluate proposals. We have WBS here tonight. We have Tom DeLacy and David Larrivee who will further expand on the selection process and answer any questions as to why CIGNA was chosen as the health care administrator for the City of Manchester. They will entertain any questions that the Board might have relative to the process or relative to the selection itself, and the recommendation coming before you tonight.

Mayor Guinta stated thank you for being here tonight. If you want to give a brief overview and presentation of the recommendation, then I can open it up to questions from the members of the Board.

Mr. Tom Delacy, Workplace Benefit Solutions, thank you very much, Mayor Guinta, and thank you to the Aldermen for having us in today to talk about the process that we've gone through. My business partner David Larrivee is here to my left. We want to take a minute to thank the committee that worked with us. They put in an awful lot of hours and were very receptive to learning about some of the nuances of the health insurance program and self funding. So I wanted to thank Alderman Gatsas, Bill Sanders, Jane Gile and Jane LaPerle. Additionally, I wanted to thank the carriers. When Jane talks about the hundreds of hours put in, each of the carriers that submitted bids put in hundreds upon hundreds of hours to give their best proposal possible to the City of Manchester. We had excellent proposals from Health Plans, Incorporated, which is a Harvard Pilgrim company; a very good proposal from Aetna Incorporated, which isn't a huge name in

New Hampshire but is a very fine company that is doing business in nationally; and we had excellent proposals from CIGNA and Anthem who both worked very hard to try to earn the City's business. Ultimately, as Jane has mentioned, the committee chose CIGNA as the carrier, with the intent of extending the contract for three more years. Just to talk a little bit about the process, we really looked at the process in two ways. We did a qualitative analysis and a quantitative analysis. The qualitative analysis looked at the carrier's ability to administer the plan, the discounts that they were able to provide, network access, and value of disease management programs. Disease management is a really important issue regarding how you interact with the members in the health plan and try to identify those people who are either at high risk for major claims or may enter into that situation of having high claims over the next several years. The idea is to identify those people early, get them into disease management programs and try to modify their behaviors so that a high blood pressure situation doesn't turn into a cardiac arrest or a stroke.

Alderman Shea asked would you repeat those please, the discounts and so forth?

Mr. Delacy responded sure. Let me walk through. This was actually in a letter that Jane provided to you all. There are basically seven criteria that we used. We looked at program administration and network discounts/network access, asking what are the discounts achieved by the medical network that the carrier controls and do all the people have access? We are very happy to report that access between Anthem and Cigna, there would be no disruption to the City employees, so that was very important. We also looked at administrative fees, the value of disease management programs, retiree benefits, the pharmacy program, and then we looked at performance guarantees as the last measure. Performance guarantees are basically a commitment by the carrier to provide the very highest levels of service both for member services, answering telephones, paying claims, things of that nature, and the highest discounts possible and guaranteeing the levels of discounts. As I was mentioning, we looked at qualitative measures and

quantitative measures, qualitative being things like discount access, ability to administer the plan. Then we got into quantitative measures, and those are the fixed costs such as the administrative fee that you pay for the insurance carrier to provide you with a network and to pay the claims. The other fixed cost piece is pharmacy rebates. Rebate can be a little bit of an ugly word, but the idea is that when pharmaceuticals are used, the carriers negotiate rebate programs with the pharmaceutical companies, and we ask that those rebates be shared 100% with the City of Manchester. The result of that was that we were able to save, over the three-year period, about \$566,000 in fixed costs. Those fixed costs are your administrative fees charged per employee per month, and it has gone down from where it is currently and where it has been over the last several years. The other piece of that is pharmacy rebates. The pharmacy rebates have gone up. So the amount of money that Cigna is giving to the City has gone up and will over the next three years, and Cigna has guaranteed that. We feel that the financial process was a positive one where we were able to save some significant money, what we would call hard dollars. The other piece that was very significant was that Cigna is able to provide a retiree program. It's called a Medicare Advantage program whereby the Medicare recipient basically trades Medicare Part A and B for a full health plan with Cigna health care, and they administer that. The savings for the retirees over what the Cigna renewal offers would be about \$283 a month, a little less than \$3,400 a year. The savings relative to the Anthem retiree quote would be about \$309 per month, or about \$3,700 per year. The committee certainly understood that these were not dollars saved by the City, but they were saved by the City retirees and your constituents. So, while this wasn't a driving factor in our decision, it was very important because, obviously, if you're able to save retirees \$300 a month, we felt that was very important. To clarify, what we're looking at is the Cigna renewal on the current indemnity-based retirement plan was going to go to \$630.08 per month. The Anthem renewal for that product was \$656.45. The price for the Cigna retiree plan is \$347.13. The savings from the Cigna retiree plan to this Medicare Advantage plan is about \$283 per retiree per month, versus the Anthem rates, it's about \$309 per retiree per month. When we get into the differences between the carriers...and

we had given the carriers the seven points that we were going to evaluate the proposals on...when we got into the financial piece, one of the things that was very important was to make sure that we were comparing apples to apples. What sometimes happens when you're looking at five different carriers, you'll find that one carrier will charge something like large case management on a per case basis or per hour basis. Or, you may have a carrier that has out-of-network access fees paid through claims, or some disease management fees may be paid through claims. We went to great lengths to make sure that all of those fees, those pieces that you don't want buried in claims, that are real fees, were all put into the administrative fees so we could have a real apples to apples comparison. You can certainly imagine that if one carrier is including something in their administration fees and another carrier has that in claims, and it's \$100,000, that would really skew the results. So we wanted to make sure we were comparing apples to apples in the financial piece. Relative to the rest of the pieces, we had let all of the carriers know what the basic seven guidelines would be, and I thought I would walk through that with you and tell you how the committee felt that each of the carriers compared. So when we look at program administration, clearly Anthem and Cigna have administered this plan in past. We felt that they were both equally able to administer the plan. On network discounts and access, we did an actual provider match, so we got a list of all the providers that were used over the last twelve months in the Cigna plan and matched that up against the Anthem network, and we were able to find that all of the providers matched up. Therefore, we knew from a network perspective there would be no disruption, the access perspective. Network discounts were extremely close. We feel that the networks are a wash. Each of the providers gives us a network discount guarantee. Essentially that says if we don't hit this number for discount, we will pay a penalty to the City of Manchester. There's margin of error there of two to three percent. The Anthem discount was 41.5%; the Cigna discount was 41.2%, so there is no real statistically significant difference there when you have a margin of error of two to three percent. We felt that the network administration was equivalent. Administrative fees...although there was a small difference, we felt that they were a wash. Over the

three year period of the contract, there is roughly a \$15,000 difference. Cigna is about \$15,000 lower. Value of disease management was probably the biggest difference between the two carriers. Cigna has an established program. They've been your carrier for two years, so it makes sense that that program would be established in the City. They have about 1,350 people in their program right now. Those are people who are accessing the disease management program where Cigna has reached out and is providing them information, and depending on how serious their condition is, they may be working with a case manager or have access to a nurse that they're working with. Cigna has 31 programs for chronic conditions; Anthem has 19 programs. Each of the carriers will provide you with a return on investment because in your administrative fees you pay for these disease management programs. It's always important to find out if we are getting good value for our dollar. Currently the Cigna plan is delivering about 3.4 to 1.0 on a return of investment (ROI). So for every dollar you're spending, you're saving about 3.4 dollars. This is cost avoidance. You're not getting a check for this. This is claim avoidance where they're getting people into treatment early so a disease isn't blowing up into a major catastrophic claim. Anthem estimates that their return on investment is about 2.8 to 1.0. It's a national average. At this point they are not able to tell you on a company by company basis what their return on investment is, but they believe after three years of establishing their plan, it's about 2.8 to 1.0. We feel that this is an advantage for Cigna, and a big part of that is that those people are in the program right now. They're getting those services and they're taking advantage of it. The retiree benefit...this was also an advantage to Cigna because of their Medicare Advantage program, and we've talked a little bit about that so far. The pharmacy program was pretty similar, although the companies took a little bit different approaches to it. What we try to look at is lowest net cost, so pharmacy is basically broken up into two parts: What kind of discounts are you getting for the prescription drugs that are being used and what kind of rebates are being returned to an employer, based on those pharmaceuticals that are used? Anthem was able to provide higher rebates but the discounts were a bit lower. Cigna's rebates were a little bit lower but the discounts were a bit higher. When

we did the analysis based on the actual claims experience of the City of Manchester over the last twelve months, it ended up being pretty close to a wash – about an \$8,000 difference, where Anthem had about an \$8,000 advantage there in year one. One of the points to note, and this is a little bit difficult, is Cigna was able to guarantee their pharmacy rebates for three years, so for the full three years of the contract. Anthem was only able to guarantee them for one year, so we have to sort of take an estimate of what those might be in the future years, and it's a little bit tough to determine. Then on performance guarantees, both carriers put substantial dollars at risk in the form of performance guarantees to make sure that they were providing outstanding service to the City of Manchester. When we tallied all of those points up, we looked at it and ultimately decided that Cigna was the best alternative, based on the fact that they had the lowest net cost over the three year period of the contract and the retiree plan was also very important to the committee. I'd be more than happy to take questions.

Alderman Lopez stated I want to go back to the \$650,000 current year plan. How was the verification done on that?

Mr. Delacy responded each of the carriers had a methodology that they used to determine the return on investment. An example might be helpful there. If a carrier looks at somebody who has a pharmacy claim for an inhaler, and has had three visits to the emergency room over the last six months, the disease management program would sort of trigger to say, 'We need to contact this person, because they're probably not managing their asthma well and that's causing those emergency room visits.' So what they will do is they will start to work with those people, and essentially what they do to track what the return on investment is. They will look at a group of people who are managed, versus a group of people who are non-managed with the same disease. They will look at the incidence of things like emergency room visits, medications, and so on. They'll look at the group that is managed, and their overall cost is lower than the group that's not managed. They'll track that back and that's how they will determine their

return on investment. Now, there are certain parameters that are removed, so for instance, if you have a high claimant of over \$50,000, they'll move that out, because they don't want to be in a situation...they don't want them to be pie in the sky, so what they'll do is say, 'Because we've got somebody on a cholesterol lowering drug doesn't mean that we prevented a \$150,000 heart attack.' So they look at individual emergency room cases and so on. Cigna's program is evaluated and approved by Johns Hopkins University, so the carriers will typically have a third party evaluate, very much like you would have an auditor look at your financial records.

Alderman Lopez asked is the retiree program a fixed date? I've heard different versions that it goes away in 2010. Have you looked at the program itself?

Mr. Delacy responded this actually came up in the finalist meeting as well. The Center for Medicare Studies (CMS) is the governing body of this program. The programs are actually issuing their rates for 2010 right now, so in the next couple of months, Cigna will be able to give you your renewal for next year because it's all based on CMS reimbursements. Cigna expects very little change in the way the programs work for 2010. The estimate of the renewal would probably be in the 8% to 10% range. For 2011 they expect minimal change in the program, but what you're looking at is the rate differential between the Medicare Advantage program and what your standard rates are. It's so dramatic that even if there was a larger than expected increase, there's still a lot of room there. So, there's no drop dead date when this goes away. There is also no guarantee that the Medicare Advantage program goes forever. If the federal government said, 'We're going to do away with these,' that could happen. The federal government has not said that. Right now I believe about 25% of Medicare retirees are in this type of plan.

Alderman Lopez asked would you go over the benefits for the retirees?

Mr. Delacy responded sure. The Cigna renewal is about \$630 a month. So the savings would be \$283 over the Cigna renewal plan. That would be \$283 on a monthly basis, so about \$3,400 per retiree. If you were to compare it to an Anthem rate...this is a fully insured rate so this is actually what would be paid...the difference is about \$309, or about \$3,700 a year.

Alderman Gatsas stated first and foremost, I'd like to thank Jane and the group that was there, and also WBS. There is no question that when I first looked at the contract that came before us I wasn't happy. As I explained to WBS, it had nothing to do with them. The RFP went out. I can only tell you that once we got into the negotiations, they certainly earned their money and in the short time that we put this process together, the two finalists will tell you that the bus was driven pretty hard, the savings were pushed hard. Whatever savings they didn't push for, I pushed for, so I can tell you that they worked hard at this. They obviously tried to ask us to make recommendations. I was very clear and I said to them that they were the experts, and that they should do the ratings and they should come back with a recommendation, and I was going to abstain and take that vote at the full Board. So I certainly compliment them for coming back. It wasn't something that was easy, and the timeframe, as I said, was very short. So with that, I applaud them for the work they did, and certainly I think they put their best foot forward for the City of Manchester.

Alderman DeVries stated I'd like to ask a question about the rating on the seven items that you chose to rate on. What I don't see in there is a rating for cost containment and I just don't know how you are factoring that into your detail. I see that you have some questions on retirees that you're looking to keep down the cost of claims, but obviously the major part of health care for the City cost is the actual number of claims that we have to pay, not the administrative costs. What did you do to compare on that factor?

Mr. Delacy responded that's a very good point that 90% of the dollars are in the claims; the other 10% is in administration and stop loss. Those are the fixed dollars that we try to affect, but we also look at controlling the utilization. That's what we would call the claims. There were a couple of major pieces that we looked at. One is discounts. What is the discount level that the carrier is achieving? As I mentioned, we had one carrier who had an excellent proposal. They had lower administrative fees than the two finalists. They had higher rebates. The problem is they didn't have deeper discounts, and that's why that group, although they are a very fine carrier, and they do a fine job in disease management. That's why they were not chosen as a finalist. So the first piece that we looked at that's on here is network discounts. That's where I mentioned that both of the carriers were willing to put discount guarantees. Anthem's were put at 41.5%; Cigna's were put at 41.2%. Each has a risk corridor, so if they come in a couple of points below that there is no payment out. That's what we always look at very hard. What are the claims? What are the discounts? The other piece is that medical management piece. How do you manage the claimants that are in your program? It was actually interesting. Both of the carriers put a pretty significant portion of their time in the finalist meeting to talk about their disease management programs, and the value of what they can save by identifying people, stratifying them and then having their nurse case managers work with those individuals. So we actually spent a good deal of time on both the network discounts and disease management.

Alderman DeVries stated so it's your estimation that within the two plans there was no other specific tool that would have helped the City to keep down the cost of our claims. You're saying that both plans in your opinion...because I think you said the discount rates really were a wash. So you're saying there really was no difference between the plans in your opinion.

Mr. Delacy stated from a discount perspective, no.

Alderman DeVries stated not from a discount perspective; from cost containment on claims.

Mr. Delacy stated actually, I think the disease management programs that Cigna puts forth are a little bit better than those of Anthem.

Alderman DeVries stated I hope we'll have the opportunity, Your Honor, to ask the two companies, because we've heard some discussion. I'm sure that they can present, but I would like to hear from both of the clients to get some verification from both of the companies that presented us bids. I'm sure we're going to have that opportunity afterwards, after we hear from our consultants.

Mayor Guinta stated I wasn't planning on giving them that opportunity.

Alderman DeVries asked would you like to bring them up individually as we have questions? I would think from a time management perspective it would make more sense to complete our questions of the consultants and then to bring up the two individuals.

Mayor Guinta stated I hadn't planned on talking with either finalist at this point. We had consultants who did that for us. I figured we would have a dialogue and discussion with our consultants.

Alderman DeVries stated I'm not sure I agree with that approach, but with that being said, would you believe that of course we've had some conversations with the two individuals that put bids in that are finalists. I believe that the two plans are not equivalent, that there was another cost containment tool that was brought forward. In fact, I even know there was a price built into the bid of \$1.50 per member per month that to me sounded like a very good tool for the City to help direct individuals to the lowest cost network provider. In this day and age of transparency for claims, individuals that are

made aware that they could go to a doctor and pay X amount - \$10,000 or \$20,000 - for a procedure if they aware and participate with you to get that procedure for a lesser amount, I think that our employees, knowing that the less money we pay on our health insurance, the more likely we are to have money available for other benefits, would certainly participate with us. And I do believe that Anthem has a plan and it was built into the bid at a cost of \$1.50 per month. It's such a plan that would have helped our employees be directed to the lowest cost provider. Are you not aware of that?

Alderman Gatsas stated let me answer it, because I was aware...

Alderman DeVries interjected I'm not asking the question of you.

Alderman Gatsas stated I was in that committee.

Alderman DeVries stated thank you very much, but I'd love to hear from the consultant.

Alderman Gatsas stated go ahead and then I'll follow up on it.

Mr. Delacy asked are you referring to the site of service program?

Alderman DeVries responded I would be, I believe. Is that the one that was costed out at \$1.50?

Mr. Delacy responded actually, it was never costed out. It was a pilot program that Anthem offered to develop for the City of Manchester. They expected that they might be able to roll it out sometime around January, I think. They originally gave a savings estimate in the range of \$2 million for this program, which I would tell you, based on your claims experience is just not realistic. We did look at it and we're familiar with similar programs out there, and I would actually tell you that the concept is very good.

Certainly when you look at things like major diagnostic testing...Take an MRI for instance. In the City of Manchester you can have a variance from \$2,000 for that test to \$800 or \$900 for that test. So if you're able to incent someone to use that less-costly facility, it makes a lot of sense. There are programs like that out there. This was a program that Anthem said that they would pilot for the City. The committee looked at it and said, 'It's pretty hard for us to take something that would be a pilot, that doesn't exist today, and say that it's worth changing insurance carriers, when the information that we have in front of us would be to not change insurance carriers.' And Anthem did go back and do some follow up work. They actually discussed this in the finalist meeting. They did some follow up work to re-look at the numbers a little bit. I think the biggest area where this has utility is major lab and lab services – MRI's and things like that. Your claims for the last year in that category were about \$1.8 million. So if you think about what is the percentage of people that you would get to use that, and what then would be the savings for each one of those cases, I think the savings would be much less than they had hoped, but the committee did talk about it, and I do think it's something worth pursuing in the future, whether it be through one of the vendors that's doing it now outside of the carriers. It's not part of the carrier. If it were something that would be piloted with Cigna or Anthem in the future, or some other venue, I think there is value to it. I just don't think it is explosive savings.

Alderman DeVries stated my information is that that was part of the bid. That is why I don't think we'll be able to decide on this without having better information from the two individuals that provided the bids to verify. If that is part of the bid, I think it's something that this committee has to weigh in on. I have a question for you also on the Medicare Advantage plan because I'm very involved with the retirees, at least with the firefighters. I hear frequently from the retirees that are on...and this is only for the Medicare-eligible looking for a supplement to their Medicare plan. I'd like to hear from you, in your opinion do you feel that the Medicare Advantage plan that is being put

forward with the Cigna proposal is equivalent to the Medicare supplement plan that we offer those retirees today?

Mr. Delacy responded yes I do.

Alderman DeVries asked you don't think that they will experience any difference in the coverage for what is covered?

Mr. Delacy responded no I don't.

Alderman DeVries asked do you feel that there will be any difference at all with the network that those individuals will be able to participate in?

Mr. Delacy responded the network is any provider that takes Medicare.

Alderman DeVries asked so will any of our out-of-state retirees be impacted by this?

Mr. Delacy responded it's a national network.

Alderman DeVries asked and the Medicare Advantage plan, is that not the plan that is scheduled to be discontinued? Is it the same term? Because I have followed Medicare issues since there has been some privatization of the Medicare supplement plans. I thought that Medicare Advantage was the same plan that I have heard considerable discussion and angst...I think it's called the donut that individuals are left with for non-coverage. There have been many problems in the Congressional hearings, and I thought that that was scheduled...I think as Alderman Lopez was also questioning the Medicare Advantage...to be discontinued, because it was leaving so many retirees with less than full coverage, a lot of out-of-pocket expenses.

Mr. Delacy stated I would certainly tell you that you can design one of those plans to limit coverage in different areas – to have coinsurance, to have co-pays. This plan was designed to offer 100% coverage as your current plan does. To my knowledge and everything that I've read, and following up with Cigna, there is no intention to stop that plan December 31, 2010. While I would tell you that we can't guarantee what's going to happen in the future, any more than I can guarantee what your claims are going to be on 2009, 2010, or your fully insured rates for your current retiree plan, CMS has not said that they are discontinuing this in 2010.

Alderman DeVries stated you indicated when we were talking about the Medicare Advantage that you were aware of some...I'm trying to remember what your words were...some changes to the plan that Congress has or that are being discussed, and I think you called it minor changes, so maybe you can enlighten me as to what you have heard.

Mr. Delacy stated there's a big debate in Washington. Right now CMS pays a little bit more per retiree on a Medicare Advantage plan than they do just straight Medicare. And the reason that they do that is they feel that over time, the Medicare Advantage plan, through those disease management programs, medical management and so on, will reduce costs. And they've actually seen that. So when we're looking at the ideas around national health care, one of the thoughts is that 5% to 10% extra that we pay per Medicare retiree may be in those plans, we should remove that. So we should pay the same whether they're in a Medicare Advantage plan or they're in regular Medicare. So if you look at it, that could potentially increase the cost by 10%. That was what I was talking about in terms of changes.

Alderman Gatsas stated I'd like to at least follow up on that, because I think folks will remember that when that program was brought up and said it wouldn't be started until January, I had asked Anthem to guarantee at \$250,000 if it didn't go into effect, the City would get the money, and the answer was...

Mr. Delacy interjected that they would talk about some parameters around the program but they can't guarantee a \$250,000 guarantee.

Alderman Gatsas stated thank you.

Mr. Delacy stated they said that they would be able to talk in the future about what they might be able to offer relative to guarantees around the program, but they couldn't put \$250,000 in a guarantee that said they would be up and running and be able to save you X amount of dollars.

Alderman Osborne stated a few of my questions have already been answered on the retirees. That's one of them that I had: What type of a guarantee would there be after the first year. I guess you answered that there is no guarantee, right?

Mr. Delacy responded guarantee is always a tough word. The rates are being established right now for the 2010 year, and that's a calendar year, so I guess you could pretty safely guarantee it's going to be 18 months. Where the rates will go in 2011, I can't say, but there's no move afoot with the federal government to say, 'We're going to stop doing this in 2011.' It's pretty unlikely that the government would say, 'We're going to give you six months notice and we're going to knock the 25% of people on Medicare Advantage programs off of those.' The expectation of Cigna is that the plans will continue.

Alderman Osborne asked when you were making your choice between the two of them, what was the heaviest part of the list that enticed you more to go with one rather than the other?

Mr. Delacy responded I think it was the disease management programs. I think if you look at the administrative fees, we're talking very small dollars over a three year period. It's virtually a wash.

Alderman Osborne stated I was going to say those exact words. It seems like a wash to me. This whole thing seems like a wash.

Mr. Delacy stated it is very close. When you're talking the amount of dollars in a three-year period, it's very close. The biggest piece that I think you get into is that you've got 1,350 people in disease management programs right now. They're getting access to nurse case managers. And these are programs that Anthem could provide, or at least two thirds of them, Anthem could provide in the future. But when you're moving carriers, you disrupt that, so those 1,350 people drop off of those plans. Anthem then comes in and tries to identify those people and get them onto their plans.

Alderman Osborne stated let me stop you there. What percentage do you think you lose when you're doing that?

Mr. Delacy responded I think month one, you lose all of them, 100%. I think over time Anthem gradually picks those back up and they sort of get flowing again. Does it happen in a year, a year and a half? Maybe. And then, what's lost there? Cigna looks at it and says, 'We're reducing costs or we're avoiding claims of \$650,000 year-to-date, and they can tell the City of Manchester what that is. Is it \$200,000 or \$300,000 or \$400,000 that you lose in those soft dollars, those claim dollars by making the change? I can't tell you exactly what it is, but this being my business, I know that there is some value there. So I think that outweighs all the other little pieces, and when you look at health insurance companies today, they're becoming less insurance companies and more health management companies. That's where they're devoting their resources. How do we trim utilization? How do we get people to use their health care effectively? I think when

you're moving from plan to plan, you disrupt that. I would tell you, if things were the other way around, if Anthem was the incumbent and they had these people in the disease management programs, and the dollars were the same, I would say, 'Stay with Anthem.' Because I think you lose an awful lot in those disease management programs, just from the disruption.

Alderman O'Neil stated a follow-up on the comment you just made about moving the plan...are you telling us we made a mistake two years ago when we moved the plan?

Mr. Delacy responded I don't have all the facts of two years ago of what Anthem had for disease management programs in place.

Alderman O'Neil stated but you did just make a statement...you did just say your recommendation is don't move a plan. You just said that.

Mr. Delacy stated my recommendation in this situation is not to move the plan.

Alderman O'Neil stated you need to clarify that because that's not what you said. I'm not going to debate you on it, but I could take your comment and say that we made a mistake two years ago because we moved the plan. All right, let's go back to this disease management. I'm trying to get my arms around the numbers. According to Jane's memo, there are 1,351 people listed. We have roughly 1,300 employees.

Mr. Delacy stated that's 1,351 members, so that includes the employee plus their dependents. So you have about 3,500 total members.

Alderman O'Neil stated that's still a pretty high number, correct?

Mr. Delacy responded absolutely, which is a good thing.

Alderman O'Neil asked can you show me somewhere in something you prepared where there is a savings of \$650,000 for disease management? Nothing I have shows that.

Mr. Delacy responded sure. I don't have it with me but I can forward you the reports from Cigna that show that.

Alderman O'Neil stated alright, because I'm not sure...we've heard savings before. We heard savings two years ago that we never saw. The Medicare Advantage...thank God for Google because I knew nothing...and gentlemen, please bear with me because I am in no way an expert in health insurance, but thank God for Google because you can try to find a lot of information. So I started with Medicare Advantage. I started using all these buzz phrases and here's what I found. Section 162 of the Medicare law that was revised in 2008 on House Resolution 6331...a lot of information regarding this. But one of them refers to sections regarding Medicare Advantage. Now it's my understanding in the reading that I've done is Medicare Advantage actually has three parts, as an in network HMO. Is that correct?

Mr. Delacy responded correct.

Alderman O'Neil stated as an in or out of network preferred provider organization, correct?

Mr. Delacy responded it depends what platform they set it up on.

Alderman O'Neil stated well this is what I have read, that there are three sections. An HMO, a PPO and then something called Private Fee For Services. Am I correct to say that Cigna's plan is a Private Fee For Service?

Mr. Delacy responded yes, you are.

Alderman O'Neil stated I want to go back to the question some of my colleagues asked earlier. This is off the website. 'Sections affecting Medicare Advantage – Revisions to Private Fee For Service plans, Section 162. The bill requires nearly all such plans to contract with a network', which they don't currently do, correct?

Mr. Delacy responded what they do is they contract with any Medicare provider, and just so that we're clear on this, not every physician has to accept Medicare.

Alderman O'Neil stated I should probably finish. 'The bill requires nearly all such plans to contract with a network of healthcare providers if they want to continue to operate in an area that has two or more competing plans. Currently Medicare beneficiaries enrolled in a PFFS can go to any Medicare-eligible physician or hospital that will serve them, and are not restricted to a specific network.' Someplace else here I read...so it is in fact true that Cigna, using that particular arm of the Medicare Advantage, that is only good under the law until January of 2011. There has to be a network created, which there isn't now, under their Private Fee For Service.

Mr. Delacy stated the CMS can change the laws out into the future. Does that mean that a carrier can't compete and change the way that they do business? No. The carriers, like any business, as laws change, they adapt to those laws.

Alderman O'Neil stated today the law says that those cannot exist without a network, correct? And that's what Cigna...there's a lot of stock from this selection committee on this retiree portion. I think there's risk with it, to be honest with you. It might be okay for a year, but everything I've read shows that it's going away in 2011 as the law exists today.

Mr. Delacy stated I disagree that it's going away in 2011. Will there potentially be changes to it? Yes. Is it hard for cities...?

Alderman O'Neil interjected maybe going away is the wrong word, but the changes that took effect under the legislation of 2008, they're in place today. Is there legislation introduced in Washington now to change it again?

Mr. Delacy responded I think the biggest legislation that they're talking about...actually legislation is probably a strong word because I don't think they're legislating this, but they're talking about removing that sort of enhancement to the fee for these Medicare enhancement programs.

Alderman O'Neil stated but as of today, not what may happen in the future, but as of today, the private fee for service under the Medicare Advantage cannot exist. You have to get into a network.

Mr. Delacy stated I don't think that that's the case.

Alderman O'Neil stated okay, that's what I read, and I read several different sources to get that information.

Mr. Delacy stated we'd be happy to follow up with you on that.

Alderman O'Neil asked does the Private Fee For Service, because it is not a network, allow the provider to charge an additional up to 15% over and above the true cost?

Mr. Delacy responded the plan is working off of Medicare reimbursements. The number is held harmless, based on the contract. That is, if a provider right now under your active HMO plan charges above the contracted value, the member is held harmless.

Alderman O'Neil asked is that a yes or a no? Can they charge over and above?

Mr. Delacy asked can they charge over and above? I don't know the answer to that question. Is the member held harmless? Yes.

Alderman O'Neil stated there's something that I read that said they can charge over 15%. Can you show me where the \$760,000 is going to be saved over three years?

Mr. Delacy responded I think the number that Jane Gile quoted was actually a misquote. The number in your letter that we've given is \$566,000 that is saved by the Cigna program over the three years.

Alderman O'Neil stated and based on...I know you guys have only been with us a short time...two years ago we were guaranteed we were going to save \$1.3 million. Did we save \$1.3 million?

Mr. Delacy responded we don't have all the figures of where things came from a couple of years ago, but what I would say to you is when you're talking about those savings, I believe that they were also talking about claim dollars, and I don't think, when you're talking about a self-funded program, if we get a claim estimate of \$18 million from one carrier and \$16 million from another carrier, we go to that other carrier. We don't say, 'Hey, we just saved you two million dollars.' Claims are an estimate. They are not hard dollars. When we talk about \$566,000, those are hard dollars. Those are administrative fee reductions and those are pharmacy rebate increases. Those are hard dollars; those are guaranteed. You will pay less starting July 1st than you paid on June 1st, and you will pay less on June 30th three years from now than you are paying today.

Alderman O'Neil asked would that be true if we selected Anthem as well?

Mr. Delacy responded you would save money with Anthem as well. Both were...and you see on the administration...

Alderman O'Neil interjected the savings are equivalent? You mentioned administrative fees and pharmacy rebates. One final question: I didn't pick up what you called it, but Alderman DeVries was asking a question. I can't remember what you told her it was called, the plan that involved an extra \$1.50 a month. You mentioned that the savings were in the area such as lab services and MRI's. Isn't it my understanding that it could go further than that? Could it go from a surgery where the employee could have the option of having that surgery in a traditional hospital versus an ambulatory care facility?

Mr. Delacy responded sure, and that program is called site of service. It's Anthem's name for it. Lab and x-rays are sort of the low hanging fruit. Those are the ones that you probably will be able to entice people early on to use, if you're giving them some kind of incentive. Let's say someone is getting an MRI and it's ordered at Elliot Hospital and they can have it done at Bedford Ambulatory Surgical Center. And let's say there's a \$500 difference between there. That's something with a \$100 incentive to the employee that they're likely to say, 'That makes sense. It's the same MRI machine. I'm going to go and have it done there.' I think over time you could probably get people to do...like if I'm having my knee scoped, maybe have it at an ambulatory surgical center versus at a local hospital. I think there is value to this over time. But we're talking about a program that doesn't exist, that they're going to pilot and develop. Frankly, as a consultant that works with three major employers in the City of Manchester with more than 1,000 employees each, I hope that they do develop that program because I think that there is value to it down the road. It's just awfully hard for us to make a recommendation to move from one carrier to another on the idea that we're going to have a pilot program. If you think about all the times you've heard about a pilot program out there, how many of

them come to fruition and succeed? So it seemed a rather large leap of faith to say that we were going to base our decision on that.

Alderman O'Neil stated I'm just thinking about people I know who have had knees scoped or shoulder surgery, they are choosing, many on their own, just to go to BASC. BASC is staying in business because of competition.

Mr. Delacy stated I think BASC does a great job. It would be my sense that people typically choose that because that's where their doctor tells them to go. I don't think too many people, if their doctor says, 'I'm going to do the surgery. We're going to do it at Elliot or we're going to do it at BASC,' they're probably not going to say, 'No doc, I want to do it here.' I think those are few and far between.

Alderman O'Neil stated I don't want to put words into your mouth, but there could be value in that program.

Mr. Delacy stated there could be value in a program such as that.

Alderman O'Neil stated I'll just make a statement...a number of statements later...but I just want to say it sounds like a lot of the decision had to do with the issue of making the change. I don't want to put words in your mouth, but you said it a number of times. We made a change two years ago and the world didn't end. I think there were problems making the change.

Mr. Delacy stated I think our evaluation looked at the facts of those seven components and said, 'Based on the relative value of those seven components, does it make sense to change?' and the committee's feeling was it does not make sense to change.

Alderman O'Neil stated Your Honor, just to follow up on his comment. I made little notes and highlighted stuff on the seven recommendations. Program administration – they're equal. Network discounts and access – equal network access is what it says here, so they're equal. Administrative fees – extremely close. Value of disease management – I don't know; I've got calls from health care providers regarding that. We talked about some of the concerns I have with the retiree benefits and the Medicare Advantage. Pharmacy program - is equal, and I'm not sure what performance guarantees are. So, really it comes down to the recommendation seems to be based on value of disease management and retiree benefits. That's what it really comes down to. Other than that, the plans are equal.

Mr. Delacy stated yes. If I might add, there was one other piece. There is some financial value in the wellness fund. Cigna is putting forth \$40,000 a year, so it's \$120,000 over the three years. Anthem is putting forward \$20,000 a year, so it's \$60,000 over the three years. That's how close it is financially. A wellness fund is the biggest individual piece that separates the two groups in the hard dollar discussion, not the qualitative side of things like site of service, disease management, and so on.

Alderman Osborne asked getting back to fees and hospitals and x-rays and CAT scans, from my knowledge anyway, doesn't it all derive now from the hospital itself, whether it might be the Elliot or CMC? Don't they have their charges whether you go to their one day care or whether you go to their hospital? It's pretty much...they have the figures for the doctors, the hospital. I mean, I think the pharmaceuticals today own the hospitals and the hospitals own the doctors, so where is the big change here in trying to save a dollar, whether you go to a one day surgical center or Dr. Smith or Dr. John Doe? It doesn't make any difference. The Elliot has their charges. They are all owned, or their fees are managed by the Elliot Hospital or CMC.

Mr. Delacy stated I would tell you that the hospitals tend to be in very narrow ranges in what their fee schedules are, although they can have different services. When you start to get into something like an ambulatory surgical center, the difference in the cost of something like an MRI can be dramatic. It can be twice as much at the local hospital five miles down the road. And that's why I said those are the types of things we tend to point to. We only have one ambulatory surgical center locally, in Bedford. That's free-standing of the hospitals, and that's really the difference. They don't have all of the overhead that a hospital has, so their charges for certain things tend to be dramatically lower. So there is a difference there, and you can see variations from hospitals in a small area on certain services.

Alderman Osborne stated so whether a person goes to one doctor or another doctor within their scope, within the Elliot's...

Mr. Delacy interjected those would probably be the same, what a physician is charging who works for Elliot.

Alderman Osborne stated if a person can't afford to pay for one doctor...anyway, I can go on and on with that type of thing. It's not the main thing. Like I said from the beginning here, it seems to be a wash. The way I look at it here, it's a matter of rolling the dice, which way you want to go here.

Alderman J. Roy stated the site of service idea sounds like it might be the wave of the future, so maybe this program will come up sooner than we think. My question to you though is, on the disease management program, I'm kind of confused with some of the stuff I've heard, so I just want to make it clear in my own mind. There are 1,350 people in it. Are you telling me they're going to be kicked out of that program? The reason I ask that is because you said that the access was the same and the network was the same. Does that mean the physicians are the same? Because if they are, if I'm going to

physician X and I'm taking blood pressure medication or cholesterol medication, I'm still going to be taking that medication, which is a disease management program, so I'm kind of confused about how these people aren't going to have this benefit anymore.

Mr. Delacy stated I wouldn't say that they're going to be kicked out of their programs because they've gained knowledge from being in the program that they're in right now. These programs are managed by the carriers, so Cigna manages theirs, Anthem manages theirs, Aetna manages theirs, and so on. What they do is they use claims data, medical pharmacy, and so on, to determine these people, to stratify them, get them into programs, work with a nurse case manager. The higher stratified people, the people at higher risk, are generally going to be working with a case manager. They're going to have a nurse on the phone that maybe calls them once a week and checks in on them. 'Are you doing this; are you doing that?' The people at lower levels, who are less at risk, might just be receiving information. What they've gained in knowledge about how to manage their program isn't lost. It doesn't go away. The support that they have right there, and the continued support, that's what you really find with these programs is it's that constant support and the information being in front of them, and access to someone to talk through these issues with, that's what really impacts people. So it's not as if that savings goes away, but there is some loss of that as the new program ramps up. What that amount is, we don't look at that in the hard dollar piece. It's really hard to quantify.

Alderman Shea stated I have a few questions that may seem to be redundant, but I'd like to review them. You mentioned that there were how many people in the Cigna program?

Mr. Delacy asked is that the Cigna disease management program?

Alderman Shea responded no, I know that amount. That's 1,351. But how many are in the Cigna program?

Mr. Delacy responded about 3,480.

Alderman Shea stated so my calculations indicate that Cigna is showing close to 40% in that particular program. Has Cigna defined for you what participation means? In other words, is it an active engagement of members or just receiving a letter in the mail?

Mr. Delacy responded as I was talking about before, they stratify individuals, so the people at higher risk would get phone calls. Someone at a medium or lower risk would just get a mailing or follow-up information. A good percentage of them get a phone call because that's how they try to outreach and ask, 'Do you want to be in this program?' But depending upon how serious their situation is, they may be talking to a nurse on a weekly basis. Think of it as a pyramid. You have this many people engaged at basic level. You have more people engaged more thoroughly, and so on.

Alderman Shea stated so basically...and I think you mentioned to Alderman Roy, if a person were involved in that program that had significant illness, were in a network, they wouldn't be one of the ones that would not be cared for into a conversion into a different health program.

Mr. Delacy stated let's not confuse this with case management. Case management is someone who is actively going in for surgery or has been hospitalized or dealing with cancer. Case management...I think the carriers are very, very good about passing on case management type of notes. Anthem and Cigna historically have a very good ability for their nurses to transfer case management cases, so I don't think that you would have any of those people who are left outside. On the disease management program, if it's a program that Anthem has, a member could potentially call Anthem if they so chose. But if Anthem needs to identify those members, they're going to need claims data and time to identify those members and ramp up.

Alderman Shea stated one of the points that Alderman O'Neil brought up that I participated in...obviously a colonoscopy can be conducted at the Hitchcock Clinic rather than at the Elliot Hospital or at other providers, and I believe that is a choice that a particular person might make. I do feel, in the interest of the general public listening, that that would make substantial savings in terms of the City's ability to pay that claim. So I think that's a very important point that we should all consider. When you were talking about the retiree program, did Cigna indicate that it will administer the retirement plan only or do they pass that on to another person? Did they say that we're going to do that or is it going to be done in conjunction with some other program that they may be involved with?

Mr. Delacy responded it's administered by Cigna.

Alderman Shea asked exclusively?

Mr. Delacy responded both the active and retiree programs would be administered by Cigna.

Alderman Shea stated the PFFC plan requires...I guess Alderman O'Neil mentioned that sunset law that was enacted by the federal administration, and that's going to phase out. If so, will the retirees have this new plan for 18 months and then have to move into a new plan?

Mr. Delacy responded our expectation is that this plan will continue past December 30, 2010. There is always the ability for the government to change their mind, to change the rules, to change health care as we know it. It's Cigna's opinion that CMS will continue to offer these programs past 2011. If this Board is asking us to guarantee that, I can't; Cigna can't; no one here can guarantee it.

Alderman Shea asked so do they have a network? In other words, how do the members know what doctors and hospitals are in their network?

Mr. Delacy responded right now the members can use any Medicare provider, the same as they are doing right now under the current plan administered by Cigna, the same as they were doing two years ago with the plan administered by Anthem. Cigna also has a national network so if the rules change where they would have to develop a network, and it's national, so they could offer that product to them through that national network.

Alderman Shea stated now a couple of points...I know that in the year 2007 the City could have saved about \$1.335 million and the employees about \$600,000. That didn't come to fruition, and in speaking to the Human Resource person, I don't think that those particular savings were realized. Now that could be from claims, but that was something that obviously was part of the adoption that the City had in mind when they changed from one carrier to the other. In the year 2008 point of service for services to people that chose a higher plan went up about 42%, and the other lesser plan about 31%. So, we can't compare apples to apples in this case, but at the same time the Anthem program that services the schools was about 3.8% and 3.7%. Now, I know that there were immature rates that were developed at one time that were obviously not Cigna's concern, but it certainly impacted the rates that the City had to come up with and had to obviously require the higher rates. I'm just bringing this up in order for everyone to be...because I was actually on the Human Resources Committee at the time. I'm going to list some of the problems that I was given that have been experienced by people who don't have a voice at this level. These are people that are out there and they have said...and I didn't solicit this. These were given to me; I didn't call anyone. First of all, at the present time there are concerns that people have to wait longer for initial prescriptions. There was a grievance recently filed that involved a certain child that had a speech problem. The grievance was won. The \$1,700 was paid to that particular person, and I believe that there is a carry through. There are certain parts that are equipment that people require.

Previously they were able to get them in the City. Now they have to go out of the City for these. Again, I can't verify what they're saying, but that is what was told to me. Again, I may be wrong in this, but the network is not as large when you compare Anthem to Cigna. A man was in Florida on vacation. He went to a hospital. They told him they didn't accept Cigna but he could go 40 miles down the road to a hospital that would. So I'm sure that these are isolated incidents, but there was an incident that I'm exposed to whereby a lady who has a child with serious illness has a particular concern because it concerns a relationship that she previously had that that person was covered for a child that had serious illnesses and then that person had to go from one carrier to a second carrier, and that required a lot of difficulty on her part. Initially there was a case manager, but once that case manager left the company, then there was a lot of confusion. I know that Jane Gile is working closely with that person. However, that is a concern that was raised by one of my constituents, and I'm a constituent Alderman and I look after my constituents as you look after your business, as Cigna looks after their concerns and Anthem after theirs.

Alderman Murphy stated actually I have a question for Jane Gile. Can you tell me what the administrative process would be for changing carriers and whether or not that would create a burden for you? Can you also tell me whether or not you would need additional staff to support that change?

Ms. Gile responded when we changed carriers in 2007, I wasn't here, but I have experienced a change in carriers at previous employment. With a change in carrier, implementation is not necessarily an easy process. It is a very time-consuming process. What is demanded of staff is excessive, and in the next 60 days, which would be the implementation period in terms of changing carriers, all subscribers would have to be notified of the change in plan. All subscribers would need to fill out new applications. We would have to have educational sessions to let all employees who are on the health plan know what the changes are, and that is especially true with the retirees of the City

who live out of state. There would be some outreach to them, as well as to retirees who are over 65 with the new carrier and the new plan. So it would be an open enrollment process which would take an excessive amount of time. Once we do get the application, we need to get them over to the new carrier, should a new carrier be chosen. They have to put the data into their database, because if it's not there in time, there will be disruption in service to our employees. If they do not have their medical cards, if they do not have their prescription services, if they are not enrolled in the program through the new provider, or if they have any medical procedures that have been scheduled in July or August, they would have to be re-authorized by the new carrier. So there are implementation concerns. There are also implementation concerns for our department since our two benefits coordinators are both part time. One is 16 hours a week and the other is 24 hours a week, which would be an almost impossible task to do it with the existing staff we have without an additional allocation of funds to either pay for additional hours for staff or overtime for our staff to be able to implement the program.

Alderman Osborne stated if there was a changeover decided, couldn't that company do a lot of this notification? I'm asking you a question which I should be asking them. I'm just saying could help come from them, whoever it might be, to make all these changes for the City here or to notify the policyholders or whatever?

Mr. Delacy responded I think I can speak to it in a general sense. This certainly wouldn't be the first time we had a carrier change. The carriers, Anthem, Cigna...honestly all the carriers that we work with do a good job of trying to work with you and the staff on the implementation. They'll provide employees to do enrollment meetings. They'll provide staff to help out as necessary. I think what Jane is really referring to is that there is still a lot of legwork on the employer side. You can't get away from that. For instance, having implementation meetings where you're walking through the benefits, which really shouldn't be changing very much, but you're walking through the whole implementation process and our preference would be that this is a true process,

you have a schedule of regular meetings, things that are getting done, making sure that benefits are getting loaded, eligibility is getting loaded, employee meetings are conducted. There is a fair amount of work for the staff of any employer who is going through a change like this. I think the preference by everyone would be, and I think the carriers would certainly agree with me, that if you had 90 or 120 days to do it. That would be much more preferable. Sixty days is a tight timeframe.

Alderman DeVries stated I'm going to go back to the retiree plan because I know I'm going to be hearing a lot about it if there isn't equivalency. What do you have with you to document today the exact coverage that you believe Medicare Advantage represents?

Mr. Delacy responded I have my copy of benefits summary, if someone would be willing to copy it.

Alderman DeVries asked do you have a copy of the existing one? My questions will be out of pocket expenses and that, so if we're trying to develop a comparative of costs to our retirees today versus...Do you have that information?

Mr. Delacy responded just one second.

Alderman DeVries stated medication is a big one we hear a lot about. What is the current out-of-pocket expense before a plan would kick in?

Mr. Delacy responded for a pharmacy? Are you talking about what would the Medicare Advantage be or what is it today?

Alderman DeVries responded I'd like the comparative between the existing...

Mr. Delacy interjected today it's subject to a deductible of \$100, and then there is co-insurance.

Alderman DeVries asked is this per member?

Mr. Delacy responded these are all based on a single.

Alderman DeVries stated so \$100 out of pocket. Is there a maximum per year?

Mr. Delacy responded 20% co-insurance to a maximum of \$500 out of pocket, so this goes to the general deductible of the plan.

Alderman DeVries asked and the Medicare Advantage?

Mr. Delacy responded it's a co-pay based program. It's \$5 for generic; \$20 for a preferred brand name; \$40 for a non-preferred brand name. The original proposal showed \$1 for generic and \$5 for brand or something like that, and then a \$1 for mail order. In those typical programs we have a \$1 mail order. There tends to be a lot of waste in those programs. I'll use my mother as an example, who I go down to see in Florida. She has a \$1 mail order program through a school district in New Hampshire. She has a jar of Celebrex like this, so when I had an ache she said, 'Oh, take a Celebrex.' I asked her why she had the big thing of Celebrex and she said they're only a dollar so I just keep filling the prescription. So when we looked at this, not realizing that each one of these 30-day supplies cost about \$120, the committee said, 'Should we have a program that more closely resembles the plan that the active employees have for prescription drugs?' Could we have kept a \$1 mail order...and I think it was actually a \$5 generic, \$20 brand name...we could have done that, but we thought the better product would be to have a program that controlled the cost and gave more people an incentive to use generic drugs rather than to use brand name drugs.

Alderman DeVries asked and the end result is?

Mr. Delacy responded the end result is it depends on how many prescriptions you're taking.

Alderman DeVries stated so the end result is you're doing away with the \$1 mail in. Is that what I'm hearing?

Mr. Delacy responded the committee that we work with chose to have \$10, \$40 and \$80 for mail order. Currently the mail order is subject to deductible and co-insurance. Currently it's not a one dollar.

Alderman DeVries asked the maximum out of pocket?

Mr. Delacy responded the maximum out of pocket is \$500.

Alderman DeVries asked so that's the same, the maximum out of pocket?

Mr. Delacy responded I'm sorry. The maximum out of pocket on the existing is \$500. On the current plan, it's a co-pay based plan. So if you're someone who takes one generic medication on a maintenance basis, you're going to pay \$40 a year for that. If you're someone who takes ten generic maintenance medications, you're going to pay \$400 for that. So, there is going to be a range of people who are going to pay less under this program and there will be a range of people who could potentially pay more.

Alderman DeVries stated what I'm hearing is that the more medications you're taking the more it's going to cost you.

Mr. Delacy stated the more health care you use, the more you share in that cost.

Alderman DeVries asked did you actually take a look at the utilization of our existing Medicare supplement retirees to determine where they are at on their utilization?

Mr. Delacy responded we didn't do it on a per member basis to determine how many people would be taking more, how many people would be taking less. If we look at the overall, our guesstimate is that overall 80% would make out better; 20% may incur more cost.

Alderman DeVries stated it's curious because my past experience on the Medicare eligible is...because it used to be equivalent to the insurance that our active employees would have. It was a very high level of insurance coverage.

Mr. Delacy stated you're trying to look at something in aggregate, but I would say that based on your HMO program, the program that you're offering now to the retirees is probably not as rich as your HMO program. If you look through the summary here, when you're looking through preventive care in this program and the Medicare Advantage program is covered at 100%; PCP visits; specialist visits; emergency room has a co-pay and it's waived if you're admitted. MRI's, those big expensive tests, are covered at 100%. All of these that I've listed are subject to deductible and co-insurance under your current plan, so if I'm a retiree looking at this, I'm say, 'I'm getting a better deal with the Medicare Advantage program than I am with my current plan because with my current plan I'm going for my annual physical and paying deductible and coinsurance. Under this new plan it's being covered at 100%.

Alderman DeVries stated maybe you've just explained to me why I receive so many phone calls. Maybe it's when we switched to Cigna a couple of years ago that our Medicare supplement plan changed. It used to be a very strong Medicare supplement

plan. In fact, that was the reason that the prior HR director used to indicate to me why it was so expensive. It was far greater than a non-group plan you could pick up on your own, the level of coverage. How does this Medicare Advantage...because that's the supplement that is available to many other individuals. Is this Medicare Advantage plan being offered to us better than what an individual retiree could get non-group?

Mr. Delacy responded I believe it is, and I will caveat by saying that's not really a market...we don't really work in an individual market, but I do have some basic knowledge of it. Typically in a non-group product you don't have the type of prescription drug coverage that you have here. And you usually have some other out of pocket costs or some limitations, things like vision, not that that's a huge cost driver. But it's the prescription drug that usually is a big expense. One of the things that is interesting to think about relative to this is that your claims are developed off of the group's claims experience. The rates are very high, and the rates are driven by that claims experience. I would argue that your claims experience may be worse than what an individual product, the claims experience of that whole book of business is, if that makes sense to you.

Alderman DeVries stated it does make sense to me because that's true to the history that I knew. We had already done some adverse selection, if you would, because we had a more expensive supplement. So, healthy retirees have already migrated away from the City supplement package, leaving us with a group of retirees that need the coverage. That's why I'm showing some angst and concern when I'm hearing that for those who are not as healthy, that may need the coverage more...we all know medications and prescriptions is where seniors can be bankrupted quickly. If we have left behind, through adverse selection, a group of seniors that are using a lot of medications, I just don't think that we can easily make that statement that you made to us earlier, that our Medicare Advantage is equivalent to the coverage that is already in place. That's just what I'm trying to get to the bottom of here.

Mr. Delacy stated I would tell you that when you look at what the cost of a prescription drug is, it's pretty limited. When you're talking about a retiree...we go to that Celebrex example...or a retiree can get a generic drug, a 90-day quantity of that for \$10, I think you're doing a service to the retirees by limiting what their exposure is.

Alderman DeVries stated but it's also a cost savings to the City.

Mr. Delacy stated well, this cost savings is really just borne by the retirees because 100% of the premium goes to them, so the City is not saving money in this. That money is paid by the retirees. When we were looking at it, could we have done a \$1 mail order? We could have, but that extra premium is borne by the retiree. We think about sustainability. Where is this program going to be in 2011? We want the rates to continue to be affordable because there has been some talk about a number of retirees...and I think you were alluding to that...leaving the City's plan and going out and getting their own. We actually worked with Cigna and got a census of those people to see if these rates would satisfy Cigna to allow those people to come back.

Alderman DeVries stated I don't think they can come back now. I don't think that's allowed.

Mr. Delacy stated Jane did find out some information about that, and if this is the appropriate place to talk about that, we're happy to. Jane was able to find out some information from the City and I think she can speak to that.

Ms. Gile stated I believe that if we opened up the enrollment to retirees they could come back onto the plan. However, if any of the employees were receiving a state subsidy, they could not get the state medical subsidy to offset that. Once they leave the plan they are

no longer eligible for the medical subsidy. But they could still come back on the plan. It would still be a cost savings for them.

Alderman DeVries stated they would have to forfeit the state subsidy.

Ms. Gile stated right. The state subsidy is only good on the employer plan, so if they've transitioned out of the City plan, they are not getting the state subsidy now, and they would not be eligible for it if they came back onto the City plan.

Alderman DeVries stated let me ask you some questions because you seem to be predicated some of your decisions or recommendations on the health savings of \$650,000, which I think you corrected us on. I was five hundred and something.

Mr. Delacy stated those are two different things. The savings to the hard dollars, the administrative savings and increased rebates, is \$566,000.

Alderman DeVries stated so I'm talking about the disease management. And I've heard a lot of answers that you've given already. You talked about the active calls versus those just receiving information. I just didn't know statistically...I'm one of the individuals that has received...I'm not quite sure what category I fell into – the active cause or not – but I get the call from the health care and I pick it up and there's never an action made to an actual individual, and I'll tell you that it has become incredibly annoying because it comes through about once a week and I've never once had an active body talk to me on the other end of the line. That being said, I know statistically I've now become part of the numbers that are reported here. So you are going to be giving us the information that somehow supports this because I would have to believe that there are a series of mailings that have gone out and a series of these phone calls that just aren't making the connection that have driven these statistics of 1,351 or 1,358. I'm not sure because conversations I've had with the provider indicate they have had a very hard time getting our employees

to actively participate in some of these plans, and I have to believe this might be one of them.

Mr. Delacy asked is the question...

Alderman DeVries interjected how can you validate this? You are looking at a dollar amount that we are going to save, based on some statistics that don't seem to match. I know other people, when I have been annoyed and I have spoken about this, others are telling me they get the same thing, and it's almost like being back in political season when the autodial comes through to you. It does come through frequently but it's not a live call from an individual. It never connects me to a recording. It's just an open line on the other end.

Mr. Delacy stated I guess relative to a live call, if it's a recording...

Alderman DeVries interjected I don't know what it is because it doesn't connect me to anything.

Mr. Delacy stated that would certainly be news to me. I think the Board is struggling with this: Is there value to these and what's the value? I think a reasonable person can debate. Is it \$650,000? Is it \$550,000? I'm not sure if the Board is struggling with, is there value to this? I guess one thing I would lean on is the federal government...and we've had conversations about the federal government's role in health care - is mandating that in Medicare and Medicaid these style of disease management programs be put into the Medicare and Medicaid programs because of the demonstrated return on investment of those programs? Again, we're not saying that Cigna is the only carrier in the world that does it. What we're saying is that you have the programs and Cigna believes that the return on investment is 3.421%. Anthem believes in their programs the return on investment is 2.821%. So the two carriers believe in this product and this

philosophy, as do the rest of the major carriers in the market. The question is, what is the right number? How do you determine that? We're happy to get you more information, but we can tell you that it's not just Cigna saying, 'Here's the number.' They have third parties validate that.

Alderman DeVries stated they may have had third parties validating it, but we just had an Accounts Committee meeting earlier this month where our Finance Director came in to tell us that we are trending ahead of what we have built into the budget. If I recall, it was by about 12.6% or 12.7%. So what I am seeing as an Alderman is not matching what you're telling me is a perceived savings of \$650,000, and you asking me, based on about a \$10,000 difference between these two bids, to take the business and jobs away from a local employer where my constituents are employed and to send it to an out-of-state firm. I cannot see that you have validated the information. We haven't seen it as a Board, administratively here, the savings that are being quoted here. And I haven't heard anything...I hear a lot of talk and gloss, but I'm just not seeing anything that validates it for me, sir.

Mr. Delacy stated hopefully this will help. First, the projected renewal for this year is 8.8%.

Alderman DeVries stated it's almost identical for the other, you know, the projected renewal.

Mr. Delacy stated understood. The costs between the two of them are very close.

Alderman DeVries stated we're talking about \$10,000 here.

Mr. Delacy stated we're actually talking about \$100,000 over the three years when you look at administrative fees, pharmacy program and wellness fund.

Alderman DeVries stated that is if we back out the cost that you don't think is included but I think might have been included on the site service pilot program. Maybe those two bids are even more equivalent than what you presented.

Mr. Delacy stated I would say, based on the parameters of our RFP and my work as a consultant, I can't take a possibility that six months into the plan year, a pilot program will be established and that will return something. That's too much of a stretch for me in my work. The 8.8% is below trend. If the carrier had projected and everything worked like clockwork, you would typically see about a 10% to 12% increase, which is basically trend or medical inflation. So, if you're looking for some evidence that things are going well and costs are being controlled, that's something that you can look at, although I would tell you that one year doesn't make a program. Claims can fluctuate. I can tell you as a consultant that we believe in the value of the disease management programs. We believe in the value that Cigna delivers, as well as we believe in the value that Anthem delivers. Relative to taking jobs from one group or another, that's not a decision that we factor in. Cigna is the incumbent right now. We look at the parameters of the RFP and based on those parameters, the committee unanimously, with Alderman Gatsas abstaining, voted to stay with Cigna.

Alderman DeVries stated that may be. What I understand is that our utilization in the City on claims that we are directly responsible for has increased. It is, I believe, an increase in 12.6% or 12.7%. I'm trying to remember that statistic from the last meeting. Mr. Sanders, maybe you can help my memory.

Mr. Bill Sanders, Finance Director, stated yes, right now we are tracking that we would end this year about 12.7% above our budget, if current trends continue.

Alderman DeVries stated that probably is a number that disputes some of the information that I'm hearing here tonight.

Mr. Delacy stated no, I don't think it does. That budget could have been set artificially low. What we're talking about when we're talking about the 8.8% is working rates for the premium rates that you base your contributions to the employees on, working rate last year to working rate this year. If someone has adjusted the budget to not anticipate that, those are really two different things.

Alderman DeVries stated but those numbers I think were built on the same individual that projected the savings in the plan for us when we made the switch initially.

Mr. Delacy stated I'm not sure who you're talking about. We used three different things: Anthem's claim pick, Cigna's claim pick and our own claim pick. We have an underwriter that we use. A claim pick is the estimation of what claims will be. Those three different groups coming up with the claims were within about 1.5% of each other. That would tell us that we've got a pretty good idea of what the claims are going to be. Again, the claims are an estimate. Those claims were developed and the working rates were developed by us. What happened in 2007, I can't speak to. I think Alderman Shea tried to sum it up. We weren't here; we weren't working on your behalf but we can tell you that, from the working rates that were established last year to working rates this year, it's an 8.8% increase.

Alderman DeVries stated I was speaking more to the individuals that worked on the budget last year that ended up being adopted, which were Alderman Gatsas and Alderman Lopez. I'm assuming that they would not have put into that...Alderman Gatsas would not have put into that an artificially deflated number.

Mr. Delacy stated I don't know what happens in the budgeting process. I know it gets fairly complicated with what the rates are and then what the different reductions to that are for employee contributions and the Airport and Water Works and all of those types of pieces that come down to what you look at for a budget. When we think about the health care budget, we look at the top line, the total dollars spent. That's probably where there's a little disconnect.

Alderman Gatsas stated I'd like some clarification just so that the Aldermen understand what we all did as 14 Aldermen in 2007. We reduced the rates to the employees by 40%. Their contribution rates were reduced by 40%. The increase that came back the following year was a 40% increase and I agree with Alderman Shea. But I would say to you that we could have kept those rates at the same levels that they were at and not given the employees the savings, and I don't think that's what this Board wanted to do. So we reduced rates - gave them the 40% savings in that year. We could have kept it on the Board side and didn't have to share it, because there was \$1.3 million in savings. You heard it from the consultant that was hired who was sitting here, Mr. Jack Sharry. That's not something that was made up. The following year we increased rates by that 40% to level it off. The next year the rates went up, I think...What was the increase this past year to the employees?

Ms. Gile responded we're working on those rates right now.

Alderman Gatsas stated no, no, the ones that they're paying right now.

Ms. Gile stated it's the 30% and 40%.

Alderman Gatsas stated so they are basically in two years...the rates would be exactly even by the contributions of the employees. There would have been no increase and we wouldn't have given them the savings in the first year, but this Board decided to pass the

savings on to the employees, and I certainly applaud them for doing that. So that's the clarification on that. Just because rates are trending up means the utilization and the use of the plan is much higher. It's a shoot on the dartboard of whether you hit that number. Let's understand that we had a number that said we were responsible for claims up to 125%, and I don't think that discussion has jumped into the picture yet. I forced the issue to drop it to 115%. That's pretty close to a fully funded plan, if any carrier wants to tell you that. So let's not for one second think that nobody's doing their work in here and they're not looking at the picture and just kind of throwing darts at this. We've got two experts. I don't know how many groups they have that they insure but certainly when they first did their proposal they were asking us to give each one of those criteria number, and I said no, no, no, no, no. You guys are the experts; you put the numbers there. When it came time to vote for the program, they wanted the City only to vote. I said no, no, no, no, no. You have to vote on it because you're the experts. So if we're going to hire people and we're going to engage them, I would think that at least when they give us a recommendation we should be listening.

Alderman Lopez stated I would just add one other thing. I think we lost 200 employees to another Matthew Thornton in the budget that we had and the prices and all that. So I just wanted to bring that up. But I want it clear in my mind...two items. The debate whether we have \$650,000 in the disease management program...that would have cost us if there was no money in that program. Is that correct or incorrect?

Mr. Delacy stated if you didn't have those programs, that is what Cigna feels you would have paid in additional claims.

Alderman Lopez stated and the second thing is I want it clear in my mind of the savings. I've heard \$10,000; I've heard \$100,000. My calculation, and I don't know if I'm correct, was about \$50,000 a year over three years.

Mr. Delacy stated it's a little bit less than that. I think when you're hearing \$15,000, it's \$15,000 in administrative fees, it's \$27,000 in the pharmacy; and then \$60,000 in the wellness fund.

Alderman Lopez asked what's the total?

Mr. Delacy responded \$102,000 over three years. As we've said before, it's not a huge amount of money. In my mind the programs are a bigger issue. But just to be clear, the disease management programs are not part of any quantitative savings. That is more of a qualitative issue, similar to the Site of Service program that could provide some claim avoidance. And no matter what carrier you're with, it would be to the benefit of the City...and we talked about in the letter to you, the Wellness Funds last year were used for flu shots. As good as flu shots are to have, a much better use of those funds would be to incent employees to take a health risk appraisal so that information can be used, along with the rest of the claims information that's garnered to enhance the disease management programs and get to people earlier. There a number of things that you can do to reduce utilization and we would hope that you would look at those.

Alderman Lopez stated my last question to you, sir...Today I received a letter addressed to the Board, which I'm sure every member received from Cigna. Do you have that letter with you?

Mr. Delacy responded I do, yes.

Alderman Lopez asked could you comment on this particular letter? This letter is to the Health Insurance Administrator in reference to 1,351 employees, efforts to save the employees in excess of \$650,000 a year and validate an additional benefits saving of more than \$170,000. I think we cleared that up, maybe, if we got the \$102,000. I'm interested in, from conversation, particularly the retiree program, what happens?

Mr. Delacy responded I was informed by Cigna yesterday of their intent to...essentially what Cigna is saying by this letter is they had originally agreed to offered the retiree program the Medicare Advantage program whether they had the underlying active medical plan or not. Seeing that this could potentially be an issue in the future, we asked for Cigna to verify that in writing and they did. Based on the proceedings, and I'm taking a little liberty here in describing what I think of the letter and the conversation, Cigna is feeling like the recommendation was made for Cigna and Cigna was the lowest cost, albeit very close, and I think we've all heard that over and over again tonight, that the difference between the two carriers is razor thin, that they feel that if they're going to offer that plan they should be given the underlying medical. So this letter is basically stating that if they are not given the underlying medical plan that they would then rescind the offer to provide the Medicare Advantage program to the retirees. My opinion as a consultant, shared by my business partner, is that this is inappropriate. An offer was extended and then the offer was rescinded. This is not normal business practice, not something that we can support in any way. But it's out there and I believe that is Cigna's intent.

Alderman Sullivan asked just so we're all clear here, the savings to retirees would be what in dollar amounts?

Mr. Delacy responded in total dollars, roughly \$1.2 million or about \$3,600 or \$3,700 per retiree per year.

Alderman Sullivan asked maybe different depending on the household size?

Mr. Delacy responded correct. If there were two Medicare eligible, then it would be double that.

Alderman Sullivan stated my second question has to do with the wellness fund. I've talked to the HR Director. That's the funds that are spent on preventative initiatives – flu shots, screenings, and things like that. Is there a number you can give to us in terms of a return on that investment? How much do we save in the long term on claims by spending money on preventative measures such as the screenings and the immunizations?

Mr. Delacy responded I would tell you right now you're sort of getting dollar for dollar on the flu shots. If you think about someone who is going to go to a primary care physician and you're going to get charged a claim for that flu shot of \$15 or \$20, versus you bring in a vendor and they do it. So that's sort of dollar for dollar. I think the better use of that money would be to use it to have people take a biometric screening and then take a health risk appraisal. I think your long term return on investment is much greater than the dollar for dollar of having people take a flu shot and then not incur that claim at the doctor to get the flu shot.

Alderman Sullivan asked so what you're saying is that by identifying potential health problems early in the process, you'll be able to take a prospective patient and put him on a course where we could avoid something serious or even catastrophic somewhere down the road, which of course would ultimately result in a lower cost to both the insurance company and the City?

Mr. Delacy responded correct. Think about the individual...maybe they have diabetes but the carrier is not putting them in a disease management program because they've never gone to the doctor. Or, you have people who are not getting regular preventive screenings, and so on. Or they have a family history. You get that in the health risk appraisal. Interestingly enough, in the very sophisticated health risk appraisals...and there's one done by the University of Michigan, D. W. Edington is sort of the godfather of these things...they feel that with the analysis that they do, they can see out three years with 80% clarity to a person's health after they take that health risk appraisal. That's

pretty powerful stuff. I don't want to be too 1984 here, but it's pretty powerful stuff. I think it's just a much better use of dollars. Even if you took all \$40,000 of that and gave people a gift card and you got 50% of the people to take the health risk appraisal, that would be money well spent.

Alderman Shea stated just a quick point. When looking at the Anthem program that the schools have, they have what they call My Health Advantage which was not included in their proposal but was built in. I think this would tend to reduce the administrative costs, I would assume a little bit, wouldn't it?

Mr. Delacy responded yes, all of the carriers have their suite of disease management, of wellness-type programs that they offer. The suites that are offered are very similar between the two so we didn't feel it was necessary to go into that level of detail about all the things that were the same. That's included in the Anthem proposal and the Cigna proposal, those types of programs.

Alderman Shea asked in other words, does Cigna have a similar type of program in their wellness?

Mr. Delacy responded yes.

Alderman Shea stated basically it is called My Health Advantage.

Mr. Delacy stated everybody has sort of a different tag name for it. With Cigna it's Well Aware.

Alderman Shea asked would working out at a gym be part of that wellness?

Mr. Delacy responded that's a little bit of a different benefit...

Alderman Shea interjected but you do get \$200 if you go down to the Executive Health Club and you perform 39 times because I've done that under both... well, I did it under Anthem. Cigna, I had a little bit more of a problem. I shouldn't say it was their fault. It was probably my responsibility. But do they both have that same situation? One I had a little bit less of a problem. With Anthem, I really didn't have a problem that way, but with Cigna it seemed either the form or the type of thing, I just couldn't get a hold of it. I think I sent to Jane for it. I'm not sure. Would that be part of the wellness or is that something separate?

Mr. Delacy responded that's actually something special to the City of Manchester. The state has a similar program. Certain governmental entities have those programs. That program would continue whether you were with Cigna or Anthem. That's something particular to the City of Manchester. Not all companies that have Cigna or Anthem have that benefit. That's something that the City of Manchester chooses.

Alderman Shea stated I think it's a very worthwhile program. Thanks.

Alderman M. Roy stated thank you, gentlemen, for the work you've been doing and your commitment to the City. There were all these questions when you got here and obviously you're proving your worth. My question goes to the matrix of how the decision was made. Again, we had the RFP, but what I found today is a lot of unhappy employees, not only that we were making this decision quickly, but some of the lack of conversation that was out there. It came up abruptly at our last meeting. We're having this meeting quickly. Personally, I don't think I'd mind seeing this decision delayed so that questions and more feedback can happen and our employees can be represented. That being said, where did customer service...past claims, past denials, arbitrations...a lot of the questions that have come up have been about how things have been handled. Where did that fit into the matrix?

Mr. Delacy responded as part of the qualitative analysis we looked at performance measures such as speed to answer the telephone; abandonment rate, which means that the person hung up because they didn't get someone to pick up the phone; time to process claims; accuracy of claims; and so on. It was actually interesting. Most of the carriers were in a pretty narrow range. Cigna and Anthem were very, very close in all of those. It wasn't deemed that there was a measureable difference. Anthem had some stats on the speed to answer which were abnormally high. They were able to get back to us with some information that either it was put in there inaccurately or they had corrected those issues in their speed to answer, and their first quarter of 2009 is very good, right in the margin where you'd like to see it, between 20 and 30 seconds, which is typical of most carriers. Relative to how things are handled and the happiness of employees, we actually had discussions about that in our meetings. The indication from the Human Resources department was there were no major issues. They had a handful of things that they dealt with, but there were no major issues. I think that the reality is that any time you make a change there will be differences. We've gone through changing from Anthem to Cigna, Cigna to Anthem, Harvard, to...all of the different carriers that play in this market, and there were always disruptions. They were generally minor because the networks are very similar between the carriers. But one of the comments that was made by HR, and I hope she won't be angry at me for repeating it...They had always had Anthem in the past, or Blue Cross prior to Anthem, when they moved over to Cigna there was some concern about how it was going to go. She said, 'I am happy to say two years later that it has gone very, very well, and I've been pleased with the service and what they've done.' From the committee perspective, and you can certainly ask the others, there was no feeling that Cigna had done a poor job. They were actually quite pleased with the job that they had done.

Alderman M. Roy stated Jane just a follow up for HR...Do we keep statistics or log calls of complaints? The calls that I got today were regarding claim denials, unpaid bills, bills that had been approved but they were still getting bills from doctors' offices and things like that. Do we keep track of any of that?

Ms. Gile responded we do have two people who are Benefits Coordinators. What they do is they will take whatever the concern is of that subscriber and work with the subscriber through the process to make sure that it's resolved. If you're asking me if there are concerns, if there are things that sometimes get denied that shouldn't get denied, the answer is yes. Is it a problem always with the carrier? No. Is it a problem with coding from the provider? Yes. There are a lot of issues that come into play when a procedure is denied, and that would hold true with any carrier. It's up to the individual provider oftentimes to make sure that those procedures are coded accurately and correctly. Those are some of the issues that we deal with on a regular basis.

Alderman Lopez stated I want to correct the record because I don't want a misinterpretation of rushing this. This process started February 20th and they had a complete schedule that was put together by WBS as to what they would do from February 20th up until the week of April 20th to present this to the full Board of Mayor and Aldermen. As you are well aware, we did table this at the last meeting because we didn't have the material, and that's why we're here today. Secondly, the timeframe, the decision has to be made, and if we don't make this decision by the first of May, and I'll let the HR Director put it in her own words what she told me.

Ms. Gile stated as you know, when we began this process, the question came up about whether a notice would have to be given to the current administrator relative to breaking our contract. As all of you are well aware, there is a 60-day notice that is required, should we break the contract. That 60-day notice is here, and any kind of decision,

should we decide to go with a different carrier, someone would have to be authorized to notify that carrier today, if we were not to go forward with the recommendation to go with Cigna.

Mayor Guinta stated I want to make a clarifying statement. If this Board wants to choose Anthem, notice to Cigna has to go out by May 1st. Correct?

Ms. Gile responded it really should go out tomorrow. May 1st would be the absolute deadline.

Mayor Guinta stated so notice needs to go out. If this Board wants to choose Cigna's proposal, it still has to notify Cigna, correct?

Ms. Gile responded it's more of a contract renewal, but I will defer to the consultant on that.

Mr. Delacy stated if you're going to continue with Cigna, I think they're going to be very flexible on when that contract is signed.

Alderman M. Roy asked is the 60 days only to begin at the beginning of our fiscal year? I mean there's a difference between a 60-day clause...you can do that in November or December or whenever you want to. Are we just doing this...?and again I say hurried because I wasn't in the committee. I respect all of those that were, but again, it came up in a sealed letter at our Board meeting which, I know for one, and Alderman Gatsas, O'Neil, pretty much every Alderman here has said we hate to get surprised by information. Now we're making a \$2 million decision that affects our retirees. I'd like to spend the time getting advice like Alderman O'Neil has, and find out what exactly is the benefit or difference. We haven't been able to do that. We haven't had any time for feedback or commentary from the people that use the service, our City employees. So

while I say hurried, I'm not pointing the fingers at anyone. I'm just saying if there is a 60-day clause, which I keep hearing, does it have to be for July 1st? The consultant can answer that.

Mr. Delacy responded it does have to be for July 1st. You have one more year left on your contract with Cigna, so if you were to not do anything, you would be going one more year with Cigna if they were not notified by end of business tomorrow.

Alderman M. Roy stated so the 60-day out clause is only if you do it on May 1st. It was really a year and 60 days if you did it anywhere else.

Mr. Delacy stated the reality of trying to change your plan mid-year on a self-funded basis with your stop loss carry, it's very, very difficult because you put yourself in the position of having sort of a hole in your stop-loss coverage. That's where it gets a little bit dicey.

Alderman M. Roy stated but that's an accounting measure, not an employee relations measure.

Mr. Delacy stated it's really both. It's your coverage on the stop loss side, and it's also employees changing health plans mid year.

Mayor Guinta stated I just have a clarifying question. If this Board takes no action this evening, we would continue our relationship with Cigna, but the latest proposal on the table doesn't necessarily become effective, correct?

Mr. Delacy responded it would be our opinion that Cigna's proposal is for three years. We have not asked them that question specifically. We would certainly go back and try to negotiate something with Cigna. We would be doing it at somewhat of a

disadvantage, but my assumption is, based on words and deeds, that they would like to continue as your health carrier, so maybe they would be amenable to continuing at the new, reduced rates. I just can't say at this time.

Mayor Guinta stated so in your opinion, if there is a vote that would be taken tonight, if a majority of the people here want to change to Anthem, they need to make a motion that says that we wish to notify Cigna of termination and we'd like to enter into a contract with Anthem. Conversely, if this Board wants to continue with Cigna with this new proposal, there needs to be some sort of motion stating that with respect to Cigna.

Alderman M. Roy stated question for the consultant...and I've voiced my concerns over the letter we got today, and I was very glad, not being an insurance expert, that your opinion mirrored mine regarding the pullback on the retiree program. Has any thought or is it possible...? I noticed that Harvard Pilgrim, on the handout that we got from the committee or HR, Alderman Gatsas, offers the same thing as Cigna.

Mr. Delacy stated the program is similar. It's not the same. It has a more restrictive network, but the more direct answer to that is Health Plans, Incorporated made it clear that Harvard would not offer that unless they got the active medical plan.

Alderman M. Roy stated okay, and looking at that same spreadsheet, under the out of pocket maximum, under Cigna there is a Not Available.

Mr. Delacy stated that's Not Applicable.

Alderman M. Roy asked what does that exactly mean?

Mr. Delacy stated when you look down the benefit piece, there is 100% coverage for almost everything there except prescription drugs. Typically when you have a co-pay, there isn't a cap on the amount of those co-pays, so those would go indefinitely. So if you had 100 generic prescriptions, you'd pay the \$5 times 100.

Alderman M. Roy stated so when I look at something like durable medical goods, 20% co-insurance, we've got the illustrious Dean Kamen here doing fantastic things in the City, but they're not inexpensive. If someone goes out...and I'll take Dean out of it... there's a high cost for any type of wheelchair, things like that. Could someone be \$2,000 or \$3,000 out of pocket for something like that?

Mr. Delacy responded what you're doing there is you're picking up costs that Medicare doesn't cover, so your cost for those things is sort of limited. You have a limited exposure. I think I would need to get back to you on exactly what the exposure for that co-insurance is.

Alderman O'Neil stated I want to get to the question Alderman Roy asked regarding where did issues or concerns or challenges fit into the seven points that we used as criteria, because I can't see it in any one of them, unless it's in the seventh, performance guarantees. I respectfully disagree with Jane that there have been no major issues. I think there have been issues.

Mr. Delacy stated I'm not exactly sure what you're asking.

Alderman O'Neil stated Alderman Roy asked a question about quality of service, level of service, response for service. Where did that fit into the criteria, the seven bullets that were listed as the selection criteria?

Mr. Delacy responded it fit in under program administration. So again, the ability to administer the program, the ability to pay claims, the ability to answer phone calls and answer employee problems, and so on. When we look at quantitative, we look at the numbers around that: How quickly do you answer the phone? How quickly do you pay claims. Cigna, Anthem, Aetna, Harvard are all in a very narrow range of what those numbers are. They are all very acceptable.

Alderman O'Neil asked did you have any hard date, though, that showed employees' concerns?

Mr. Delacy responded the information that we had was just from the Human Resources Department, that they had had minimal complaints, and that they were happy with the service that they were receiving from Cigna.

Alderman O'Neil stated I would have to respectfully disagree with that. Just another issue...wellness has been a sore subject around here because we made a great attempt to implement a wellness program at the Fire Department. We actually negotiated into the contract that we would make a financial commitment to it. The problem is...and I think it has had a domino effect with other departments' wellness. I think you're right on about...you mentioned health risk appraisals. They were done at the Fire Department but unfortunately there were punitive actions. People were told, 'You have diabetes. You can't perform on the fire line.' So, it has kind of swung over to other departments. People are worried about their jobs, and they are not going to fully disclose they have issues when the punitive decision is made later.

Mr. Delacy asked Alderman, do you mind if I ask how those were done? Typically when a health risk appraisal is done, it's done on line and the only information that comes back to an employer is aggregated. So it would say 30% of your people have...

Alderman O'Neil interjected I was talking apples to apples, but my colleague here was one of the first... You were sent to school, weren't you? Alderman Roy is a retired firefighter. He was sent to school about doing appraisals. Probably not apples to apples, Jim. I'll yield to him. It's probably not completely relevant to what we're doing tonight but it's been a sore subject around here. Maybe Alderman Roy could comment.

Alderman J. Roy stated just for your informational purposes, it's not apples to apples because they were given a physical. Certain standards were applied. Wellness programs only work if they're mandatory and non-punitive. Unfortunately, the management team at the Fire Department at the time decided they were going to make it punitive. They took individuals who had been working very well and performing well for the City of Manchester for 20 plus years, and told them they now had to go home because they were taking a standard that was designed for entrance candidates and applying it to 20 year veterans. It didn't work out too well. Wellness programs are sorely needed in the future, especially for fire departments and police departments. We need a high VO2 max to do your job, seeing that you're considered an industrial athlete when you've got 70 pounds on your back and you're going upstairs. But this isn't the same. What they're talking about is a questionnaire that can pop up a couple of red flags to say, 'This is what you need to look for to keep yourself healthy.' It certainly isn't going to get them out and run them around the track for a mile and a half to see how fit they are.

Alderman Smith stated I've been listening in as the evening is getting long. I guess my health is not doing to well right now. But to go along, I think it really comes down to cost and services. You were telling us it is very close with the costs, but in services I was very amazed to find out that no one went to different agencies – and I'm not picking on HR – but you'd think they would go to different agencies to find out the problems. I know there was a big problem and they won a case at one of the departments last year when they wanted to change a benefit program. But what I'm getting at, my own personal dealings with Cigna, I've been denied five times on going to the doctor. Do you

want to know why? Because I only have Plan A and Medicare, and they always think I have Plan B. So every time the claim gets denied. Are you following, office visits and so forth? I only have Plan A, not Plan B.

Mr. Delacy asked do you mind if I ask why not Plan B? Are you an active employee somewhere? I'm not sure why you would not have Plan B.

Alderman Smith responded because my wife worked for a city agency at first, and now the Board of Mayor and Aldermen are covered by insurance. And that's the only reason why. But my concern is, every time I go it's denied, and we've got to call up the office, whether it's Bloomfield or wherever it is, we've got to fill out the form. In the meantime, everybody wants to get paid, and so forth. Not once, but this actually happened five times. How do you resolve that? I'm not going to go down to HR. I believe in communication. I'm going to deal directly with the carrier. And I have a serious health problem. I need this care. I get denied all the time and I'm frustrated by it. This isn't just one year. This is over several years. And I know it's not your fault. I think that you're doing a good job. But I can't believe that the city agencies weren't notified or you didn't request from HR to have the different agencies come in and tell the problems. There are problems all over the City, but a lot of people take care of them themselves.

Mr. Delacy stated I guess to speak about the last part first, about agencies being involved, two things came up. First, it was a pretty short time frame from when we got the RFP responses. We met on consecutive Fridays for three weeks and tried to go through everything. We did talk about...I believe the Mayor has sort of a health insurance committee that I think has not really been active over the past few years. We talked about trying to get that reinstated so that you had some people from the unions and different departments meeting together with Human Resources to talk about some of the things that were going on in health insurance. It seemed to make sense. But I think what sort of overrode that was just the timing of trying to get all of the review. This is my

binder of the material that we went through over the three week period. So timing was a difficult part of that. I think we certainly would have preferred that there was some other involvement. I think the committee would have preferred that. But timing was what it was. Relative to your personal situation, I guess if I were you I would look to Human Resources as being my advocate. When you're calling Member Services, if an issue comes through Human Resources, they're calling someone who is an account manager who works over in Hooksett. If you were in Anthem, they would work in Manchester. I would use them as your advocate. If they're not getting where they need to get to, we've been known to get involved and be calling people at the higher levels of the company to get an issue resolved, whether that be a senior account manager or the president of the company or the vice president of sales. So, I would in general terms, if you're not getting what you need, go through HR. The reality is that David and I work for you, so if you have an issue I would be happy to try to help you out with it when we end the meeting tonight.

Alderman Ouellette stated to touch a little bit on Alderman Roy and Alderman O'Neil's points about problems that employees may be having with Cigna, I think that part of this process I wish would have happened was, it seems to me that this committee, although it's a very good committee, I would have liked to have seen that either somebody from a labor representative could have been on the committee so that that way there someone from labor who would have a perspective on these types of issues and on these problems. I respect everybody that was on the committee. They have a great deal of knowledge in terms of the health insurance and the health field. However, the actual claims, the actual people who are putting in the claims and being provided the service from Cigna, I don't think that their input was pretty much given any thought.

Mr. Delacy stated I guess I'd try to speak to the last piece in that we certainly did discuss that in each of the meetings. I tend to agree with you that if there was more involvement...not to say that we would have 20 people on that committee, but maybe if

there had been one or two additional, it may have been a better process, but it was sort of the process we were given and we did the best we could with it.

Alderman Ouellette stated to me it's like any other business. It's hard to get a feel of what your customer service is if you're not out seeing your customers.

Alderman Gatsas asked Jane, how many claims does the City of Manchester process every year for the 3,400 lives that we cover, paid by Cigna or by Anthem three years ago?

Ms. Gile responded I don't have that answer.

Alderman Gatsas asked 100,000? 200,000?

Ms. Gile responded yes, significant.

Mr. Delacy stated it's probably in the 50,000 range.

Alderman Gatsas stated so if there are 50,000 claims that are being covered and paid, have we had 1,000 complaints, 2,000 complaints, 50,000 complaints?

Ms. Gile responded it depends upon what you're talking about as a complaint.

Alderman Gatsas stated you just heard Alderman Smith.

Ms. Gile stated there are varying degrees of complaints. If it's a coding issue, that's one complaint. That is not necessarily a carrier issue. If it's a coordination of benefits issue, that's a whole different issue. In terms of the number of complaints, I think it's minimal in comparison to the number of claims. So if you're talking about 3% or 2%...I think it's

a very small percentage. We've never done that calculation, but I don't think it's a major issue in terms of the number of claims that are processed.

Mayor Guinta asked are there any other questions or comments?

Alderman O'Neil asked are you looking for a motion?

Mayor Guinta responded well, we have a recommendation on the floor, so I could use a motion.

Alderman O'Neil asked can another motion be made? I mean there is no motion on it.

Mayor Guinta responded there is no current motion. There is a recommendation by our consultants.

***Alderman Gatsas** moved to go with the recommendation of the committee. The motion was duly seconded by **Alderman Murphy**.*

***Alderman O'Neil** requested a roll call vote on the motion. Aldermen O'Neil, Shea, DeVries, Smith, Ouellette, M. Roy, J. Roy, Osborne and Pinard voted nay. Aldermen Lopez, Murphy, Gatsas and Sullivan voted yea. Alderman Garrity was absent. The motion failed.*

***Alderman O'Neil** moved to enter into an agreement with Anthem. The motion was duly seconded by **Alderman Shea**.*

***Alderman O'Neil** requested a roll call vote on the motion.*

Alderman Gatsas asked is there a choice? Is there somebody else who is bidding on this thing?

Alderman O'Neil stated there was some talk earlier, Your Honor, it had to be a...

Mayor Guinta interjected no, there has to be...I was just trying to be clear about some sort of...

Alderman Gatsas interjected what if the roll call is no? What do we do?

Mayor Guinta stated let me get the motion repeated by the Clerk.

Acting City Clerk Matt Normand stated I believe the motion from Alderman O'Neil is to enter into an agreement with Anthem. I would assume a three year contract.

Mayor Guinta stated that was moved by Alderman O'Neil and the second came from Alderman Shea.

Alderman O'Neil asked Your Honor, wasn't there some notification involved? Somebody was talking about it.

Mayor Guinta stated there's a notification requirement for cancellation that the HR Director is suggesting be part of the motion, and that notification would have to be issued tomorrow.

Ms. Gile stated we would need to give a 60-day notice to the incumbent.

A roll call vote was taken. Aldermen O'Neil, Shea, DeVries, Smith, Ouellette, M. Roy, J. Roy, Osborne and Pinard voted yea. Aldermen Lopez, Murphy, Gatsas and Sullivan voted nay. Alderman Garrity was absent. The motion carried.

Mayor Guinta asked what's the vote count?

Alderman Murphy responded nine to four.

Mayor Guinta stated I veto the motion. Ladies and gentlemen, I have great respect for both of these companies. I think they have each performed admirably in their service to the City. But as I heard the presentation this evening from the committee that was put together, there is a unanimous recommendation. There does not seem, at least during the conversation this evening, to be any clear indication or reasoning as to why a change would be necessary or required. There further seems to be some reasons that staying with the existing provider with a new contract would actually be of more benefit to some of our employees, including retirees. It appears that there is a financial savings, not as significant obviously as we would always like, but there is a demonstration of financial savings. I also think some of the issues that some Aldermen have conveyed with respect to service are certainly legitimate, but when we consider how many claims...and I think it has been stated somewhere in the 50,000 range...with the number of people served around 3,400, it doesn't appear to me that there is an out of the norm number of issues that need to be addressed either by the carrier or by the HR department. Further, I think that...I haven't heard a reason from members of this Board to actually change. It sounds like the reason that is not being mentioned is some of these concerns that have been expressed by employees or users to some Aldermen, but there's no hard data to suggest that that is of such a consequence that it warrants or demands a change and an increased cost to the employer, which is the City of Manchester, or potentially the increased cost to the employee. So while I value and respect the opinion of the Board on this particular issue, and again I want to reiterate my utmost respect for both of these employers, I think

a veto is warranted in this circumstance. I think if we are not going to take the recommendations of our consultants and the extended panel, there should be some demonstrated reasons to do so. I'm sure there will be a motion to override. When that motion is accepted I would urge those who voted to change to reconsider, to understand that there is a savings to the employer and the employee if a new contract with Cigna is accepted, and the most important components, I think, are the savings to the retirees of \$300 a month, which is extremely important to a retiree, especially in the challenging economy that we are experiencing. And I think the other issue is the disease management program which clearly, based on what I've heard this evening, Cigna does have a far superior disease management program. That will directly impact utilization. I think it's a clear benefit to every employee who utilizes that. As I understand it, it would probably likely take more than one year for those engaged in that program to get up and running in a potentially new program. So those two issues to me seem very glaring, and I would urge those who voted for the change to reconsider.

Alderman O'Neil made a motion to override the Mayor's veto. The motion was duly seconded by Alderman Ouellette.

Alderman Shea asked the City Solicitor, if the decision is made and it's a nine to four vote, what happens? In other words, is the policy still in existence? Has it been voted out? Do we have a policy if one was voted out? In other words, if the policy is voted out and another one has been voted in, but the Mayor can override it, what is the disposition of the City's health plan at this time?

Mr. Clark responded if the Board does not override the Mayor's veto, then the health plan that is currently in effect stays in effect.

Alderman Shea asked for how long?

Mr. Clark responded for the contract period, unless the Board takes a separate action to...

Alderman Shea interjected so the Mayor can override nine Aldermen with a vote.

Mr. Clark stated by law he has a veto over your actions, yes. It requires ten votes to override the veto.

Alderman Smith asked Tom, even though we only have 13 members here?

Mr. Clark responded the law requires ten votes, yes.

Alderman O'Neil stated regarding the recommendation from the selection committee, with the exception of Alderman Gatsas, our consultants have been under contract for how long? Three months? They don't have all the history. Jane Gile has been the HR Director for a year. She doesn't have all the history. Bill Sanders has been the Finance Officer two years, and he doesn't have all the history, so in all honesty I respect their opinion, but I'm sitting here; I've lived Anthem; I've lived Cigna; I have the history. There was a reason that the City went back out one year before the contract expired. It was a unanimous vote of this Board, to the best of my knowledge. In my opinion the proposals are equal. We can differ. The consultant says it's \$102,000. I don't think it's that much. That's my opinion. I have great concerns with the retiree portion. We're rolling the dice with the retirees, because it's my understanding that they can pay as much as 15% higher. So, we're putting a lot of stock in this Medicare Advantage program with that PFFS. It's clear to me it's going to expire in January of 2011. I think we're rolling the dice. One of the most important facts is Cigna did not live up to the commitment that they made to the City of Manchester two years ago. They said they were going to save us \$1.3 million. It has not happened. That's a little history. The staff and the consultants don't know that. The quality of the service, in my years here, I didn't have a single call

when Anthem was our third party administrator. I had many calls within that six month period when we transitioned over to Cigna, from minor issues to chiropractic care to massage therapy to health club members. I have no idea who the Cigna account manager is for the City. I've never met him or her. The most serious issue...Alderman Shea brought it up earlier...I was asked to sit with an employee, a single mother. Her son needs ongoing speech therapy. No issues when Anthem provided the administration of our health care insurance. Cigna refused to cover it. I sat at a meeting with four representatives of Cigna, the then HR Director, myself and the employee in an attempt to resolve it. It never got resolved. Later it goes all the way to arbitration, and as usual, the City loses. We had to pay back \$1,700. I asked why only \$1,700. The woman couldn't afford to send her son to speech therapy because she couldn't risk paying all of that out of pocket herself. And I'll tell you, I sat there in a conference room and there was no compassion for that woman or for her son from Cigna staff, and I'll tell you, that was 18 months ago, and it's as fresh for me as if it happened this afternoon. The woman started lecturing me on Cigna's plan and I had to remind her, it's not your plan, it's ours. The School District told me...I called as late as today...that they receive great service from Anthem, 1,800 full time employees. They mentioned their account rep by name, Lynn Hebert. If I recall, that used to be the name around here. I have received dozens of calls or comments from affiliated and non-affiliated employees. 'We want Anthem back.' We have to respect the opinion of our employees. I received a call today from a union president in support of Anthem. Anthem employees 700 people in the City; 350 of those live in the City. That to me is important. Anthem pays almost \$400,000 in property taxes to the City of Manchester. We talked about this changeover issue. If I recall, two years ago we did it with 30-days notice, if I'm correct, so we're actually ahead of the game at 60-days notice now. This value of disease management, I still don't understand the numbers, 1,351, but we have 1,300 employees. This means half of our employees and their spouses are on it, I guess. I took a call this week from a respected health care provider who backed up a comment Alderman Jim Roy made earlier. Disease management is between the patient and the doctor, not the patient and the health care

provide. Alderman Roy touched on that earlier. I ask the Board again, if everything was okay, why did this Board unanimously vote to go back out? Because it wasn't okay. We're making a mockery of this thing now. I ask somebody who voted no to support overriding the veto so we can move on, for the sake of the employees.

Mayor Guinta stated as I said before in my earlier statement, I have great respect for both Anthem and Cigna. I too have been representing this City since 2000. I have had the benefit also of dealing with both Anthem and Cigna. I find both companies to be good companies. There are issues within health care. When I was an Alderman, Anthem would resolve them amicably. There are issues with respect to health care since I've been Mayor that Cigna has resolved amicably. Is any one particular plan perfect? I would think not. But I don't see a demonstration of evidence to suggest that we should change. I guess I would make a couple of extra points. You say Bill Sanders has been here two years. The consultants have been here for three months. Jane has been here about a year. These are people who are professionals in their own right whom we hired because we believe in their expertise in their particular fields. I have found so far Jane Gile and Bill Sanders to be effective and capable department heads who have worked through this process, I think, with the intention of presenting a suggestion to this Board that obviously is not an easy one, but with the intent of trying to give us the best advice. I would argue that the consultants before us bring that same level of character and values in terms of how they would deal with us and any other client that they represent. While I do certainly value Anthem, I'm not sure that they actually do pay property taxes. This was brought up. I don't know if they own their building or...

Alderman O'Neil interjected confirmed by the Assessors that they pay.

Mayor Guinta asked does Anthem own the building?

Alderman O'Neil responded they don't, but under the agreement, they pay the property taxes, according to David Cornell.

Mayor Guinta asked so they have a triple net lease?

Alderman O'Neil responded I don't know. I'm not a real estate guy. All I know is that they pay almost \$400,000 in property taxes.

Mayor Guinta stated so if they have a triple net lease, they have a triple net lease. Why is that part of your decision-making process?

Alderman O'Neil responded because I think, Your Honor, the proposals are equal. I have to look at factors separate from that, and that's a factor. They are a local employer paying property taxes here.

Mayor Guinta stated we've never considered that with respect to certain other vendors that we use.

Alderman O'Neil stated I wish we'd do it more often, Your Honor.

Mayor Guinta stated we have legal counsel that's where? In New York right now? I think we have to put before us is what's in the best interest of the employer and the employee. That should be the focus. That was the criteria that was brought to us.

Alderman O'Neil stated well you certainly aren't putting it in...the employees are clear about what they want.

Mayor Guinta asked 100% of the employees want to change? Is that what you're saying?

Alderman O'Neil responded I'd say a pretty high number, Your Honor. I'm not a gambling man but...

Mayor Guinta stated we've got 3,400 people that are covered by this. Did you receive 3,400 calls?

Alderman O'Neil responded Your Honor, don't spin it that way. I bet I've heard from 100 plus employees, and not one called and said, 'Continue with Cigna.'

Mayor Guinta stated I don't disagree that there are with any entity issues that have to be addressed, and I appreciate that an employee or a constituent would call her Alderman and try to get it resolved. But I think that that is one component that has to be considered. Is it important? Of course it is. Have we made every attempt during the change and after the change to reach out to employees, as well as I think Cigna? Are there improvements that should be made? If there are, they should be directed to the HR Department so they can be conveyed to Cigna. If it's not addressed, then it should be conveyed to this Board. This is the first time, from a Board perspective, that I'm hearing about that particular issue. If it does in fact concern you to the point where it should be brought to the level of this Board, then in the future we should probably change that process because we'd like to make sure that any of those issues get resolved. But despite your impassioned arguments, I would just respectfully disagree with the end result of a requirement to change based on the concerns that you've raised. The concerns that you've raised, if they are true and legitimate, we should address if in fact Cigna is retained. If they are not and Anthem is retained, I certainly would hope if they were ever to occur with Anthem or any other carrier, we'd make sure that there was a process by which those things could be addressed, and addressed swiftly. There are several people who want to speak.

Alderman M. Roy stated again, for those of you who know the record of my votes here in the Chamber, very, very rarely do I disagree with a department head. I disagree with them but I tend to take their recommendations. Very, very rarely do I go against what committees and boards that we've assigned recommend. I believe we have professionals; I believe they do the best job for the City. Where I've been touched on this, and I'm going to stop right there for a second and say that I've got friends on both sides of this subject. I don't have health care provided by the City. I don't have a horse in this race, as Alderman Gatsas so frequently says. I've looked at this as, what are the hidden costs? Who's reaching out to me and why? Just in the last 24 hours, and because I'm a numbers guy I'll give you this, representatives of 485 of the 935 affiliated employees have reached out to me. They are the same people we sit down with to talk about contracts and furloughs and how to help the City. So representatives of 485 of our employees out of 935 affiliated employees reached out to me today to talk about it. On top of that, considerable numbers of others that are affiliated and non-affiliated reached out on their own. So when we think this is just about the slice of difference or what we're going to do or how it's done, the employees, if this is apples to apples dollar value to them, would not be reaching out if they felt that way. There are hidden costs that I've heard about, denials, headaches, stress that's been caused the families, so I disagree with you, Mayor. I disagree that it's been handled the same way.

Mayor Guinta stated let me ask you a question: The representatives of those 435 union members, did they go poll every single employee, every member of those unions? And number two, if those unions had such a problem, why did they wait till today to bring up the issue?

Alderman M. Roy stated we were told on Tuesday, Your Honor.

Mayor Guinta stated this process was started in February. And as Alderman O'Neil said, there was a reason that everybody wanted to do this. There obviously was some reason. Was it employees complaining? Was it political issues on the Board? What was it? Let's get it all out on the table.

Alderman O'Neil responded the service has not been there. That's the reason. The service has not been there.

Mayor Guinta asked but those unions did not come talk to you until today?

Alderman DeVries responded they've been trying to get a seat at the table with you, Your Honor, with the insurance committee.

Mayor Guinta stated I've met with the unions on that issue.

Alderman DeVries stated that's not what we're hearing.

Alderman M. Roy stated Your Honor, I'm hearing...and again, I've got a great deal of respect for Cigna. I've got a great deal of respect for Anthem. I don't have City insurance. I'm just listening to the people who have reached out to us, and when we say it's fractions, no. We don't ask them when we're negotiating contracts, 'Have you gone back and done this?' They sit through arbitrations; they hear what happens to their employees. We've heard what happened to one of our Aldermen. How do we sit here and say that it has been the same? There's cost to our employees that was not mentioned, no offense to our consultant, because again, you've got to deal in hard numbers, and that's why I asked about the matrix. There's a cost of customer service and there's a cost to our employees. Obviously, if it's a zero change in their pay check, but they are willing to speak out, there is a difference. And that was my deciding vote today.

Mayor Guinta stated so you're saying the consultant's discussion and data collection through HR with respect to customer service and employee satisfaction.

Alderman M. Roy stated Your Honor, the comment earlier was information from HR. I don't believe there was data collection. I don't believe there are hard statistics on this.

Mayor Guinta stated alright, I won't use the term data collection. The conversation that our consultant had with Jane...

Alderman M. Roy interjected again, is based on one year of information.

Mayor Guinta stated let me finish the statement. There is no hard data collection to support, I think is what you're saying, either position, other than phone calls you got today from union representatives.

Alderman M. Roy stated and non-affiliated.

Mayor Guinta stated and those calls all came today, not through the course of the year. They all came on one day?

Alderman M. Roy responded well, they started last week after we tabled this.

Alderman O'Neil stated Your Honor, there is a history of grievances over this issue.

Mayor Guinta asked and are they going to stop if we have ABC company?

Alderman O'Neil responded I have no idea.

Mayor Guinta stated again, listen...I have no objection to either one of these organizations. I think they are both...

Alderman O'Neil interjected you've made it clear that you do.

Mayor Guinta stated what I'm objecting to and what I vetoed is the switch. I haven't seen a demonstration of reasoning to switch, number one. Number two, we have consultants who have worked with City staff who have come up with a unanimous decision. Number three, there is a cost differential. Number four, I think that there are two clear benefits which I articulated before – one to the retirees and secondly to the disease management program. I happen to believe that those are above and beyond, not just acceptable but beneficial to the employees that we serve.

Alderman Gatsas stated I've heard this evening three times that we didn't save \$1.3 million. I can remember precisely that I made the motion three times to take the \$1.3 million and put it into the Medical Reserve fund. Maybe I need to refresh my colleagues' memories. But we didn't. We left it in the general fund. Three times I made that motion to get it out of the general fund. But I didn't get a vote for that to happen. So what did we use that \$1.3 million for? To balance a budget that I voted against. That's what the money was used for. I tried three times. I see the Chairman of the Board kind of refreshing his memory on that because I know that we used to talk about it on a regular basis.

Alderman M. Roy asked would the Finance Director chime in on that and just either certify that the \$1.3 million was actually saved or not? And I agree with Alderman Gatsas, let's clear it up. I was there for the motions he made. I was there when we were told that the savings were projected. I was there for the end of the year when we balanced the books and it wasn't achieved. So if the Finance Director would like to give an official opinion on whether that was actual savings...

Mayor Guinta stated and I would just add to that, because if you have an answer, I'd like to hear it, but as I recollect, some of that was budgeted items. Some of that was because I proposed a budget that was higher than what was ultimately required. I'm not sure if 100% of that was attributable to the savings. I don't disagree that the City saved money, but there was more than just going out to bid as factors, at least as I recollect. Mr. Sanders, do you have a response to Alderman Roy's question?

Mr. Sanders responded it is my recollection that when the new health contract with Cigna was approved, there were monies taken out of the health insurance line in the vicinity of...this is memory...\$500,000 to \$700,000 out of a budget line and reallocated to other lines. During the course of the year, after the budget had been established, we did not earn an additional \$1.3 million or save an additional \$1.3 million. We may have saved in the vicinity of \$200,000 against that budgeted line item in the balance of the year, and that money was transferred to the health care reserve fund.

Alderman Gatsas stated so we used \$700,000 out of that line item for other line items. We saved \$200,000. Decreasing the employees' rate by 40%, what was that savings? We're close to \$900,000, and we reduced the employees' contribution. So maybe we weren't at \$1.3 million but maybe we were at a million, or we were at \$1.1 million, but the saving is there and we passed some of it on to the employees.

Alderman M. Roy stated the Finance Director gave a range. Alderman Gatsas takes the high number. If we're going to be honest with the public, if it was \$500,000 to \$700,000 and then we took out, I'd like that confirmed, so we can have actual numbers. And if it was \$200,000 that came back to the City as savings, it still wasn't the \$1.3 million that was projected. If we're going to work off of ranges, let's work off of ranges.

Alderman Murphy stated I agree with the points that the Mayor made, and there are two additional reasons why I can't move off of Cigna. But I'm going to pause for a second because I believe Alderman Roy might have been in front of me and we might have skipped over him. The first reason is that I haven't heard a compelling reason to change today, and when I weigh things like the savings and the administrative costs of going through the process to issue new insurance cards and to have everybody re-enroll, the ends just don't justify the means to me to switch, no offense to either carrier because I've been insured by both of them in my life and have never had a problem with either one. The second and more compelling reason is that other than a phone call from a union representative I received at 1:49 p.m. today, and a phone call from a representative of the same union that I received at 5:54 p.m. today, I have not received in my entire time in office a single phone call, email, haven't had a conversation, haven't been contacted by anybody on this Board to discuss this issue. It has never been brought up, not once. I thought this was going to be a 15 minute meeting; I had no idea this had become such a glaring priority, not a clue. So if people are out there and they are frustrated about it, they are not talking to me, and I told those union representatives to bring their people here tonight, if this was an issue. I don't see any people here.

Alderman J. Roy stated just to weigh in on the previous savings, I wasn't here for that vote, but I was here when Mr. Sharry was still here and we talked about it, and when we were talking about going back out to bid, I wanted to make sure that we didn't get duped again because it wasn't apples to apples last time. One of the teams didn't consider what I call stranded costs. They call it the run-out or something like that. That wasn't counted in and that's where that big discrepancy was, and how much money we actually saved because we're self-insured and we have to pay that run-out anyway. And I don't want anybody who was on the committee or the department heads to take this as an insult, the way I'm voting tonight, because I think you're very competent and I think you've done what you think is the best. I just don't agree with you. I also have gotten many calls, and yes, it has been within the last week. Why? I don't know. It's probably because people

are like me and they don't really react to things until they're right in front of them. I'd just like to touch on that disease management program again. As I alluded to before, disease management is between you and your physician. A third party isn't going to make it or break it. The number that's given there, to me, is nothing but smoke and mirrors, because they can say, 'Okay, Jim Roy is taking blood pressure medication. We just stopped him from having a stroke, which would cost us.' I just don't buy that. You can't predict like that. Is there a cost savings there? Absolutely. I don't think anybody can come up with the real number, a real hard number. That's still going to go on. People are still going to have that relationship with their doctor, and they're still going to take care of themselves. One of the things that I do like from what I've heard tonight is this Site of Service at the ambulatory care places. As I said, Rivers Edge is coming in. That's going to be ambulatory care. I wonder why the Elliot is building that, because that's what we're going to go to. To me a leader has to be a visionary, and I think that Anthem has a vision that this is where the future is going to be, and they're willing, even though it's going to be a pilot program, to put it out there. Ultimately, if it does take off, it's going to affect our bottom line. I think the consultant would agree that if we could get services at a reduced rate, we don't have to pay as much each time somebody gets treated, it's going to come back as lower fees for us. The other thing I want to make clear is that with this veto, if we can't override this veto, this is going to cost the City as well, because the way I understand it, we're still into the third year with Cigna, and if I were them, I wouldn't be offering a reduced rate because that's coming in a three year package. But the reality is that I'm looking at is we're still in the third year with Cigna and we're not going to save money if this veto isn't overridden.

Alderman Shea asked how much of a difference is that going to be? In your opinion, how much more would it cost the City?

Mr. Delacy responded I don't have the exact figures.

Alderman Shea asked ballpark?

Mr. Delacy responded ballpark, \$200,000 or so in fixed costs.

Alderman Shea stated so basically we would be paying \$200,000 more because an argument is made that we should stay with the same carrier because we're going to benefit to the point of retirees, which some people feel that that is going to happen.

Mr. Delacy stated I actually apologize, if I can interrupt for one second. The \$200,000 was the fixed cost of the active employees. The retirees would be another \$1.2 million.

Alderman Shea stated so that is going to be quite a bit of difference. In other words, a decision has to be made here. I'm going to go back to my own personal thinking. I left the first meeting that you were going to discuss, and I walked out with Ted Gatsas, and I would be remiss if I didn't tell you, if that was the only presentation that night, I would have voted for Cigna without any equivocation. As an Alderman, I'm sure that I have never once, except when I was appointed chairman of the board, and then I decided to go back, that was the only time I've ever changed my mind. I've changed my mind very sincerely because constituents, not only people who work for the City but people belonging to Cigna, are not satisfied with the program. I'm being very sincere with you. I've done everything I possibly could since the last meeting. I've contacted the man in charge of the trustees. I've talked to Jane. I've called people to get information from them. As much as the Mayor has pleaded with us to support Cigna, in my conscience I cannot support Cigna at this time. I feel that Anthem would be a better policy for the people of Manchester who are enrolled in the program. I'm very sincere about that, and I would hope that the people who have decided to support the other party would override the Mayor's veto because I think it's in the best interest of the City in the long run, and I'm very sincere about that.

Mayor Guinta stated I do understand that when votes of this nature come before us, there is increased awareness by people who are interested in the outcome, so there is an elevated number of phone calls or conversations. I appreciate Alderman Jim Roy's forthright approach and reasonable approach and I respect it. We have consultants and it's up to us to make those policy decisions, and the way he conveyed his message, I respect his decision. What concerns me is if this is hinging for other Aldermen on the increased calls over the past weeks and the other issues are not being duly considered, what number of calls are we talking about? Are we talking about 1% of the claims? Are we talking about 5% of the claims? Are we talking about 10% of the claims? If there are 50,000 claims a year, have you as members of the board, have you collectively received more than 1% of calls, based on the number of claims? I just want us to put it in perspective. If there is in fact a high percentage, what is deemed unacceptable by either our standards as an employer or by health care standards, then I would say there is either a corrective action that needs to occur with that carrier, that vendor, or just a complete change. I'm not even sure that we're talking about more than 1% here. Maybe we are. Are we talking 10%? Are we talking 20%? If we're talking those numbers, I think this meeting would have occurred a long time ago. My suspicion is that we're probably talking about less than 1%. That 1% is still very important because they are employees and people who are on our plan. We want to correct those issues, no question about it.

Alderman Shea stated sometimes people don't know who to turn to. In other words they simply don't know what to do. They accept the status quo and try to cope with it. They're not knowledgeable in many instances about what they can do about a claim or what they can do about a problem so they kind of don't do much about it and they kind of live with it. It aggravates them and it reaches a boiling point sometimes, and they begin to have internal arguments in households and so forth. The point of the matter is, as an Alderman, I've learned so much more about how human nature functions. As a private citizen, I never called an Alderman. I never really knew what the Alderman's role was. Today, as an Alderman, you encourage people to call you because that's your job. You

encourage people to do what is in their best interest. That is why we're elected and that's why they select us. Maybe they don't select everyone but they select certain people because they have confidence in them. I think that's very important that we listen to our constituents and then we defend whatever their situation might be and advise them accordingly.

Mayor Guinta stated I do agree. I just wonder if that is a balanced assessment, if those calls represent a balanced assessment of the users of the plan. That was essentially my question.

Alderman Lopez asked is it possible to have a clarification of this? There seems to be a major issue about people calling and what problems there are. We have two employees here who handle the benefits package. Would it be permissible to ask them their opinion?

Mayor Guinta responded sure.

Alderman DeVries asked could I ask you...?because I've been recognized for the floor... I'd like to ask a couple of my questions first.

Alderman Lopez stated I'm just asking for clarification, Alderman. The only reason I'm doing this is...I would like your opinion...you've heard a lot of conversations about a lot of problems that we have with employees.

Ms. Jane Laperle, Human Resources benefits coordinator, stated my experience is that we had a lot of problems initially with retirees. We had some problems that came to my attention from employees but if they brought them to our attention, we had them resolved. Anybody that approached us, we took care of. We had very, very good contacts with Cigna. It was bumpy; initially it was bumpy, but we had very good

contacts with them who addressed our issues immediately and solved our problems. If Alderman Smith had problems, I was never aware of it. We certainly would have clarified it and taken care of it for you. As far as the retirees, the biggest issue that we had was the crossover between Anthem and Cigna computer systems. Somehow or other Medicare never got the information telling them that Cigna was now their secondary insurance. They still had Anthem. We had many calls from retirees saying that was an issue. When I talked with Anthem, they told us it was a computer glitch. As late as June of 2008, they still had not resolved it.

Ms. Susan Figg, Human Resources benefits coordinator, stated I just want to say that I do agree with Jane. We've had several issues and some of the specific cases you mentioned about the individual with the children, the single mother. We have done everything we can to help her and so has Cigna. It was a difficult transition for us too. It took us a good two years. We are now catching up from the change from back then in 2007. We are just now catching up. The change itself is very, very enormous in many ways. Again, as Jane mentioned, the calls from the retirees, a big, big portion of that was because of the Medicare crossover issue.

Alderman M. Roy stated Your Honor, I appreciate hearing from the people in Human Resources. However, there is a gentleman in the back of the room who represents over 225 uniformed patrol police officers and in respect to fairness, and if they are having issues, I would ask the indulgence of the...

Mayor Guinta interjected I'm not going to ask every...This was specifically pointed about an administrative question with respect to the HR Department.

Alderman O'Neil stated we're getting calls from the employees saying there are issues...

Mayor Guinta stated this forum is not for us to hear testimony.

Alderman M. Roy stated I appeal to the Board, Your Honor. I appeal to the Chair. You just asked the question and I was ready to respond, what percentage it is.

Mayor Guinta stated nobody has that number.

Alderman M. Roy stated you're right. No one has that number, but if one of our senior Aldermen doesn't call our HR Department. Again, customer service doesn't necessarily mean city employees. Customer service is when you're on the phone and you're on hold. Customer service is getting bills back after you've told they're going to be paid. While I have a second, Your Honor, I couldn't have agreed with you more a few minutes ago, and I rarely say that. If we were going from Anthem years ago to Cigna today, to a third party, then I wouldn't have given the same respect that I've given to the calls today, because we're going back. It's no change in value to the employee, very little change to the employer, the City, and we're going back to a system that does create some problems in HR for transition but they reached out to go back. There's obviously a reason for that. We're not going to a third party. They're not saying, 'Oh, this company is so much better because it's new and different and something we want to try.' They're asking to go back to something they've already experienced. So if they have the experience that that was good and this is not so good, that's something that I as an Alderman have to respect.

Mayor Guinta stated every Alderman has the right and responsibility to vote and to decipher and determine what criteria they want to use. I have no objection to that. What I'm saying is we're trying to apply some sort of scientific methodology here that doesn't exist. So I don't think it's fair to have one individual representing employees come up without fair notice to every employee to come and accept testimony.

Alderman Ouellette stated Your Honor, I appeal to the Board.

Alderman DeVries stated Your Honor, I was recognized and not able to speak. I'm running out of patience.

Mayor Guinta stated if I could finish my statement I'd be happy to recognize you. The reason I allowed employees from the HR Department is there was a request to deal with an administrative question. Other than that I think we need to stick to having conversations with our consultants and our staff. Now that being said, we have Alderman DeVries who has the floor.

Alderman DeVries stated it is unfortunate that your office is not more aware of some of the issues that have occurred in this City, because we have been made aware of a grievance that not only was filed but was won by one of our unions that had to go through the grievance procedure, which cost both sides, unions and City employees, the Solicitors, thousands to pursue, just because there was not equivalent health coverage. And they won. They prevailed at the grievance procedure. Others impartially found that our health care coverage was not equivalent to the health care coverage that we had when Anthem was in place. I am sorry, Your Honor, that you were not made aware of that grievance and the outcome of that grievance, but some of us were. And that is what prompted me, at 18 months, a year and a half into the contract with Cigna to ask this Board to go back out to bid, half way through. We haven't had Cigna in place forever, as I think I heard you indicate. It did not just start last week with phone calls. It started as HR just indicated, with a flurry of activity at the beginning, with residual problems that could not be resolved, that went through the grievance procedure, with the outcome of us going out to bid in December of last year. This did not just start. This is the conclusion of what has been going on for some time in this City, Your Honor.

Alderman M. Roy stated again Your Honor, Alderman Murphy, Alderman Ouellette and myself, Alderman Shea, Alderman DeVries, even Alderman Lopez have all said, 'What have we heard from employees?' We've got three gentlemen who represent a good percentage, 20% of our affiliated employees, that have been sitting here now for what I thought would be a 20 minute meeting. So if they are here, and I believe it was Alderman Murphy who invited them to speak, let's hear it. Personally, I'd love to have the time to have a public hearing on this, have people come and sit in the hot seat and say: good, bad or indifferent. Let Cigna hear it; let Anthem hear it. Let our HR personnel hear it. That process to me, and I mentioned earlier that this was a rush. I don't disagree that the times are tough but again, if we're going to make a \$2 million decision, I don't want to make the wrong one. People have reached out. We have people here that hear it, that sit through the grievances, that work with their employees. If they haven't been solved and they haven't gone to HR, our staff wouldn't hear about it. So let's hear from them. And if you don't like it, I will appeal to the Board.

Alderman Murphy stated Mark, I wasn't going to throw anybody under the bus, but the two patrolmen units' reps in the back of the room are the two people that called me today.

Alderman M. Roy stated good. They represent their employees.

Alderman Murphy stated but I've already heard from them. They're not going to change my mind.

Mayor Guinta stated I don't have an objection to this Board taking comments and testimony from employees, but in fairness to all employees, if you're going to do that, we should give everybody the right to provide comment and information, not just selective members that happen to be here this evening. If you want to use scientific data, let's be far more scientific about it, is my point. I have no objection to hearing from the police

union or any other union, but solely because they happen to be here, without assessment of comment from any other entity within the employees within the City, I don't think is appropriate.

Alderman M. Roy stated so if we apply that same logic, Your Honor, when we have our public hearing next week, if someone from the library doesn't show up, we should throw out the testimony or disregard everything that's been said by everyone that does come. These gentlemen have sat here. They obviously represent our employees. They may come up and say everything is fine. I don't believe so because a number of their employees have reached out to me. I think if we're going to be fair, then we should have done it in a timeframe when we could have had a public hearing. If we're not going to do that, then let's hear from those who have sat here all night. I'd much rather hear from them than another Alderman, including myself.

Alderman Ouellette stated we discussed this when I was on the School Board. There has been a lot of criticism of the School Board for not going in one particular direction or the other. The reason why we didn't pick one carrier or go out for an RFP was because this particular issue affects people in such a way that almost no other issue that their employer has does. The reason we didn't do that was we heard from the teachers' union and we heard from the employees about how disruptive a change like this that is going to take place is and how it would affect their lives. So what we did was, instead of doing that, we asked the carriers for more savings and we were able to save more dollars. We didn't have to go through the way the Board of Mayor and Aldermen do because we took into consideration the heartfelt feelings of our employees. We decided to do that. Your Honor, in terms of everyone not having a fair chance to come, this is a public meeting. This union has been posted and the other unions could have come, but these gentlemen took time out of their busy schedules because they are passionate about this issue. I don't see what the difference would be if we allowed them to speak, to hear their issues. I think we heard from the people in Human Resources who great everything seems to be

working with them. But we don't have both sides of the story, and that's my frustration with that.

Mayor Guinta stated I don't think it's required or necessary for the override vote of my veto.

Alderman Lopez stated you're always put in a tough position one way or the other. I want some clarification before I vote on this, and I didn't quite get what you told Alderman Shea. You started off with \$200,000 and you came up to a million. What was all that about.

Mr. Delacy stated the original question from Alderman Shea was if we do nothing and you go one more year with Cigna, what will that cost you next year? It's roughly \$200,000 in fixed administrative fees and then there's about \$1.2 million for the retiree program. That's not a cost to the City; that's a cost to the retirees.

Alderman Lopez asked and if we choose Anthem, how does that fit in?

Mr. Delacy responded over the three year period, the difference is roughly a \$100,000 difference over the three year period.

Alderman Lopez asked and the RFP process. Tom, are you satisfied that the total RFP process was completed in accordance with our rules and laws?

Mr. Clark asked are you asking whether or not they followed the proper process? Yes, they followed the proper RFP process.

Alderman Lopez stated just so that I'm very clear, Cigna offered the retirees. That was defeated, so that's out the window now.

Mr. Delacy asked are you asking was the vote defeated?

Alderman Lopez stated let me just refer to this letter. Does that mean that the lady that called me up, telling me that she was going to save \$300 will no longer save the \$300?

Mr. Delacy responded based on this letter from Cigna, if you choose to go with Anthem that's correct.

Alderman Lopez asked what if we stay with Cigna?

Mr. Delacy responded if you stayed with Cigna it would be under the current contract. We would certainly go back to Cigna and try to encourage them to offer the retiree program and to offer us the rates that were quoted in this RFP, but they are under no obligation to do that.

Alderman Lopez stated that was just part of the proposal that they put in there.

Mr. Delacy stated that's correct.

Alderman Lopez stated I just want to clear up something for my colleagues, this Alderman anyway. I had one call from a retired police officer paying \$900 a month. It would have benefited them. That's out the window, period. I had no calls. Now somebody might be more popular than I am, fine. But I had no calls. In ten years I have had not one call, other than bringing to my attention the arbitration case which was in the paper which I read. That disturbs me very much. Looking at this thing, it's a very bad predicament, to not have a contract for three years, in my opinion. Since it was defeated for Cigna to get that contract, it was a nine to five vote, I will make my decision when I come around as to what I'm going to do. But I tell you, the process here, the union

officials, if they are calling they should be calling every Alderman. And if there are problems out there, those are the two people they should be giving problems to to solve, not Aldermen. Aldermen don't solve their problems. They have no business involved in solving them because they aren't the experts. Otherwise they ought to quit being an Alderman and go down and be a Benefits Coordinator and get a full time job. I couldn't solve those problems. That's what bothers me. I'll call for the vote, Your Honor.

Mayor Guinta stated the question has been called.

Alderman Gatsas stated I just happen to have the minutes of the meeting of December 16, 2008, and Alderman DeVries stated, for new business, 'I'm hoping this Board would consider going back out to bid for our health insurance policy. As we enter into our very difficult budget season, we need to be mindful of every opportunity to save dollars, in light of the dramatic increase in our rates...The fact that we do have the opportunity to go back out to bid, I think we should refer this process, at the very least, to the Human Resources Committee for the review of bids and instruct the Human Resources Director to initiate that process.' The motion carried. The second was by Alderman Murphy. Nowhere in here does Alderman DeVries say that employees are unhappy with the process. It was about looking for a savings, and I think that every Board member certainly was looking for a savings. That's why we went out to bid. We never got complaints and nothing in here said that there were complaints from employees and we should be looking to find a new administrator. Let's understand one thing about this process, and I have great respect for both companies, I think that right now we are dragging them through the mud, and we shouldn't be. We are the people, this Board and this City own that policy. If tomorrow some employee has a legitimate gripe about Anthem or Cigna not paying a claim on either side we can issue them to pay the claim, because it's a self-insured plan and we own it. This Board has that authority. At any time we can do that because it's our dollars. I certainly respect the fact that we've stayed out of that process, but certainly if there was an employee with a grievance, I didn't hear

about it until I read about it in the paper. This Board has that ability whether Anthem is the carrier or whether Cigna is the carrier. This Board owns that checkbook. So let's not talk about employees being upset and claims not being paid because that stops with us. We're here as a fiduciary agreement with the taxpayers of the City of Manchester, but we can override any claim decision by any insurance company because we are self-insured. If we were fully insured, we wouldn't be able to say a word. So let's understand that nobody has discussed any problems with anybody. We went out for a bid and the reason we went out for a bid was to save money.

Alderman O'Neil stated let's move the question. I think Alderman Ouellette...but I think if we check there are many grievances over health care issues, many. Whether or not they were settled at the department level, the department working with HR, but there were many grievances because it was the only way that employees had to try to remedy problems. And there were many problems.

Alderman Ouellette requested a roll call vote on the motion to override the Mayor's veto.

Alderman J. Roy asked which would hire Anthem and notify Cigna that they aren't going to be the carrier anymore, correct?

Mayor Guinta responded that would be correct.

Alderman O'Neil stated clarification, Your Honor. If we fail to override, we stay with the existing contract, Cigna has one more year on the existing contract?

Mayor Guinta stated correct, and I would assume if we wanted to take a vote to then move to the less expensive contract with Cigna, we could so do.

Mayor Sullivan stated point of information. If the veto is overridden, would it then require a second vote to approve Anthem? My impression is that the first vote was to accept the recommendation of the consultant.

Mayor Guinta stated the motion that I vetoed was made by Alderman O'Neil to cancel the contract with Cigna and to move to Anthem. That passed. I vetoed. You would be looking to override that veto. If it's overridden, then the original motion would stand.

Alderman Sullivan stated but my point is that there were two separate points in the vote that we're now...The motion that you vetoed, that included a motion to grant the contract to Anthem, correct?

Mayor Guinta responded correct.

A roll call vote was taken. Aldermen Ouellette, M. Roy, J. Roy, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries and Smith voted yea. Aldermen Murphy, Gatsas, and Sullivan voted nay. Alderman Garrity was absent. The motion passed and the veto was overridden.

*There being no further business, on motion of **Alderman O'Neil**, duly seconded by **Alderman Pinard**, it was voted to adjourn.*

A True Record. Attest.

City Clerk