

Human Resources Committee Meeting Douglas County, Nebraska

Tuesday, February 25, 2014

The meeting convened at 1:22 p.m. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the February 20, 2014 issue of The Daily Record. County Commissioners present at the start of the meeting were Mary Ann Borgeson, Mike Boyle, Clare Duda, PJ Morgan, Chris Rodgers, and Pam Tusa. Others present at the meeting were Patrick Bloomingdale, Diane Carlson, Joe Lorenz, Marcos San Martin, Catherine Hall, and Kaieva Williams of Administration; Lee Lazure, Mark Williams, and Debbie Otwell of Human Resources/Civil Service Commission (HR); Dan Esch of the Clerk/Comptroller's office; David Bushey and Greg Paulsen of Marcotte Insurance Agency (Marcotte); Dick Davis and Lisa Davis of Davis Insurance Agency (Davis); and Dan Wenzl, Tracy Krause, and Phyllis Lee of Aon. Commissioner Borgeson conducted the meeting.

1. Douglas County Insurance Broker Agreement

County Commissioner Marc Kraft arrived during this item. Ms. Williams left the meeting during this item. Speaking to the item were Mr. Bloomingdale, Commissioner Boyle, Mr. Paulsen, Commissioner Tusa, Mr. Wenzl, Ms. Krause, Mr. Bushey, Commissioner Kraft, Mr. Lorenz, and Commissioner Borgeson. Highlights from the discussion included the following:

- Mr. Bloomingdale gave some background information on the item.
 - Mr. Bloomingdale said at the August 20, 2013 Human Resources Committee meeting, there was substantial discussion on the County's existing co-broker relationship with Marcotte and Davis, who handle all of the County's various liability insurance policies.
 - Mr. Bloomingdale said at the end of that meeting, Administration was directed to interview Marsh Insurance, Aon, and Marcotte, and to make a recommendation on whether to keep the existing relationship or to switch Marcotte for either Aon or Marsh.
 - Mr. Bloomingdale said Administration held interviews with representatives from those three agencies separately.
- Mr. Bloomingdale said Administration is making a recommendation for a new co-broker relationship between Aon and Davis.
 - Mr. Bloomingdale said Aon is being recommended because it is a national broker with considerable experience and resources nationwide, and Administration believes that would give Aon an advantage when it comes to marketing the County's various policies.
 - Mr. Lorenz said he looks at a new co-broker relationship with Aon and Davis as a win-win because the County will get the scale and the expertise of a national broker like Aon, and the history and experience with the County of a local broker like Davis.
 - Mr. Lorenz said Aon is a large, national broker, who knows the pricing, and knows exactly what's going on in the market. Mr. Lorenz said when one looks at who Aon represents, there's nobody here locally who has that sort of scale.
 - Mr. Lorenz said with Davis, the County is getting experience because Davis has been on the County's policy for years, they've negotiated it, and they are comfortable with it.

- Mr. Lorenz said insurance has moved to a national market.
 - Mr. Lorenz said the insurers the County works with insure on a national basis and the brokers are on a national basis, so that's a benefit that Aon brings.
- Mr. Wenzl said Aon does a lot of public sector business.
- Mr. Wenzl said Aon has significant marketing clout that Aon can use to help the County with its insurance placements and Aon has the ability to benchmark the County's risk management program.
 - Mr. Wenzl said Aon has a "grip" system which provides benchmarking. This system allows Aon to see how an organization's program compares to the programs of other similarly-sized organizations.
- Mr. Bloomingdale said no RFP was done.
- Mr. Paulsen said Marcotte was shocked when they learned they were the only ones who had to re-earn their position at the table.
 - Mr. Paulsen said he feels Marcotte was evaluated in areas where they were not given the chance to show the County Board what they can do, such as policy placement and program design.
 - Mr. Paulsen said those areas have been the focus of Davis since 2005.
- Mr. Paulsen said Marcotte along with Davis are big enough to reach to all of the imported insurance markets.
- Mr. Bushey said Marcotte doesn't feel it is fair for them to be removed from the agreement.
 - Mr. Bushey said Marcotte is a part of a team and the team is not being evaluated to be removed, but that Marcotte is being evaluated to be removed.
 - Mr. Bushey said Marcotte has taken a restricted role and they are being judged on that restricted role, and it's not reflective of all of the things Marcotte has to offer.
- Mr. Bushey said he would like the County to consider not making a change this year.
 - Mr. Bushey asked for Marcotte to be allowed to work with Administration to redefine a more prominent role for Marcotte within the parameters of the current co-broker agreement, and let Marcotte provide some of their services the County hasn't taken advantage of.
 - Mr. Bushey said after next year, if the County Board still thinks there's a hole in the program that Marcotte can't fill, then it would be fair to make a change.
 - Commissioner Boyle said he thinks Marcotte should be given a year to do some of the things the County is expecting Aon to do, and that the County owes that to Marcotte.
- Mr. Bloomingdale said he could put together a resolution for an upcoming County Board meeting to make Aon the broker of record for the policies that Marcotte currently handles.
 - Mr. Bloomingdale said Aon would market those policies that are currently marketed by Marcotte until the end of the current policy cycle. Then going forward, Aon and Davis will enter into a binding agreement on how their relationship is going to work.
 - Mr. Bloomingdale said going into the next policy season, Administration will sit down with both Aon and Davis and map out an overall risk management strategy and how the marketing is going to be done, with the intent of it being a 50-50 co-broker relationship.
- Commissioner Borgeson said this item will be on the County Board's March 11th agenda.

2. Discussion of County turnover rate

Speaking during this item were Commissioner Borgeson, Mr. Lazure, Commissioner Morgan, Mr. Williams, Ms. Otwell, Commissioner Boyle, Mr. Bloomingdale, Commissioner Kraft, Commissioner Rodgers, Commissioner Duda, Commissioner Tusa, and Mr. Lorenz. Highlights from the discussion included the following:

- Mr. Lazure, Mr. Williams, and Ms. Otwell presented a slideshow that reviewed Douglas County's employee turnover data from 2011 – 2013.
 - Total employees separated during 2011: 211 (8.84% turnover)
 - Total employees separated during 2012: 211 (8.80% turnover)
 - Total employees separated during 2013: 217 (9.16% turnover)
 - "Employees separated" includes employees who left the County either voluntarily or involuntarily, employees who retired, and employees who left for other reasons (i.e. death, disability, health).
- Mr. Bloomingdale said he is more concerned with the type of employees who will be leaving the County in the near future than he is with the number of employees leaving the County.
 - Mr. Bloomingdale said he thinks the County has people nearing retirement who are in very key positions, so succession planning is of ultimate importance right now.
- Mr. Bloomingdale said he sees a need across the County for better communication skills, particularly with departments that are unionized.
 - Mr. Bloomingdale said from a labor relations standpoint it's been difficult because of the limited staffing resources the County has.
 - Mr. Lazure said an organization called the Federal Mediation and Conciliation Service, which does provide some services at no cost, could be looked into for building management and union relations.
- Mr. Lazure said he believes the County Board needs to address the gap in pay between union and non-union employees.
- Mr. Lazure said HR's Training and Developing Coordinator could do a presentation about all of the training classes HR provides.
- Commissioners Boyle, Morgan, and Kraft left the meeting during this item.

3. Other Business

Health Insurance Dependent Audit

Speaking to the item were Mr. Lorenz, Ms. Krause, Commissioner Borgeson, Commissioner Duda, Mr. Bloomingdale, Commissioner Duda, Commissioner Tusa, and Ms. Carlson. Highlights from the discussion included the following:

- Mr. Lorenz said Administration was preparing an RFP for the audit, but in the meantime Aon offered a new proposal of \$33,275 to perform the audit.
 - Mr. Lorenz provided a handout from Aon that summarized their proposal.
 - Aon's initial proposal to perform the audit was \$50,000.
 - Ms. Krause said since the audit is going to be a one-time audit, the proposal price was reduced.

- Ms. Krause said her colleague at Aon who put the initial proposal together had thought Aon was going to subsidize all ongoing dependent audits, too.
 - Ms. Krause said a one-time audit will be all that is needed since HR has started collecting documentation from new employees and existing employees who add a dependent to their health plan.
- Mr. Lorenz said if the audit found 5% to be ineligible (139 ineligible dependents), the monthly savings to the County would be \$41,700.
 - Ms. Krause said the monthly savings is based off of the County's dependent cost being \$300/month.
- Ms. Krause said she would not recommend that the County try to recoup money from employees who are found to be carrying ineligible dependents.
- Whether or not to follow through with the RFP was discussed.
 - Mr. Lorenz said the County might receive a lower bid, but he doesn't think it will be significantly lower.
 - Mr. Bloomingdale said he would recommend accepting this proposal from Aon.
- Commissioner Borgeson said the health insurance dependent audit will be brought forth for discussion/action at a County Board meeting sometime in March.

The meeting adjourned at 2:57 p.m.