

COMPARED VERSION
COMMITTEE SUBSTITUTE TO ORIGINAL ORDINANCE

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 250133

Amending Chapter 2, Code of Ordinances, by repealing and replacing Article IX, Division 8, “Healthcare System,” consisting of Sections 2-1390—2-1394 with a new Division 8 of like title consisting of Sections 2-1390—1393, to amend the name and membership of the Healthcare System Board of Trustees to the Healthcare System Board and to establish regulations for its operation; amending Workers’ Compensation Sections 2-1302 and 2-1304, with new sections of like number and subject matter, to amend the membership of the Workers’ Compensation Board and address compensability; and repealing Ordinance Nos. 180420 and 180775 for the purpose of reallocating healthcare association resources to the Healthcare System Fund.

WHEREAS, the City relies on the Board of Trustees for the Healthcare System (the Board) to manage and direct the affairs of its Healthcare System; and

WHEREAS, Ordinance No. 180420 authorized the City Manager and the Healthcare System Board of Trustees (the “Trust”) to engage other governmental entities for the purpose of determining whether the City should establish a multi-employer independent entity through which to provide health insurance and other benefits to their employees; and

WHEREAS, Ordinance No. 180775 served two purposes: 1) it authorized the City Manager to create and join a new multi-employer association for the purchase and management of employee health and related insurances; and 2) it amended Sections 2-1390 through 2-1393, “Healthcare System,” by creating new sections, entitled “Healthcare Association,” for the purpose of moving the City’s health insurance decisions from the Trust to a new healthcare association, said sections to go into effect upon issuance of a license by the state of Missouri; and

WHEREAS, the multi-employer self-insured health plan association was never formed and the Council desires to reallocate any association-related resources back to the City’s health insurance benefit plans; NOW THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2, Code of Ordinances, is hereby amended by repealing Article IX, Division 8, “Healthcare System,” consisting of Sections 2-1390—2-1394, and enacting in lieu thereof a new Division 8 of like title consisting of Sections 2-1390—1393, said sections to read as follows:

Sec. 2-1390. Healthcare System Board.

(a) *Established; membership.* There is hereby established a healthcare system board which shall oversee the affairs of the City’s healthcare system benefits and make policy and contractual recommendations to the city council. The board shall consist of 11 members appointed by the Mayor as follows:

- (1) The City Manager or designee;
- (2) Two members of the city council;

- (3) Two members of Local 500 of the American Federation of State, County and Municipal Employees, one of whom shall be an active employee and one of whom shall be a retiree designated by Local 500 for appointment;
- (4) Two members from each of the unions representing employees of the fire department. Local 42 of the International Association for Fire Fighters shall designate two members for appointment, one of whom shall be an active employee and one of whom shall be a retiree; Local 3808 of the International Association for Fire Fighters shall designate two members for appointment, one of whom shall be an active employee and one of whom shall be a retiree; and
- (5) Two non-unionized city employees, one of whom shall be an active employee and one of whom shall be a retiree selected from a group of at least three active and a group of at least three retired employees recommended by the city manager to the mayor for appointment.

In the event that the mayor determines that one or more of the members designated by the employee groups are unable or unfit to serve, then the affected employee group shall provide another name or names as provided for above

The board shall annually elect a member to serve as board chair and will be subject to the term limits prescribed below. The board shall also elect from among its members a vice-chair.

(b) *Ex-Officio Members.* The Director of Human Resources and the Director of the Finance Department shall serve as voting ex-officio members. They shall be entitled to attend and participate in any meeting of the board but shall not be authorized to vote on any matter unless the members present and casting votes are equally divided. Ex-officio members shall not be included within the total membership for the purposes of determining the existence of a quorum. No term limits shall apply to these persons while serving in these roles.

(c) *Membership Term limits.*

- (1) All other members shall serve terms of four years with a maximum of 8 years, except that an employee who has served 8 years as an active employee member may serve an additional 8 years as a retiree appointment. Any member whose term of service has expired is permitted to continue the member's service until such time as a successor has been appointed to fill the vacancy, not to exceed 180 days. Notwithstanding the foregoing, any person who ceases to meet the eligibility criteria for the seat to which the member was appointed shall immediately forfeit membership status.
- (2) Current union presidents, while serving in the role of union president of any union representing city employees, will be exempt from the term limits prescribed above.

(d) *Organization.* Each member shall be entitled to one vote. A simple majority of the total appointed and serving membership shall constitute a quorum and shall be required for any board decisions.

(e) *Determination of Benefits.* The board shall have the authority to negotiate, subject to the availability of sufficient funds within the healthcare fund and prescribe the healthcare benefits to be included within any healthcare plan offered to City employees and retirees and consistent with any approved labor agreements.

(f) *Investments.*

- (1) Investment of the board's funds will be managed through the City's codified investment policy.
- (2) No board member, consultant or administrator shall have any direct interest in the gains or profits of any investment made by the board..
- (g) *City Rules and Ordinances.* The board must follow all City ordinances, processes and rules, including procurement policies.

(h) *Consultant.* The board may select a consultant for operation of the city's healthcare system and negotiation of employee healthcare benefits. The board shall issue a request for proposals (RFP) for a consultant no less than every four years. The board must follow all applicable city processes, rules and regulations regarding procurement.

(i) *Benefits Providers.* The board shall select benefits providers for the city's healthcare system and employee and retiree healthcare benefits. The board shall issue a request for proposals (RFP) for a benefits provider no less than every four years. The board must follow all applicable city processes, rules and regulations regarding procurement.

(j) *Actuarial Analysis.* At least every five years an actuarial analysis of the healthcare system shall be conducted. Results shall be reported to the city council, together with recommendations to maintain the system on a sound actuarial basis.

(k) *Regulations.* The board shall prescribe such rules, regulations, forms and procedures as are necessary to administer the healthcare system, rules shall be reviewed on an annual basis, updated as necessary and shall be filed with the city clerk.

(l) *Board Operations and Day-to-day administration.* The board shall appoint an administrator of the healthcare system. The administrator may be an active city employee or consultant. The administrator shall attend all meetings of the board of, but shall not have a vote. The administrator shall conduct the operations of the healthcare system in accordance with this division and the rules and regulations, directives and resolutions of the board. The following requirements apply to the business of the board:

- (1) A detailed agenda, including a list of discussion topics, items requiring a vote, and any other relevant business, shall be distributed to all members at least five (5) business days in advance of each meeting. Any supporting documents or reports pertinent to the agenda items, including but not limited to financial statements, proposals, and background materials, shall also be provided to members at least five (5) business days prior to the meeting; and
- (2) The agenda will include a designated time for public comments or questions, as appropriate, during each meeting; and
- (3) *Meeting calendar.* At the first meeting of the calendar year, the board shall schedule a minimum of 6 meetings of the full board throughout the year and shall publish and submit such calendar to the City Clerk. The board may later choose to calendar additional meetings, if necessary.

(m) *Records and reports.* The healthcare system administrator shall maintain records of all proceedings. The administrator, with the assistance of the director of finance, shall annually

publish a report approved by the board showing the financial transactions for the preceding year, and the financial condition of the healthcare system. Such report shall be distributed to the City Council.

(n) *Compensation.* Members shall be reimbursed by the healthcare system for all necessary expenses incurred for service on board, but retiree members or members of the City Council will not be compensated for their time serving as a board member.

Sec. 2-1391. Accounts.

(a) *Generally.* The accounting and financial records of the healthcare system shall be maintained in accordance with generally accepted accounting principles.

(b) *Maintenance.* The director of finance or the director's designee shall maintain the accounting records and establish such ledger accounts as are necessary and appropriate.

(c) *Payments.* Payments shall be made by the director of finance pursuant to City contracting, procurement, and accounting policies.

Sec. 2-1392. Assignment of rights.

No city employee or retiree entitled to any benefit payment under the Healthcare System Fund shall have the right to assign, alienate, transfer, encumber, pledge, mortgage, hypothecate, anticipate, or impair in any manner the employee or retiree's legal or beneficial interest, or any interest in assets of the Healthcare System Fund, or benefits of the healthcare system. Neither the fund nor any assets thereof shall be liable for the debts of any city employee or retiree entitled to any benefits under the retirement system plan, nor be subject to attachment or execution or process of any court action or proceeding.

Sec. 2-1393. Preservation of Healthcare System Funds.

(a) Healthcare system funds shall be accounted for by the director of finance in a separate internal service fund called the Healthcare System Fund. All payments made by the city to the healthcare system fund and such other payments that are made to the fund on behalf of the city and the city's employees and retirees, all contributions made by the city's employees and retirees electing to enroll in the healthcare system, and all other money or property that lawfully becomes part of the fund, together with the income, gains and all other increments shall be held, managed and administered in accordance with Section 2-1390.

(b) It shall be impossible by operation of the healthcare system for any part of the corpus or income of the system, or any funds contributed to the system, to be used for or diverted to purposes other than the exclusive benefit of any city employee or retiree who is enrolled in the healthcare system, prior to all obligations having been satisfied.

Secs. 2-1394—**2-1395. Reserved.**

Section 2. That Section 2-1302, “Administration of Workers’ Compensation Law,” and Section 2-1304, “Authority of city attorney to settle claims,” is hereby amended by repealing and replacing it with a new section of like number and subject matter, said section to read as follows:

Sec. 2-1302. Administration of Workers' Compensation Law.

(a) *Establishment of the board.* There is established the workers' compensation board for the purpose of overseeing the city's workers' compensation program

(b) *Membership.* The board shall consist of the Kansas City members of the Healthcare System Board, or any successor board. The members shall select a person to serve as board chair and vice-chair and any other officers deemed necessary by the board. All terms of board members shall be the same as their terms serving as members of the Healthcare System Board, or any successor board.

(c) *Rules and regulations.* The board may create rules and regulations which are consistent with applicable law and pertinent to carrying out the board’s responsibilities. Applicable provisions of any collective bargaining agreement shall be considered when adopting rules and regulations. Such rules and regulations shall be filed with the city clerk.

(d) *Reporting.* The board will report to the mayor and city council at least annually on the operation of the workers' compensation program, including but not limited to numbers and types of injuries and financial impacts including medical payments and settlement of claims. This report shall be a holistic review of the program, including, but not limited to, direct and indirect costs and savings, such as savings that may be experienced by safety and training programs, and other operational actions such as return to work programs. The city attorney, director of finance, and director of general services shall provide relevant information to the board for inclusion in its report.

(e) *Third-party administrator.* The board shall select a third-party administrator for operation of the workers' compensation program. The board shall issue a request for proposals (RFP) for a third-party administrator no less than every four years.

(f) *Benefits Provider.* The board shall select a benefits provider for the workers' compensation program. The board shall issue a request for proposals (RFP) for a benefits provider no less than every four years.

(g) *Staff.* The city manager will provide necessary staff to the board, including appropriate administrative personnel to assist the board with conducting its meetings and maintaining records of the board, procurement staff, financial services staff, and operational staff to perform day-to-day tasks to properly monitor the work of the third-party administrator. The city attorney or an assistant shall attend meetings and provide legal services to the board.

Staff will remain part of their assigned departments.

Sec. 2-1304. - Authority of city attorney to settle claims and determine compensability.

The city attorney may adjust, settle or compromise any action, cause of action, account, award, claim, claim for compensation, death or funeral benefit, demand, dispute, disability rating, request or demand for medical aid or any other matter in which the city is concerned under the Workers' Compensation Law now existing or which may hereafter arise as provided under section 2-302. The city attorney shall be the final decision maker regarding compensability of claims.

Secs. 2-1305—2-1330. - Reserved.

Section 3. That the Board is directed to and shall convene a meeting within 60 days of the adoption of this ordinance to select a chair and vice-chair, that meet the membership and term limit criteria as outlined in Section 2-1390(a) and (b), to adopt a meeting schedule for the rest of the calendar year to consist of no less than 3 meetings, and to adopt bylaws and any other rules or regulations as are necessary. Upon conclusion of the meeting, the Board shall submit the roster, schedule, and bylaws to the City Clerk.

Section 4. That Ordinance Nos. 180420 and 180775 are hereby repealed.

Section 5. That any funds set aside for creation of a multi-employer self-insured health plan association shall be co-mingled with all other funds in the Healthcare System Fund and be used solely for City healthcare benefit purposes.

Approved as to form:

Joseph A. Guarino
Senior Associate City Attorney