



# **KANSAS CITY MISSOURI**

# Updates to Healthcare System Board of Trustee and Worker's Compensation Board

Committee Substitute  
Ordinance 250133

April 15, 2025

Finance and Governance Committee



# What is the Healthcare System Board of Trustees

- Established in May 2010 with the intention of creating a trust that other government entities would join and then use the buying power to leverage better healthcare costs across jurisdictions.
- In current form it is a city board, not a legal trust, that governs all healthcare benefits for employees
- **Exclusive right**, to:
  - Prescribe the City's healthcare system
  - Determine healthcare benefit plans offered to employees and retirees
- Have **full power** to invest, reinvest funds controlled by healthcare trust. However, the current practice is that the money is held in a separate fund and invested in accordance with the City's investment policy.
- **Engage** investment, safekeeping, advisory, legal and other professional services as the Board deems necessary.

# What is the Worker's Compensation Board

- Established in February of 2017
- Responsible for the supervision of the City's worker's compensation program
- Board shall mirror the membership of the Healthcare System Board of Trustees
- Creates rules and regulations for the administration of the City's worker's compensation program
- Recommends a 3<sup>rd</sup> party administrator to the Council

# Overview of Ordinance Changes

- Updates membership and responsibilities
- Establishes new governance and reporting requirements
- Adds procedural transparency and stakeholder engagement measures
- Aligns investments of funds with current practice

# Key Membership Changes

- No changes to union membership
- Directors of Human Resources and Finance become voting members.
- Councilmembers retain voting rights
- Establishes Term limits
  - Chair shall be limited to serving as the chair for 4 years.
  - Members shall be limited to serving 8 years as an employee and an additional 8 years as a retiree.
    - Exempting Union Presidents so long as they are in their role as Union President, the Director of HR and Finance

# Current Membership Composition

## 11 voting member board

- 2 Local 500 members (1 active; 1 retiree)
- 2 Local 42 members (1 active; 1 retiree)
- 2 Local 3808 members (1 active; 1 retiree)
- 2 unrepresented members (1 employee; 1 retiree)
- 2 Councilmembers
- City Manager or designee

## 2 non-voting members

- Director of Finance
- Director of Human Resources

# Proposed Membership Composition

## 13 voting member board

2 Councilmembers

2 Local 500 members (1 active; 1 retiree)

2 Local 42 members (1 active; 1 retiree)

2 Local 3808 members (1 active; 1 retiree)

2 unrepresented members (1 employee; 1 retiree)

City Manager or designee

Director of Finance

Director of Human Resources



## Other Changes of Note

- Establishes the need for only a simple majority to constitute a quorum.
- Aligns the current practice regarding investments.
- Requires the board to follow City ordinances, process and rules, including procurement.
- Requires an RFP be issued at least every 4 years for a consultant and benefits provider.
- Requires the Board to establish-rules and file them with the Clerk.
- Removes the ability for the Association to be created, putting the money held for that purpose back into the funds used to reduce employee costs related to benefits.
- Clarifies that the City Attorney is the final decision maker regarding compensability of workers' compensation claims.

# Increasing Transparency and Reporting

- Meeting agendas and supporting documents must be distributed to board members five days in advance of meeting to allow for proper review and preparation for meeting;
- Agenda will allow for public comment or questions;
- Requires a set meeting calendar with no less than 6 annual meetings held throughout the year.

# Justifications for Changes

- Ensures effective governance with informed decision-making
- Enhances oversight and accountability
- Increases transparency and stakeholder involvement
- Strengthens financial and actuarial oversight of healthcare system
- Designates time for public comment or questions, as appropriate, during each meeting
- Establishes requirement for communication of decisions to all relevant parties after the meeting

# Questions