

December 8, 2011

INSURANCE TASK FORCE COMMITTEE MEETING

Members Present

Dr. Greg Adkins
Shandra Backens
Steve Bowman
Lisa Brown
Leo Burt
Mark Castellano
Karen Cooley
Dr. Ami Desamours
Marcia Fain
Mike Hamilton
Bonnie McFarland
Jamie Michael
Donna Mutzenard
Tommy O'Connell
Suzan Rudd
Bob Rushlow

Members Absent

Joe Pescatrice, Retiree
Liaison

Others

Jeanne Dozier, Liaison
Board Member
Barbara Crowe
Debbie Durieux
Diane Quiles
Terri Roney
Karen Toro
Karen Whitmore
Glen Volk

The meeting was called to order at 3:32 PM.

Ms. Bonnie McFarland welcomed Shandra Backens back from maternity leave.

Ms. Bonnie McFarland welcomed Ms. Jeanne Dozier as our new Board Member Liaison.

Ms. McFarland shared with the group that she did a presentation at the Board Workshop on Tuesday, December 6, 2011, on the RFI results for the medical clinics. She felt the presentation was positive and provided a lot of good information. As a result, the Board has directed to move forward with an RFP for medical clinics.

The media was at this workshop presentation. When the media published their articles on the presentation, they misquoted her and she wanted to share what she had really said with the group so they would have correct information.

Wink indicated that Dr. Burke said the District could fund the clinics with the \$18 million dollar reserve in the health fund. While there was a discussion on the reserve in the health fund, Dr. Burke, as well as the Board, does know that any discussion of using health fund reserves would need to be discussed at the Insurance Task Force and could not be used without the recommendation of the Insurance Task Force Committee.

The Cape Coral Breeze stated that medical rates had remained flat (no increase) since 2007. Ms. McFarland clarified that the total amount spent had remained relatively flat because as cost have increase, people have moved to less expensive plans and the total number insured has also decreased. Further, the Breeze stated that SDLC could save \$2 million per year on clinics. Ms. McFarland clarified that she was

giving an illustration of the difference in long-term cost between a 9% medical trend and a 4% medical trend.

Approval of Minutes – November 10, 2011

Ms. Bonnie McFarland asked if there were any additions, deletions, or corrections to the Minutes of the November 10, 2011, Minutes. There being no changes to the Minutes, Mr. Mark Castellano made the motion to approve the Minutes of the November 10, 2011, Meeting; Ms. Marcia Fain seconded the motion; motion passed unanimously.

Review of Health Plan Financials

Mr. Glen Volk discussed the health plan financials with the group. October was not quite as good as October last year, but it was not a really bad month. He pointed out that we were probably at a breakeven point.

His estimate of premiums was based on the group's decision to not drop any of the four (4) medical plans. He did not take into account any changes the group may vote to make in the pharmacy piece when doing his projections. Any changes that are made to the pharmacy will have some affect on the increase in premiums. If no changes are made, he is anticipating a 6.8% increase. That percentage will decrease if changes are made.

There was discussion about using some of the reserves to absorb the increase this year in order that employees would have not to pay more for their medical insurance. Mr. Volk informed the group that we currently have about \$28 million dollars in reserve funds. The State requires that we maintain a "safe harbor" of approximately two (2) months of claims, which equals about \$12 million dollars that we must keep in reserves. Mr. Volk further explained that we pay claims in arrears, which causes the reserves to appear higher.

Mr. Volk cautioned that group that when using reserves, it could have an adverse affect at a future date. For example if we used the reserves to fund the 6.8% increase, then next year, if we had a really bad year, we would be faced with increasing premiums to make up for the 6.8% and whatever the trend was at the time. This could result in a rather large increase. He wasn't saying it would happen, but it could happen and he wanted everyone to be aware of it so there would be no surprises.

Dr. Adkins indicated that there was discussions regarding increasing the Board Paid Flex Credits; reducing costs by disease management through the clinics; and by pushing wellness through the clinics.

Health Plan Design

One of the items that we promised to discuss and decide on at this meeting was aligning the calendar year deductible to the plan year. Mr. Tommy O'Connell had requested this change. Mr. Robin MacDonald was to bring back the cost of implementing the change. Mr. MacDonald was unable to make the meeting due to an illness. Mr. Glen Volk spoke on his behalf. The cost to align the deductible (which would be a one-time cost), would be between \$700,000 to \$900,000. For discussion purposes, \$800,000 was used.

There was discussion about how the change would need to be communicated to the employees.

Mr. Tommy O'Connell made the motion to start the alignment of the plan deductible to the plan year effective January 1, 2012, and to use the reserve in the health fund to cover the one-time cost of approximately \$800,000; Mr. Mark Castellano seconded the motion.

Mr. Leo Burt was in support of aligning the plan deductible to the plan year and using the reserves to fund it.

Dr. Adkins indicated that before he could vote on this, he would need to discuss it with Dr. Burke, and that it would then need to be approved by the Board.

Ms. Lisa Brown stated that while she felt it is a good idea to align the deductible to the plan year and fund it with the reserves, she also felt it will not benefit the plan. She feels that the money could be used for wellness incentives through the wellness program which could positively impact claims.

There was discussion about needing to make a decision before we go on Winter Break due to the upcoming open enrollment – time was needed to enter everything into Peoplesoft for open enrollment. Based on Dr. Adkins' statement that he needed to discuss with Dr. Burke first and then it would need to go before the Board, and the fact that the next Board Meeting is not until January, 2012, we would not be able to implement this change for the upcoming year.

Ms. Jeanne Dozier said she felt the Superintendent could present this as an emergency due to time constraints. He would then discuss it with the Board informally, and they could permit the change without having the formal Board Meeting. Dr. Adkins will discuss this with Dr. Burke and hopefully, have an answer for Monday's Insurance Task Force Meeting.

Mr. Tommy O'Connell withdrew his original motion and Mr. Mark Castellano agreed to that.

Dr. Adkins made the motion to reset the deductible effective January 1, 2012 and run it through March 31, 2013 (a total of 15 months, which would align the deductible with the plan year); and to fund it with the health plan reserves (if blessed by Dr. Burke and the Board); Mr. Mark Castellano seconded the motion; the motion passed with 12 voting yes, 2 voting they could live with it.

Dr. Ami Desamours discussed aligning the plan year with the fiscal year. Ms. Suzan Rudd suggested taking steps to make changes – align the deductible with the plan year, and then discuss changing the plan year to align with the fiscal year at a later date.

Plan Design/Pharmacy Options

Ms. Diane Quiles from PrimeMail was in attendance to present the cost savings on the pharmacy changes that the committee had expressed an interest in at the meeting in October.

- Mandatory Mail – this would result in a savings to the plan of approximately \$285,673. Mr. Tommy O'Connell made the motion to implement the mandatory mail; Mr. Mark Castellano seconded the motion; motion passed with 11 voting yes and 2 voting no.
- Mandatory Generics – this would result in a savings to the plan of approximately \$179,908. Mr. Mark Castellano made the motion to implement mandatory generics; Mr. Tommy O'Connell second the motion; motion passed unanimously.
- Limited Pharmacy Network – it was decided to table this discussion until the meeting on Monday, December 12, 2012.

Good of the Order

Ms. Lisa Brown passed out the health appraisal schedule. She indicated that this year we were combining the health appraisals with the open enrollment meetings in hopes of increased participation in both initiatives. Due to changes in the program only plan members can participate in the health appraisals this year.

Ms. Brown pointed out that 9.9% of the employees participated in the wellness programs. For those that participated, their claims were \$1200 lower than those that did not participate. This resulted in approximately \$1 million dollars of savings to the health fund. If we could increase the participation, just think of what could be saved!

Dr. Adkins suggested getting the health advocates more involved in promoting participation.

Ms. Jeanne Dozier suggested advertising though a PSA on the Learn Channel – public service TV.

Mr. Mark Castellano made the motion to adjourn the meeting at 5:40 PM; Ms. Shandra Backens seconded the motion; motion passed unanimously.