

December 12, 2011

INSURANCE TASK FORCE COMMITTEE MEETING

Members Present

Dr. Greg Adkins
Lisa Brown
Leo Burt
Mark Castellano
Karen Cooley
Dr. Ami Desamours
Marcia Fain
Mike Hamilton
Bonnie McFarland
Jamie Michael
Donna Mutzenard
Suzan Rudd
Bob Rushlow

Members Absent

Jeanne Dozier
Board Liaison
Steve Bowman
Tommy O'Connell
Joe Pescatrice,
Retiree Liaison
Shandra Zarina

Others

Debbie Durieux
Terri Roney
Karen Toro
Glen Volk
Karen Whitmore

The meeting was called to order at 3:30 PM.

Ms. Bonnie McFarland noted that this meeting is a continued discussion from the December 8, 2011 Insurance Task Force meeting.

Ms. Karen Toro from Blue Cross Blue Shield handed out updated information on pharmacy program recommendations. Ms. McFarland noted that the initial information given out included overlapped savings information and this new information breaks this out into actual savings amounts for the separate options.

Ms. Marcia Fain noted that Blue Cross Blue Shield did a great deal of work after last Thursday's meeting to compile the requested updated information. The ITF thanked Blue Cross Blue Shield for their hard work.

Limited Network

In reviewing the updated information regarding Limited Network it was discussed that a large savings will be achieved with the implementation of mandatory mail and that the Limited Network choice may cause member dissatisfaction. It was discussed that Limited Network could be tabled and readdressed in 2012 after open enrollment if the ITF wished to do so. Discussion was held about the importance of a timeline for educating employees about Limited Network and implementation of Limited Network after open enrollment.

A motion was made by Mr. Bob Rushlow, and seconded by Mr. Leo Burt to table the Limited Network option and not include it in the April 1, 2012 renewal. The motion passed unanimously.

Quantity Limit

It was reviewed that the Responsible Quantity program is a coverage maximum program that encourages the appropriate, safe and cost-effective use of medication by setting a maximum quantity per month for a medication or supply, following FDA limits and manufacturers' recommendations. It was also noted that exceptions to this limit could be made by a physician if he felt it necessary by completing a form for the pharmacy. Implementation of this program could result in a savings of \$254,323.

Ms. Suzan Rudd expressed a concern about coming between a doctor and their patient. Dr. Adkins noted that following FDA guidelines is a good idea and should be tried. Ms. Marcia Fain noted that using Responsible Quantity could actually be a benefit to employees by helping to lessen the abuse of medications. Dr. Adkins noted that the ITF needs to be a responsible steward of tax dollars and the employees' pharmaceutical plan and that the \$254,323 savings is substantial. Ms. Bonnie McFarland noted that of the \$70,000,000 in claims this year, 20%-22% was pharmaceutical costs. Ms. Suzan Rudd and Jamie Michael both expressed concerns about this option prohibiting employees and their families from obtaining the medications they need. Suzan Rudd stated that they are requesting the interest based process on this issue.

Dr. Adkins stated that if steps aren't taken to manage the program, premiums will continue to rise approximately 9% each year and it is the District's responsibility to not do a disservice to employees by not choosing this option. Dr. Ami Desamours stated that it would be a good idea to try this option and if it doesn't work, make a change during the plan year. She asked Karen Toro if this would be possible to do, and Karen informed her that it would be something that could be changed mid plan year.

Ms. Suzan Rudd noted that they have requested the interest based process on this issue. The ITF moved on to the next option.

NDC Lockout

It was noted that the NDC Lockout is a list of medications that are not covered at all and that this option impacts 226 members. Ms. Marcia Fain noted that there is currently a list of drugs not covered and that this would not be a big change for employees. A motion was made by Ms. Marcia Fain and seconded by Mr. Mark Castellano to approve the NDC Lockout. The motion was passed unanimously.

Ms. Bonnie McFarland informed ITF members that at this point the Mandatory Mail option is approved, the Mandatory Generics option is approved and the NDC Lockout option is approved. The Limited Quantity option has been tabled at the request of SPALC with a request for using the interest based process.

Mr. Glen Volk informed the ITF that with the above approved options, there will be a \$4 million shortfall, resulting in a 5.9% increase in premiums.

Ms. Marcia Fain asked if using reserve funds needed Board approval or if the ITF can approve the use of reserve funds. Dr. Adkins reviewed policy and noted that the funds cannot be used without ITF approval and that the ITF can use these funds to help keep the premium increase down. Dr. Adkins stated that he spoke with Dr. Burke today and that Dr. Burke feels the plan alignment is a good one and that he is supportive of the pharmaceutical changes to offset premium increases in the plan. Dr. Adkins reviewed

the contract governing the ITF and noted that the ITF committee works within the plan. When a new plan is being considered, it must be reviewed by the Board.

Ms. Bonnie McFarland stressed that if the same scenario occurs next year, employees will be looking at a 12% or higher increase in premiums. Dr. Adkins stated that he supports not passing the increase in premiums on to employees this year, noting that this is a temporary measure; that something must be done this year to decrease premiums. Ms. Jamie Michael expressed concerns about using the reserves. Ms. Bonnie McFarland reviewed other options that can be looked at to help decrease premiums in the future such as having employees commit to age appropriate medical screenings, or they would be paying more for their health plan. Smoking cessation plans to help employees quit smoking is another option. She stressed that these conversations must be had in the near future by the ITF.

Mr. Mark Costellano noted that the 6% or 7% of SDLC employees who participated in the wellness plan cost the plan \$1,200 per member less per year than those who did not. He noted that the wellness program is a tremendous asset and utilization by more employees would result in greater savings.

Ms. Lisa Brown asked if the increase to next year's premium wouldn't be closer to 15% rather than 12% when this year's 6% increase and next year's projected 9% increase is taken into account. Mr. Glen Volk agreed, noting that next year's increase could be approximately \$11,000,000, depending on trend and claim experience.

Ms. Suzan Rudd requested data to substantiate the savings resulting from employees participating in the wellness plan. Ms. Lisa Brown stated that she will distribute this information to ITF members as soon as possible. She also noted it is available on the wellness website.

A motion was made by Mr. Bob Rushlow and seconded by Ms. Marcia Fain to use the health fund reserves to cover the increase in premium for the 4-1-12 to 3-31-13 plan year. The motion passed with 12 for and 1 against.

Ms. Bonnie McFarland again expressed the need for steps to be taken to improve the health of employees to avoid a 16% increase in premiums next year. Mr. Volk stated that he shares Ms. McFarland's urgency to take these steps – The ITF must get aggressive and take action and look at every possible option.

Ms. Jamie Michael requested that Blue Cross Blue Shield track the results of the changes for the period of April 1, 2012 through August 31, 2012. Ms. Karen Toro stated that this could be done.

Ms. Bonnie McFarland noted that item 4 on the December 8, 2011 agenda – Use of Reserve (Incentives) - which has not yet been discussed, will be addressed at the January 12, 2012 meeting. She also thanked everyone for their hard work and noted it is wonderful to be a part of such a great group.

Good of the Order

There being no good of the order, the meeting was adjourned at 5:13 PM.

The next ITF Meeting will be on January 12, 2012.