

**THE SCHOOL DISTRICT OF LEE COUNTY  
MINUTES**

**Insurance Task Force Committee Meeting  
HR Community Training Room  
2855 Colonial Blvd. Fort Myers FL**

**Thursday, May 10, 2012**

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Members Present

Shandra Backens  
Ro Bobbs  
Steve Bowman  
Lisa Brown  
Leo Burt  
Mark Castellano  
Karen Cooley  
Dr. Ami Desamours  
Marcia Fain  
Bonnie McFarland  
Jamie Michael  
Donna Mutzenard  
Suzann Rudd

Members Absent

Dr. Greg Adkins  
Jeanne Dozier, Board  
Member Liaison  
Mike Hamilton  
Joe Pescatrice, Retiree  
Liaison

Others Present

Barbara Crowe, Gallagher  
Benefit Services  
Michelle Martin, Brown &  
Brown  
Georgianna McDaniel  
Leanne Migliore  
Cathy Richards  
Terri Roney  
Diane Quiles, Florida Blue  
Karen Toro, Florida Blue  
Glen Volk, Gallagher Benefit  
Services  
Karen Whitmore, Florida  
Blue

The meeting was called to order at 3:05 PM.

**Approval of Minutes – April 12, 2012**

Ms. Bonnie McFarland reviewed the requested amendments to the draft 4/12/12 ITF meeting minutes and asked if there were any other changes. None were requested. Ms. Jamie Michael made the motion to approve the minutes of the meeting. Mr. Leo Burt seconded the motion; motion passed unanimously.

**Review of Health Plan Financials**

Mr. Glen Volk informed committee members that the health plans performed almost exactly the same as last month, with an 85% loss ratio for March 2012. The March 2011 loss ratio was 86.8%. The year to date loss ratio is 87.5% - down in the last 3-4 months.

Results by plan: 118 plan 92% - better than break even. HMO right around 100% - the HMO plan performed poorly all year at 125%. The new plan - 3359 has a good loss ratio of 65.6%. Mr. Volk noted

that the 2012-13 projection which is expected to be around a \$3,255,719 loss is lower than the \$4 million loss previously expected. He was careful to note that the issue of a loss for the next plan year will have to be faced and changes made accordingly.

### **New ITF Member Introduced**

Ms. Bonnie McFarland noted that Ms. Leanne Migliore was attending today's meeting and asked her to introduce herself to the committee, noting that Leanne will be taking Ms. Marcia Fain's place on the committee as she is retiring. Ms. Leanne Migliore introduced herself, noting that she has been at Cape Coral High School since 1981 as a math teacher, and is currently the department chair. Ms. Bonnie McFarland introduced herself to Ms. Migliore and asked the remaining meeting attendees to introduce themselves.

### **District Insurances (Property, Liability, Workers' Compensation)**

Ms. Michelle Martin from Brown & Brown updated the committee on the work she has been doing regarding the Property & Casualty insurance renewal. The current renewal date is July 1, 2012, and they are working to finalize the renewal information and present it to the Board. Ms. Martin noted that she gave an overview to the ITF several weeks ago, and this will be an update to the ITF on the progress that has been made toward a final renewal. She noted that property insurance is 90% of the overall budget. Two new schools are being insured – at \$20,000,000 each for insurance value. Replacement costs have been escalating each year. Technology used to determine insurance value has become more sophisticated by using statistical models. Data is input into a model and the outcome is maximum loss. Schools in the last years have been hit hard and risk is now considered greater. Modeling has gone from a projected \$291 million loss to a projected \$480 million loss. There were \$1 billion in losses in the U.S in the first quarter – January through March. Extensive analysis has been done in this area. She also informed the committee that the Superintendent has requested changing the renewal date to a different date due to hurricane season starting right before the current July 1 renewal date. Renewing at a time other than hurricane season will result in lower premiums. Current premiums are at a little over \$6 million. This year there is a 20% increase. For the same \$75 million limit the premium will be \$7,445,000. They are looking at renewing for a 9 month term so renewal date will be April 1. The estimate for the 9 month policy period is \$7,000,000 – there is no pro-rata rate for the 9 month period. They are looking at this option to see if it makes sense, and are also looking at changing the \$75 million limit and will continue to work on this. Flood insurance rates may change as well. They have currently budgeted in a 5% increase, resulting in a premium of \$483,000 but this may change. Boiler and machinery is at \$21,273. Errors & Omissions is at a renewal premium of \$150,000 and will change to the XL Insurance Co. Student Accident Insurance is provided and does not cost the District and they will be changing insurance companies. Ms. Ro Bobbs noted Lee Memorial has specific requirements regarding this insurance and should be contacted in regard to this. Catastrophic Accident Insurance will have a 5% rate increase. Crime Coverage – Ocean Marine/Pontoon, Fuel Tank Liability and Facility Use – Deposit insurance was also reviewed. The bottom line – last year's premium was \$7,119,002 and to renew the current program this year is \$ 8,462,397. They are working hard to reduce this down to where the ITF and Superintendent would like it to be.

Ms. Bonnie McFarland noted Mrs. Cathy Richards' main responsibility is District Insurance. She also noted that Facility Use Forms are now on line and student accident forms will also be on line for the upcoming plan year.

## **Quantity Limits**

It was noted that the Task Force has previously discussed this option. Further information was requested at the Interest Based meeting. Diane Quiles from Florida Blue discussed with committee members that Quantity Limits is a utilization method used by Florida Blue that limits the amounts that can be prescribed for certain drugs based on FDA and manufacturer guidelines. A handout was given to committee members and Diane Quiles noted that this is a full package offer; individual drugs cannot be added or deleted from this list for this program. The information on the handout was reviewed. Mrs. Marcia Fain noted that one of the questions asked previously was how many members were affected with an appeal. It was noted that this number is very small. Also requested was the number of appeals that were denied. Diane stated she will check on this and follow up tomorrow. Turnaround time on an appeal was discussed – 2-3 days once answers are received from the physician. Procedures are in place to make sure follow-up is done in a timely manner. Discussion was held as to the purpose of the quantity limit program. It is for the safety of patients – these limits are in place because the FDA and the drug manufacturers have determined that only certain amounts of these drugs should be taken due to side effects and risk of death. Ms. Suzan Rudd noted that an informed decision cannot be made without hearing from a practicing physician who prescribes medication so it can be explained as to why a physician would prescribe more than the recommended amounts. Ms. Rudd also reminded the committee that the SPALC Union had requested Interest Based Bargaining on the issue of Quantity Limits. Ms. Diane Quiles noted that physicians should be trusted, however some do get into the habit of prescribing certain amounts of drugs, and it is important to trust the manufacturer's recommendations for these drugs. It was noted that oncology drugs are on the list and the ITF was told cancer drugs would not be included. Diane Quiles stated she will look into why this drug has been included.

Ms. Bonnie McFarland informed the committee that the purpose of discussing Quantity Limits at today's meeting is for information only. Diane Quiles is here for the purpose of coming back to the committee with the additional info that was requested. The ITF will go back to the Interest Based process to make the final decision on the utilization of Quantity Limits.

## **CHIP Training Update**

Ms. Lisa Brown informed the committee that she went to a CHIP program training in April. CHIP stands for Complete Health Improvement Program. This program is designed to prevent, arrest and reverse many chronic health conditions including heart disease and has been around for many years. It is a lifestyle intervention program comprised of 16 total lectures. The program consists of about 40 hours of instruction explaining the science behind the lifestyle changes. The other component of the class is preparing the foods we should be eating. There have been 50,000 graduates so far throughout the US. The results of this lifestyle change include a reduction in health risks including cholesterol levels, glucose, blood pressure, body weight and often times a reduction in medication usage at the direction of the participant's physicians. Lisa noted she is very excited to bring this program to the District. Clinical data will be kept so clinical outcomes can be measured. Lisa noted that there is a cost to the program. She is hoping to subsidize these costs through the wellness program. The cost to each employee is \$175.00 for the entire program – exactly the same price as Weight Watchers – and there is no comparison between the CHIP program and Weight Watchers regarding the quality of information provided and the documented return on investment.

Cost savings vary for different participants depending on morbidity profiles. Due to this, the ROI varies as well, ranging from 0.4 to 12.4 the first year and from 2.6 to 25.9 in year 2. Lisa will be working with someone who is already teaching these classes and will be teaching the classes herself here at the District. Ms. Bonnie McFarland noted there will be incentives offered to attendees for completing these classes.

### **Major Project Status**

Ms. Bonnie McFarland reviewed with ITF members that there are currently two RFPs out. Insurance & Benefits staff has been responding to questions from the vendors. 4-5 vendors have submitted questions for the Clinic RFP and 3-4 vendors have submitted questions for the Disability RFP. The Clinic RFP return date is 5/24/12 and bids will be open that afternoon. Meetings will be scheduled. The Disability RFP is due back 5/22/12. A meeting is scheduled for 6/12/12 to analyze info. These are public meetings and are advertised. The subcommittee meetings of this ITF committee must be advertised as well. Ms. Bonnie McFarland asked members to direct any questions from vendors to Susan Malay in procurement. Ms. McFarland noted we are under pressure to generate a lot of RFPs, and she is questioning the sustainability of the amount of RFPs being assigned.

### **Strategic Health Plan Mgmt. Committee Update**

Ms. Bonnie McFarland stated that the purpose of the Strategic Health Plan Management Committee is to take an overall look at the healthcare plan and design a new one to bring to the ITF for potential implementation. At this point, due to other requests for RFPs, the redesign of the healthcare plan is not sustainable. These committee meetings will be placed on hold and the committee will reengage on this matter at another time.

### **Benefits Broker/Consultant/Actuary RFP**

Ms. Bonnie McFarland informed the ITF that she has been directed to produce an RFP for broker/consultant/actuary services. She noted that we are currently working on the Clinic RFP, the Disability RFP, now the Consultant/Broker RFP, and possibly a dental RFP.

Ms. Jamie Michael noted she is very disappointed that we have to do a Consultant/Broker RFP as Gallagher has always done a good job for us. Ms. Suzan Rudd stated she knows of a School District that has had a great deal of issues with their Consultant/Broker and this District is fortunate to have Gallagher working for them. Mr. Mark Castellano and Ms. Donna Mutzenard stated they have a meeting with the Superintendent in the near future and will discuss this issue with him.

### **Good of the Order**

Mrs. Lisa Brown noted that expectations of what is expected of employees and what they can actually get done in a day seems to be unrealistic and seems to be getting worse. There is no time to do your regular job and do it well.

Ms. Bonnie McFarland noted that the decision to delay the redesign of the healthcare plan was made with a heavy heart. The health plan is 70% of the money spent on employee benefits. The demand on the Insurance and Benefits Department and the ITF to produce and evaluate multiple RFPs is delaying the work on the health plan, which could save the District money.

Ms. Bonnie McFarland noted it will be necessary for the ITF to meet over the summer. The possibility of meeting at 10:00 a.m. for the June and July meetings was discussed. It was noted that the August meeting will be the first month the committee meets on the 3<sup>rd</sup> Thursday of the month instead of the 2<sup>nd</sup> Thursday of the month.

Ms. Suzan Rudd asked for more information about the Broker/Consultant RFP and asked if the ITF is going to be involved in the process. It was noted that the contract with Gallagher is an annual contract running from January through December. Ms. Rudd stated she feels the ITF is getting outside influences and no longer controls the issues they used to. She is very pleased with the work Gallagher has done and doesn't understand why, if the ITF is supposed to be a huge part of the process, the decision is being made to do an RFP. Ms. Rudd asked if the ITF can vote to retain Gallagher. Ms. Bonnie McFarland stated she would be more than happy to schedule a meeting with the Board and the ITF if they would like to meet with them. Mr. Mark Castellano and Ms. Donna Mutzenard noted that they are meeting with the Superintendent next week and will discuss their opinions on this with him at that time.

Ms. McFarland shared the good news that the Insurance and Benefits department has been working very diligently to redesign their website with the idea to make it easier to navigate. She described the new website design to committee members, noting that there is an ITF bar that will take users to a new ITF page. The archived ITF meeting minutes will be on a separate page. Ms. Karen Cooley noted that Ms. Karen Whitmore's BCBS helpful hints will also now be on the website.

Mr. Mark Castellano noted that outgoing member Ms. Marcia Fain deserves a standing ovation for her contribution to the ITF and she received one.

### **Adjournment**

A motion was made by Ms. Jamie Michael seconded by Mr. Mark Castellano and unanimously carried to adjourn the meeting at 4:49 p.m.

The next Insurance Task Force meeting will be Thursday, June 14, 2012 at 10:00 a.m.