

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, July 19, 2012

Members Present

Dr. Greg Adkins
Ro Bobbs
Steve Bowman
Lisa Brown
Leo Burt
Mark Castellano
Karen Cooley
Dr. Ami Desamours
Bonnie McFarland
Leanne Migliore
Donna Mutzenard
Tommy O'Connell
Suzan Rudd
Rita Zazzaro

Members Absent

Shandra Backens
Jeanne Dozier, Board
Member Liaison
Jamie Michael
Joe Pescatrice, Retiree
Liaison

Others Present

Georgianna McDaniel
Terri Roney
Karen Toro, Florida Blue
Karen Whitmore, Florida
Blue

The meeting was called to order at 1:04 PM.

Approval of Minutes – June 14, 2012

Ms. Bonnie McFarland reviewed the draft 6/14/12 ITF meeting minutes and asked if there were any additions, deletions or corrections. None were requested. There being no changes to the minutes, Mr. Mark Castellano made the motion to approve the minutes of the meeting. Mr. Tommy O'Connell seconded the motion; motion passed unanimously.

Clinic Funding Sources

Dr. Ami Desamours discussed the 711 fund, the health insurance fund, noting that the Board has been talking about the Employee Health Clinic and that we are in the middle of the Clinic RFP process at this time. Dr. Desamours informed ITF members that the Board and the Superintendent had a brief discussion on how the clinic would be funded. She stated that if the Board chooses to approve the clinic, they discussed that the health insurance fund would be a viable option for funding the clinic, and asked ITF members if they had any questions in regard to this. Mr. Leo Burt noted this would greatly affect the reserve amount. Dr. Desamours noted it would be important to notify the Board if the reserve got low and couldn't fund the clinic. Dr. Greg Adkins noted that a large reserve could be a target by the auditors.

At this point Ms. McFarland asked Mr. Glen Volk to review his financial reports. Mr. Volk informed the ITF that certain funds are earmarked for liability, based on reporting. Currently, there is a \$38 million surplus after those funds are set aside. The District should have 60 days of claims set aside – or \$5 to \$6 million. Mr. Volk noted there is a danger in going too low in the reserve, but at this point there is extra money in the reserve. Ms. Suzan Rudd noted that in the past, if the reserve was large, the option of lowering the premiums to the employees was considered. If the funds are used for the clinic, they won't be available for this purpose. Ms. McFarland noted it is not inconceivable for claims to go higher than anticipated. Mr. Mark Castellano noted that if the clinics are successful, employees should save money. Ms. McFarland stated that the ROI on clinics is a long term investment. Money is lost the first year the clinic is open. ROI information from currently operating clinics show about a 4 year time period before money is saved. Mr. Castellano noted that employees can save money by using the clinic and saving copays. Clinics offer primary care services only – not specialist services. Dr. Desamours noted that the clinic is not intended to take the place of any health plan, but an additional option for healthcare. Ms. Suzan Rudd asked what type of accountability would be given to the task force as far as what the money from the reserve is spent on should that money be used to fund the clinic. Dr. Desamours noted that it is possible to have very detailed reports in this area. Ms. McFarland noted that this could be reported on a monthly basis.

Ms. Rosemarie Bobbs asked if this is a wellness clinic or a health clinic. Dr. Desamours noted that it is an employee health clinic, to be used for illnesses and overall employee health. Mr. Mark Castellano noted the clinic will motivate employees to be healthier.

Ms. Bobbs asked if plan design changes could be made instead of creating the employee clinic to save the employees money. Ms. McFarland answered plan design changes are an option.

Ms. Rita Zazzaro asked if there is information on other districts with clinics and if so how has this affected them. Ms. McFarland informed the group that one group has been extremely successful with an employee clinic, one got out of the clinic – changed their minds and closed it down, and another is at a \$30,000 deficit and is about to break even this year. It depends on the district – each case is different.

Ms. Lisa Brown discussed costs of the clinic with the ITF committee and noted that the range of costs in the proposals received is \$1.3 million to \$3 million for one clinic for one year, which doesn't include start-up costs or build-out costs. Ms. McFarland noted that a lot of work is being done to line up the clinic proposals apples to apples to compare them. It is a very big process. Ms. Donna Mutzenard noted the clinic RFP is very complicated and difficult.

Dental Insurance Discussion

Ms. Bonnie McFarland informed the ITF Committee that there has been continued discussion at the Board table regarding dental insurance and stated the ITF Committee made the recommendation to the Board to use Humana. Ms. McFarland asked committee members if they could provide any feedback regarding Humana. One committee member shared that his personal experience has been good. With the previous insurer he had to pay, with Humana, he didn't have to pay anything. His dental office told him Humana is very easy to deal with. His dentist is not in network with Humana and wasn't in network with Delta Dental. Another committee member noted that his dentist office told him that the change to Humana was no problem at all.

Ms. McFarland noted that the Board is discussing going back to an RFP if there is dissatisfaction with Humana. Ms. Donna Mutzenard noted that their office has had no calls or complaints in regard to Humana. The recent dental survey was discussed. Another member stated she used her dental insurance and had no issues in finding a great dentist through Humana. She did note that for one service her son needed, Humana told them it was covered, and after the service was done Humana said it wasn't covered. She will contact Humana to straighten this out and is paying less out of pocket than with Delta Dental. Ms. McFarland informed her that Humana has an on-site rep in the Insurance & Benefits office on Wednesdays and Thursdays. Another member stated her dentist is out of network but she still paid no charge. People she talks with have told her that they are paying less out of pocket with Humana for services with an out of network dentist than with Delta. She is pleased with Humana.

Ms. Lisa Brown noted the survey should be sent out to only the employees who have Humana now and have used it. This would provide a more accurate picture of employee satisfaction. Ms. McFarland asked what the ITF Committee's feelings are about having another dental RFP. The consensus was to give Humana some time to see how they perform before making another decision to have another RFP.

Ms. Georgianna McDaniel discussed the possibility of another dental RFP with ITF members.

A motion was made by Mr. Tommy McConnell and seconded by Ms. Rita Zazzaro to vote that the ITF Committee is not in favor of doing another dental RFP and that the ITF Committee is in agreement to giving the current process a year to see how Humana performs. The motion passed unanimously with a vote of 13 - 0.

Announcement from Dr. Adkins

Dr. Adkins informed the ITF members that he is transferring to a new role as the East Zone Executive Director starting August 1st. He will be working with teachers, students and parents and is excited about the change. He noted that Mrs. Georgianna McDaniel is handling HR at this point. Dr. Adkins will continue on as chief negotiator for the district and will handle Race to the Top. Mrs. McDaniel will handle everything else, as she has been doing since March 1st. Dr. Adkins informed the group that he feels it is time for him to step down from the ITF committee and that Mrs. McDaniel should be appointed as a voting member of the ITF committee. This will be his last meeting. He has really appreciated being a part of this hardworking committee. There is no other district in the state of Florida that has a committee like this. He can step back and turn the reigns over to Ms. McFarland and Mrs. McDaniel with confidence.

Review of Health Plan Financials

Mr. Volk reviewed that April was a bad month at almost a 100% loss, and May was back down to just under 85%. He reviewed results by plan, noting plans performed very consistently. The 3359 plan is doing very well, the 702 has a poor loss ratio and this will continue. The month itself was good. He reviewed his report to the state with committee members. Mr. Volk reviewed the current month's data noting a loss of \$600,000 for the last year. He also noted we got the approval letter from the state and are showing a surplus of 38.4 million dollars, roughly 7 months of coverage. We originally thought we would need \$4 million to cover the no raise in rates; it is closer to 1.3 million. There was discussion regarding the Health Plan Forecasts that Glen submitted. Mr. O'Connell asked how many plans are offered to employees by most businesses the same size of this District, and stated that he is in favor of the clinics but

also feels the surplus revenue should be used to lower premiums. Mr. Volk noted a lot of businesses offer three or four plan. He also stressed there is always the potential to have a bad year and we must be careful to keep enough in reserves to cover that.

Ms. Lisa Brown noted that the concern about the big jump in claims should be tied to behaviors that control the jump. She would be in favor of using reserves to give employees an incentive for utilizing health options. Ms. Suzan Rudd stated that Board members see the reserve as theirs to spend and this money should not be spent by the Board but given back to the employees in some fashion.

Dr. Desamours noted that over 50% of the employees are on the 3359 plan and 30% are on the 117 plan, both of which don't require an additional contribution from the employee. Family coverage is a place where there is potential for savings – decrease the cost for family coverage and more families would utilize it and normally children are healthy but there is potential for revenue in this area.

Ms. McFarland noted we are on the cusp of beginning to talk about plans for next year. Decisions will be made during the next few meetings. Today's discussions – including Dr. Desamours' points and Ms. Brown's incentive idea are very important and we should hold onto these ideas. Ms. McFarland noted that if an ITF member has a data request, please request it and be prepared for discussion at the next ITF meeting in August.

Ms. Leann Migliore discussed incentives, noting that premiums will drop if health screenings etc. are done and asked if premiums be lowered for a one time situation only and then go back regular premiums. She agreed that the reserve should go back to the people paying premiums. Teachers are concerned about the cost of covering their children on the district's insurance. Bonnie noted that any reduction in premium has to be handled cautiously so when it does go back up it wouldn't be a huge shock to employees.

It is important to have the discussion about next year's plan before the decision about the clinic is made. Mrs. McDaniel stated that if we kept a fixed amount of \$30 million in the reserves – twice the amount the state requires – then there would be money in the reserves that could be used to reduce premiums for next year. This could be based on a formula. Ms. Mutzenard noted that this was done on a formula basis in the past, and was successful. Ms. Bobbs noted that many employees do not make enough money to pay for their health care – it takes a back seat. The way to help them is to lower their premiums so they can afford to eat and get healthier, not by building a new clinic. They cannot make it on their salaries and we need to make their insurance more affordable. She feels that we should look at reduced costs for dependent coverage.

Ms. McFarland noted that incentives that Mrs. Brown is talking about would be available to all employees whether they have health insurance or not. The incentives would be used to incentivize them to live healthier and participate in nutrition and exercise classes.

Ms. McFarland will work with Mr. Volk about what they want to bring to the committee next month.

Ms. Suzan Rudd noted that if there is surplus money, she would rather see premiums reduced to lessen the burden on the employees rather than incentives. This would be more effective. She is concerned about the yoyo effect as it is detrimental to employees moral. They cannot emotionally tolerate the yo-yoing of premiums.

It was noted that only 20% of our employees cover any type of dependent. 80% have employee coverage only. There was a discussion about how many employees would actually add dependents if the rate was lowered. Ms. Bobbs noted the figure for covering dependents is at 20% because employees can't afford it. Ms. McFarland noted the point at which different employees would add their dependents is different, depending on their financial situation and it is difficult to know if that would be effective or not. We need to be purposely conservative.

Ms. Bobbs asked if there is a reason why there can't be different premiums for different numbers of children. Ms. McFarland stated there are a number of ways to break down tiers – if you change it, it negatively affects the people who have 6 children and helps the employee who has 1 child. There are other options out there, but there are pros and cons to all of them.

Ms. Rudd noted the committee worked very hard to tier the plans so that the plans with children were self-supporting, as employees without children couldn't subsidize the employees who have children.

Mrs. Karen Whitmore discussed using incentives and reimbursements, noting that all plans have a 0 copay for physicals if they see their family physician. And 0 copay for generic drugs. Employees should utilize this as much as possible.

Mrs. Lisa Brown asked the ITF if it would be hurtful or helpful to require employees to see their family physician for a free annual physical and/or completing an HRA. Ms. Rosemarie Bobbs said as long as nothing else came out of their pocket it would be a win/win situation.

Ms. Rita Zazzaro noted that the HRA has to be done the prior year in order to get the reduction the following year.

Ms. Rudd said SPALC would have to think about that very carefully – before giving an answer on incentives tied to seeing their family physician.

Ms. McFarland stated that she appreciates everyone's input today.

Federal Health Care Discussion

Ms. McFarland informed ITF members that The Supreme Court upheld the ACA – Affordable Care Act – and Karen Toro from Florida Blue has prepared a document to tell us how that ruling impacts the health plan of The School District of Lee County.

- Ms. Toro noted that not every group is the same. When the decision came down, there was an option to opt out and continue with their grandfathered plans.
- The School District of Lee County's plans are not grandfathered. The plans the School District of Lee County have provide a wellness check-up at no cost.
- There is no pre-existing for children on the plan. Lifetime maximums no longer apply.
- Regarding the cost for emergency room visits – you pay the same amount in an emergency room whether in network or out of network
- Dependents – The School District of Lee County's plans cover dependents up to age 30.

Karen Toro noted that all of the above are things that SDLC already does.

Ms. Toro also informed ITF members of the following changes

- The maximum on ambulance allowance will increase from \$5000 to \$5500.
- TASC – maximum in a flex spending account is currently \$5000 and will decrease to \$2500. This will be a big change for us. Over 200 employees now have over \$2,500 – and they won't be able to do this next year.

Karen Tore also noted a change for Florida Blue – a new obligation for 2013 will be to provide more clear concise benefit summaries. A template was shared with the committee.

Ms. Toro also discussed the following changes:

- For 2013 – employers must provide a w2 that provides the value of employer-provided health coverage. Rita Zazzaro noted that payroll is aware of this change and are working on it now.
- Information on new health insurance exchanges that will become available in 2014 will need to go out to employees – this will be the responsibility of the employer, not the health insurance companies.
- Employers with more than 200 employees must automatically enroll new fulltime employees – we already do this.
- An expansion of the affordable care act for women – all contraceptives will be free.
- CER fee - self-insured groups have to pay this fee to the IRS to fund research to assist members and providers in making smart decisions regarding the care of the individual. This fee will be \$1 multiplied by the number of lives covered under the plan for 2012, and \$2 for 2013.

Major Project Status

The major project status was updated. Ms. McFarland reviewed the updates, noting they are still working on the Clinic RFP, the Disability RFP went out last week, and the Broker RFP is still being worked on.

Good of the Order

Ms. Lisa Brown handed out a case study from the state of Nebraska with 4 plans like the District's. She noted that they did not open a clinic, but encouraged employees to live healthier to reduce health plan premiums. She asked ITF members to read the case study for discussion at the next ITF meeting.

Ms. McFarland reminded ITF members that articles from SHRM - Society for Human Resource Management were attached to today's meeting agenda. She asked members to please read the articles – which include information specific to high deductible health plans and HRAs – Health Reimbursement Accounts. She noted that there will be a discussion with SPALC regarding HSAs and allowing these conversations. Ms. McFarland informed the ITF that a High Deductible Plan is partnered with a health savings account. The maximum deductible is \$2500 and the health savings account gets funded by the employer and the employee if they so choose and the health savings account is the employee's money. If they don't use it and spend it on qualified medical expenses it is tax free. It is similar to a 401K but instead of being spent on retirement it is spent on health expenses.

Ms. McFarland noted that the next meeting will be a long one – today's discussions indicate that this group wants to make some changes to the health care plans. It is important to come back to the next meeting having read the materials – the SHRM articles and Lisa's case study and be prepared for discussion.

She stated that if any member has additional information they would like to have considered at the next meeting, to please send it to Terri and she will send it out with the agenda for the next meeting

Adjournment

A motion was made by Mr. Tommy O'Connell seconded by Ms. Karen Cooley and unanimously carried to adjourn the meeting at 3:07 p.m.

The next Insurance Task Force meeting will be Thursday, August 16, 2012 at 3:00 p.m.