

**THE SCHOOL DISTRICT OF LEE COUNTY  
MINUTES**

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

**Monday, October 1, 2012**

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Members Present

Shandra Backens  
Ro Bobbs  
Steve Bowman  
Lisa Brown  
Leo Burt  
Karen Cooley  
Dr. Ami Desamours  
Georgianna McDaniel  
Bonnie McFarland  
Jamie Michael  
Leanne Migliore  
Donna Mutzenard  
Tommy O'Connell  
Joe Pescatrice, Retiree  
Liaison  
Suzan Rudd

Members Absent

Mark Castellano  
Rita Zazzaro

Others Present

Jeanne Dozier, Board  
Member  
Terri Roney  
Karen Toro, Florida Blue  
Dick Klima, Aon Hewitt  
Ken Perry, Aon Hewitt  
Debbie Poole, Aon Hewitt  
Ellorine Jerhun, Aon Hewitt

The meeting was called to order at 3:02 PM.

**Aon Hewitt Introductions**

Introductions were made between Ms. Debbie Poole, Mr. Dick Klima, Mr. Ken Perry and Ms. Ellorine Jerhun from Aon Hewitt - the District's new broker/consultant/actuary effective 10/01/12, and the ITF members.

**Approval of Minutes – August 16, 2012**

Ms. Bonnie McFarland reviewed the draft 8/16/12 ITF meeting minutes, noting one change on page 5, and asked if there were any further additions, deletions or corrections. None were requested. There being no other changes to the minutes, Ms. Donna Mutzenard made the motion to approve the minutes of the meeting. Ms. Shandra Backens seconded the motion; motion passed unanimously.

**Review of Health Plan Financials**

Ms. Bonnie McFarland reviewed the health plan financials, noting that August's loss ratio was 94.5%, and the year to date loss ratio is 95.8%. Ms. McFarland noted that paid claims are up 5.4% from last year, and an increase in the loss ratio is expected. It was noted that the 117 Plan had a very good month with a

72% loss ratio. She noted the projected loss is at \$1 million, and stressed that a \$7-8 million loss is projected for 2013-14 if no benefit or contribution changes are made.

Ms. McFarland noted that the above information came from Mr. Glen Volk at Gallagher Benefit Services, Inc., and this is the last information he will be providing the District as actuary. Ms. McFarland also noted that Mr. Volk asked her to express his gratitude to everyone he has worked with over the years.

### **Discussion Regarding Regularly Scheduled ITF Meetings**

Ms. McFarland informed ITF members that SPALC has informed her that the third Thursday of the month as the date for ITF meetings no longer works for them due to scheduling conflicts. They stated that the first Thursday of the month would be an option. A member of the ITF expressed a concern about multiple requests from the same group for the date for the ITF meetings to be changed. Discussion about conflicts with the first Thursday and other possible dates was held.

As some SPALC members were not yet in attendance at this meeting due to their attendance at another meeting prior to this one, Ms. McFarland determined to move on to another topic and revisit this topic at the end of the meeting.

### **2013-14 Medical Plan Design**

Summary sheets for the District's current medical plans and proposed medical plans were handed out to ITF members. Ms. McFarland informed ITF members that the District currently has 4 plans on 3 networks and that this creates confusion for employees.

The goal in redesigning the plans is to get the plans on one network – the two new plan designs are both on the Blue Option network, and both plans have the same participating doctors. This is the same network as the current 3359 plan with 50+% of employees. Blue Cross Blue Shield sent 27 plan designs to Ms. McFarland. She and members of her staff went through the plans and picked out the best of the best by eliminating those that contained things the District is not looking for. The group of plans was narrowed down to 8. Premium costs were looked at for these 8, and they were narrowed down to the two being put before the ITF at this time.

Mrs. Karen Toro explained what the network means for the different plans. Ms. McFarland noted that an additional confusion for employees is that the different plans operate differently by offering different ways to reach the out of pocket maximum. Ms. McFarland also informed the ITF that over 50% of employees are enrolled in the 3359 plan, and a little over 30% are in the 117 plan. Of the other 15%, the bulk are in the 702 plan and a small percent, about 1% are in the HMO. It was noted that the exact figures are in the financials.

Mrs. Suzan Rudd and Mrs. Jamie Michael arrived at 3:30 p.m.

Mrs. Karen Cooley noted that most employees are in the 117 or the 3359 plans due to the fact that the Board pays for these plans. Mrs. Karen Cooley reviewed that under the 117 plan, the \$500 deductible must be met, then the plan pays 80%, and the employee pays 20% up to the \$2000 maximum. Under the 3359 plan, there is a \$2,500 out of pocket maximum, which includes deductibles and copays.

Preventative is the same on both plans – \$0 copay for well visits, mammograms, and well child visits and pharmacy benefits are exactly the same on both plans.

Mrs. Georgianna McDaniel recapped that the ITF will be looking at plans that will closely match the needs of the 80% of employees that are currently in the 117 and 3359 plans.

The two new proposed plans were reviewed. Mrs. Karen Cooley explained that the two plans are both Blue Option plans, which are like the 3359 plan. Everything you pay in deductibles and copays goes toward your out of pocket maximum. On these two new plans, there is a copay for specialists. You do not have to meet your deductible first. You pay a copay amount of \$60 or \$85. These two plans are very good for employees as they only pay a copay to see a specialist. Allergy injections under these plans are at a \$10 copay. Also added under both plans is Urgent Care Facility at an \$85 copay. This will help as employees won't have to go to the emergency room and pay the \$300 copay. Karen Toro noted that if you are at an Urgent Care and you are having a real emergency, 911 will be called. For a cut needing stitches, Urgent Care would be appropriate.

Ms. Bonnie McFarland noted that to keep the current medical plans, the required rate action is 10%. At a 10% rate increase, none of the current plans would be below Board contribution. That is why two new plans are being proposed.

Mrs. Karen Toro informed ITF members that the 3769 plan and the 5773 plan are both Blue Options plans. The network for both is Network Blue. The 3769 deductible is \$500; the 5773 plan deductible is \$1,000. Individual out of pocket maximum for the 3769 plan is \$3,000 and the individual out of pocket maximum for the 5773 is \$4,000. She stressed the importance of using in-network physicians. After the deductible is met, the plan pays 80%, the employee pays 20%. The good thing with these plans is that when employees go to the doctor, they pay a copay. Employees are most comfortable when they know the dollar amount they will owe for a doctor visit. It is easier for them to make the decision to go see a specialist if they need to. All wellness visits are covered at 100% on both plans. It was noted that the 5773 plan has a per admission deductible (PAD) of \$300 for inpatient hospital services. This amount would be paid by the employee for each separate admission to the hospital. Therapies on both plans would be paid with a copay, and there is a \$0 copay for behavioral health services. Pharmacy benefits will remain the same as they are currently.

Premiums for the current plan year, the renewal of current plans and the proposed new plans were reviewed. The premium for the 5773 – employee only - would be \$511.92, at no cost to the employee. The premium for the 3769 plan – employee only – would be \$545.40, with an approximate cost of \$14 per month to the employee, or \$7 per check.

Ms. McFarland noted that if the current 4 plans were kept, all plans would be at an additional cost to employees.

Mr. Dick Klima from Aon Hewett explained that all of the plans, new and current are healthcare compliant. Any reform would apply to the plans we currently have and the proposed plans.

Dr. Ami Desamours asked about assumptions for the proposed plan, and dependent care plan options, noting that employees don't utilize the employee/children plans as they are too expensive.

Mrs. Georgianna McDaniel noted that the Board contribution may want to be addressed before we leave today, and that they could change in the future.

Ms. Bonnie McFarland noted that the assumption between the two plans is a 50/50 split, assuming half would enroll in one plan and half in the other, and that the plan revenue would cover expenses. She also noted that Child/Children coverage creates a higher expense for children coverage. The decision was made a number of years ago to break the child/children rate, which had an upward impact. The other challenge with child coverage is that in lowering the rates in one area, you have to raise another area to offset lowering the rates.

Mr. Dick Klima noted that so few children are enrolled in the District's plans as there is competition with KidCare, which might be a better option. If the rates were lowered, the risk could get worse. Dollars would have to be added to maintain the plans integrity. It would take a year to track this. His experience in other districts is that if the child rate is lowered, you don't see a jump in enrollment.

Mrs. Suzan Rudd expressed concerns that we are morphing our plans to BCBS plans rather than tailoring our plans to our employee's needs. Part of the benefit of being self-insured is that plans can be tailored to employees. Mr. Dick Klima noted that self-insured plans are now subject to the same federal mandates as fully insured plans. This is a change from the past when mandates usually only applied to fully insured plans.

Ms. Bonnie McFarland noted that the Insurance & Benefits department has started working on open enrollment. Informational meetings have been scheduled and a communication strategy for all of this new information is being planned. As this is technical, heavy information for employees to understand, Blue Cross has been asked to provide some of those meetings in Spanish as a service to employees.

Ms. McFarland also noted that prescription coverage on the new plans will be the same as the current plans, and that it is being discussed to add an HSA not this year, but next.

It was noted that if the current HMO plan was kept, premiums for that plan would have to go up approximately 23% - 30%.

Shandra Backens made a motion to eliminate the four existing current plans and replace them with the two proposed plans at the proposed rates for the 2013-14 plan year. Donna Mutzenard seconded the motion.

Dr. Ami Desamours noted that she wants to be sure the two proposed plans contain the benefits employees want. She also commented on plan experience – noting that premiums were held steady, yet the fund balance continues to go up.

Ms. Bonnie McFarland shared that the straight loss ratio is the premium divided by claims; however the plan also has expenses in addition to claims. Ms. McFarland referenced page three (3) of the actuarial analysis provided by Gallagher and noted that the projected plan loss for the current plan year is \$1.3M. If no changes are made to plan designs or contributions, the plan loss is projected to be \$11 million with a 109% loss ratio for 2013-14.

Mrs. Karen Cooley noted that concerns from employees and new hires were taken into consideration when looking at plan design for 2013-14. Differences in how to reach the maximum out of pocket is confusing to them.

Mr. Tommy O'Connell left the meeting at approximately 4:55 p.m.

Mrs. Suzan Rudd noted that she is concerned about making a decision too quickly. Ms. Bonnie McFarland asked what would be gained by additional time, noting that time is critical in making the decision and asked if Mrs. Rudd had any specific concerns. Mrs. Rudd stated that she didn't – and realizes that the current plans are not going to carry their own next year.

Dr. Ami Desamours stated she would like to see more analysis on the premiums themselves and information on the premiums for child coverage.

Karen Toro noted that the education piece of getting the information to employees about these new plans is important. Mrs. Jamie Michael noted that we are also currently looking at an employee clinic, and Dr. Ami Desamours noted that perhaps instead of spending money on the clinic, we spend it on health plans.

Ms. Ro Bobbs asked if there is a better plan out there for employees to help them save money on premiums. Mrs. Jeanne Dozier noted that high catastrophic claims drive our claims up. Our usage is very high and that the more we use the plan, the more it drives cost up. Employees use their insurance at the drop of the hat and this drives up costs.

Ms. McFarland again noted that employee cost of a plan isn't the total cost of the plan. She then asked the group if they wanted the motion to remain on the table.

Suzan Rudd made a motion to call the question – this was seconded by Jamie Michael

The motion to eliminate the four existing current plans and replace them with the two proposed plans at the proposed rates for the 2013-14 plan year was taken to a vote. Donna Mutzenard seconded the motion. The motion passed with a vote of 12 for and 1 against, with Dr. Desamours being the 1 against vote.

### **Discussion Regarding Regularly Scheduled ITF Meetings (continued)**

The discussion regarding the schedule for ITF meetings was revisited. Mrs. Jamie Michael suggested the first Thursday of each month. It was noted that zone principals meet the first Thursday of each month. An alternative January date would need to be set, as some members will not be available. The decision was made to meet on the first Thursday of each month through June 2013. However, in January the ITF will meet on Monday the 7<sup>th</sup>. The ITF will evaluate meeting dates again at the June meeting. November 1<sup>st</sup> will be the next meeting.

ITF members agreed to meet the first Thursday of each month through June 2013 with one exception to meet on Monday January 7<sup>th</sup> for the January meeting with a unanimous vote from all present ITF members.

### **Good of the Order**

Mrs. Jeanne Dozier informed ITF members that there are some District employees who are not happy with the dental coverage they currently have. Mrs. Dozier also shared with ITF members that she recently visited an employee clinic in Charlotte County, noting that their clinic has been up and running for a couple of years, their second clinic will open soon and that she sees an employee clinic as a positive that will benefit employees.

Mrs. Bonnie McFarland thanked the ITF members for all of their hard work today, and welcomed the Aon Hewitt team on board.

### **Adjournment**

A motion was made by Dr. Ami Desamours, seconded by Mrs. Karen Cooley and unanimously carried to adjourn the meeting at 5:29 p.m.