

**THE SCHOOL DISTRICT OF LEE COUNTY  
MINUTES**

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

**Thursday, February 7, 2013**

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Members Present

Shandra Backens  
Lisa Brown  
Leo Burt  
Denise Carlin  
Karen Cooley  
Ami Desamours  
Bonnie McFarland  
Jamie Michael  
Leanne Migliore  
Suzan Rudd

Members Absent

Rosemarie Bobbs  
Steve Bowman  
Mark Castellano  
Donna Mutzenard  
Tommy O'Connell  
Joe Pescatrice, Retiree  
Liaison

Others Present

Debbie Poole, Aon Hewitt  
Ellorine Jershun, Aon Hewitt  
Thomas Scott, Board Liaison  
Robin MacDonald, Florida  
Blue  
Karen Toro, Florida Blue  
Karen Whitmore, Florida  
Blue  
Terri Roney

The meeting was called to order at 3:07 PM. Ms. Bonnie McFarland noted that as there was not a quorum at this time, the minutes from the January 7, 2013 meeting would not be approved at the start of the meeting and AON would review the health plan financials.

**Review of Health Plan Financials**

Ms. Debbie Poole handed out the financial booklets and noted she would not be going through detail line by line. Ms. Poole stated she would give a brief review of pharmacy utilization, the onsite clinic feasibility study and a healthcare update, noting that there have been a lot of clarification and guidance on healthcare since December.

**Medical Plan Financial Review**

Ms. Poole noted that updated projected costs are 1.7% below what was projected for the 12-13 plan year so we are running with a bit of a surplus. The updated 2013-14 projection is 1.1% below the 2013-14 budget. Total enrollment is at a 1.8% increase since the beginning of the plan year. Assumptions are unchanged.

Ms. Poole reviewed the Financial Dashboard pointing out that total incurred claims year-to-date are just over \$52 million. It was also noted that medical & prescription claims are still in the black.

Large claim review: Ms. Poole noted that there are nine large claims of over \$250,000 and that eight of these claims were on the December list. #9 is a new claimant – the previous #9 claimant had an adjustment of \$17,000, putting that claim below \$250,000.

Ms. Poole informed ITF members that the month by month claim report is in the appendix of this month's report. She reviewed the monthly loss ratio by plan year information. The combined loss ratio is at 96%. Ms. Poole reviewed the plan over plan overview page with ITF members.

### **Pharmacy Cost & Utilization**

It was noted that at the January meeting, Mr. Scott had requested information on what portion of the total spend is pharmacy costs. Ms. Poole noted that pharmacy is currently 20% of total costs. This analysis was done with claims through November 2012. Overall utilization is down by 1000 for the number of employees using pharmacy benefits. The number of prescriptions filled went down by 19%. The per-member per-year claims have decreased from 18.6 to 15%. Generic utilization went up by 3.4%. However, pharmacy spend went up even though generic utilization went up due to the usage of two new drugs with no generic equivalent - namely Embril and Humira. This is affecting the bottom line.

Dr. Desimours asked whether the 2013-14 projections included figures from open enrollment. Ms. Poole informed her they do not, however she will use figures from open enrollment for next month's 2013-14 projections.

Mr. Scott asked about decrease in member usage. Mr. MacDonald noted that the Wellness Program may be a reason that fewer members are using the prescription drug program. Ms. McFarland noted this could continue to improve with increased participation in the Wellness Program.

Prescription drug cost by disease was reviewed. It was noted that medications for diabetes, high cholesterol, depression, GERD, asthma COPD, pain, hypertension, MS, ADHD and Osteoporosis are the ten highest medication costs to the plan. Ms. Lisa Brown noted that 50% of these diseases are addressed with her wellness program. It was noted that obesity includes most of the diseases on the list of top 10 diseases.

Mr. Scott noted that we need to find a way to incentivize usage of the District's Wellness Program. Ms. McFarland noted that the Florida Health Department awarded Lisa's wellness program a grant of \$35,000 and incentives are being given using money from this grant with great results. Bonnie noted that the PPACA provides guidance on incentives.

Mr. Scott noted that they had a nurse talk about the amount of medications that are dispensed in schools. The more we are involved in wellness, including down to students, the better off we would be. Bonnie noted that controlling diet and obesity would eliminate a lot of usage of prescription drugs.

### **Employee Clinic Feasibility Study**

Ms. Poole informed the ITF that clinic feasibility study findings were presented to the Board on January 22<sup>nd</sup>. The purpose of the study was to take Lee County School's specific data and load it into their model to see if it would create savings using our build out. Ms. Poole informed ITF members that the PowerPoint presentation AON provided to the Board is in the back of their packets. Logistics and direct costs used were reviewed. Indirect savings were reviewed. Ms. Poole noted that the worst case scenario would be a breakeven point in year 5; and the likely case scenario would be a breakeven point possibly in year 2. Return on investment is very small – worst case scenario – no benefit to cost; best case scenario – 1.5% return on investment.

Ms. Poole noted that AON's advice to Board is that the clinic is not the best option for saving money, although it would provide care to employees. They support the idea, but felt it was important to give their opinion to the Board based on Lee County School's data.

Ms. McFarland noted that some costs would not be recouped within the health plan. This analysis is an overall analysis, not just a health plan analysis. We also want to look at the analysis of the health plan only. Not all savings noted in the employee clinic analysis would be savings to the health plan.

Mr. Scott noted he was hoping to see a significant monetary savings with an employee clinic and it was not there, and that ease of use by everyone in the district would not be reached by one clinic in one location. Mr. Scott also noted there are other options out there for the District other than having their own clinic. From his point of view he feels the clinic is not for us right now, and other options should be looked at.

Ms. Poole noted that additional funding to the wellness program is an option. Ms. McFarland informed ITF members that Blue Cross currently funds the wellness program. Ms. McFarland noted that she informed the Board that we are rationing our wellness program right now due to lack of funding in the Wellness Program. The Wellness Program does not have enough funding to provide all of the programs that employees are asking for. She is convinced that with the same kind of investment in the Wellness Program that the clinic would require, we could see tremendous savings. Mr. MacDonald noted that they are seeing a great deal of success stories nationwide with increases in spending in the health programs and he highly recommends this. Mr. Scott noted the District would get ahead of the wave by increasing our wellness program.

### **PPACA Updates**

Ms. Poole reviewed updated health care reform information, informing ITF members that the District is will be required to notify out of state employees about the health care exchange. Further discussion regarding health care reform was held.

Bonnie noted that this issue is billed as a healthcare issue, but health care reform includes a lot of issues that are not healthcare related. Ms. Poole noted that she would be more than happy to meet and review this issue in more detail if we would like her to, as it will affect both the Personnel and Payroll Departments in addition to the Insurance & Benefits Management Department.

Mr. Scott asked about employees adding children to their District coverage. Ms. Poole noted that child coverage must be offered to employees, but they could very well obtain coverage for less somewhere else. Tracking total hours worked by employees working several different jobs is also necessary. It was noted that the District is ahead of many other school districts in preparing for these changes.

### **Wellness Program – Proposal for Additional Funding**

Ms. Lisa Brown updated ITF members on the status of the Wellness Program. She informed members that she will be facing some funding challenges in the very near future. Ms. Brown shared that in 2006 there were ten programs offered to employees through the Wellness Program, and this year more than 22

programs are offered. Providing more programs and engaging more employees is the key to a healthier employees and fewer claims to the health care plan. Ms. Brown noted that participation has gone from 4,300 participation units up to 11,000 participation units as of last year. She informed the ITF members that currently the Wellness Program is funded by the \$100,000 received annually from Blue Cross. This results in 83 cents per employee per month for the Wellness Program. Research shows that the mid-level expenditure of \$16- \$33 dollars per employee per month is the amount needed for a Wellness Program to be effective. She is not able to fill all program requests coming in from employees. She noted that Wellness Advocates at District locations are being very effective in making employees aware of programs and getting them to participate; however, it is hard to grow a program without the funding to provide additional programs.

Options for additional funding for the Wellness Program were discussed. Mr. Scott noted that it is important to sell the Board on additional funding. Ms. Brown noted that she plans to do so, but would like to have further discussion with ITF members before she does this. The option of charging employees full price for programs offered was discussed, but Ms. Brown noted this will not provide enough additional funds to increase programs, and that charging employees the total cost of the programs is not successful as employees do not participate when they have to pay the full cost.

Additional ways to obtain funding were discussed. Some schools charge for vendor space in their newsletters, and Wellness could charge for space in their newsletters. Vendors could be charged to attend the District's health fairs. Grants for new initiatives are also an option. Ms. Brown informed the ITF members that in addition to paying for incentives for health screenings, the grant from the Health Department has been used to set up diabetes classes, and setting this up has been a great deal of work. Ms. Brown noted that another option for obtaining funding would be using health fund dollars, and asked if the ITF is willing to use reserves for increasing wellness programs, and support her request to the Board to request additional funding for the wellness program. Ms. Brown asked for feedback from ITF members and asked Ms. Poole from AON for her input as well.

Ms. McFarland noted that other groups either have an incentive to participate or a disincentive for not participating.

Ms. Brown informed ITF members that offering incentives for the health screening this year was very successful. She noted that in FY7 the Wellness Program had 13% engagement and in FY12 engagement was at 5%. This year, when movie tickets (2 to each participant) were offered to employees for completing their Health Risk Assessment (HRA), FY12 participation was at 209 participants. The highest previous participation at a health screening was 105 employees. This was a 100% increase with incentives. Ms. Brown noted that the total spent for the movie tickets was \$10,000, which was \$15 per employee. She noted that two screenings are scheduled for next week with no incentives offered and so far have only 30 participants registered. The screenings may have to be cancelled. Ms. Brown noted that incentives significantly increased participation. \$250 per employee per year is spent at many places and 70-80% participation is the result. With \$15 per employee we could double participation. Ms. McFarland informed ITF members that Blue Cross pays for the actual screenings. There is no cost to the District for the staff and supplies used at these screenings, and reiterated that we struggle to get above the 30 participation mark without incentives. Community vendors will not pay to participate at the screenings if there are only 30 participants. There are eight screenings left this school year. Incentives for these would cost approximately \$12,000 for 2 movie tickets per employee.

Mr. Scott asked Ms. Brown if she gets the aggregate information from the health screenings and if there is follow up when concerns are found. Ms. Brown informed Mr. Scott that Blue Cross has health coaches who work confidentially with employees to help them with their areas of concern.

Ms. Brown noted that she recommends a minimum \$16-\$33 spent per employee per month for optimal results, but also noted that \$10 per employee per month would be an improvement.

Ms. Rudd stated that SPALC could live with \$ 12,000 for funding incentives for the rest of this year; however using more of the health fund would require much additional discussion.

Ms. McFarland noted that the Wellness Program recently received the Platinum Level Award and to accomplish this with spending 83 cents per employee per month is astounding. Additional funding would bring even greater success. Dr. Carlin noted she has received numerous emails on the success of Ms. Brown's wellness program. The stories she has heard about life changes and successes is amazing. She would support the use of \$12,000 from the health care fund to provide incentives as well.

Mr. Robin MacDonald suggested putting these success stories on TV, and Ms. Suzan Rudd suggested putting the stories on the District's call holding messages as well.

Ms. McFarland asked for a motion to allow the Wellness Program to request Board approval to purchase incentives for health screenings for the remainder of FY13 at a cost not to exceed \$12,000 with the support from the ITF.

A motion was made by Ms. Jamie Michael for the Wellness Program to request Board approval of utilization of funds not to exceed \$12,000 from the District's Health Care Fund for the purpose of funding incentives for participation in Health Risk Appraisals for the remainder of FY 13 through the District's Wellness Program. The motion was seconded by Ms. Shandra Backens; motion approved unanimously.

Bonnie thanked the ITF on behalf of Ms. Lisa Brown and Dr. Denise Carlin, stating that a momentum has been started that will increase the number of employees who are aware of their health issues.

Ms. Shandra Backens informed ITF members that she participates in and loves boot camp and asked how we can spread information about the availability of this class to more employees. Ms. Brown noted that asking employees to pay \$5 only covers 20% of the cost and it is necessary to find a way to fund these classes.

Ms. McFarland informed ITF members that today's recommendation will go to the Board. She and Ms. Brown will be presenting a more comprehensive, long-term plan for building the Wellness Program. The data from the HRAs is very valuable as it gets us in front of the wave, preventing diseases and future claims.

Mr. Scott stated that it is important to use all tools available to share information about the Wellness Program with employees, including a TV blurb, a blurb on the District's website, information on the District's hold line, and mentioned examples such as Jared with Subway, Marie Osmond and the success stories that Dr. Carlin has received which can be shared.

The idea of having employees who have had good success in meeting health goals by using the Wellness Program recognized at Board meetings was also discussed.

Ms. Leanne Migliore stated that she feels it is important to approach the Board in the near future with the information on the incentivized Wellness Program, since the Board was recently presented with the clinic information and the Wellness Program is a less expensive way to support increased offerings.

Ms. McFarland noted that discussion regarding Health Savings Accounts will be addressed in upcoming ITF meetings. She noted that money not used would go into employees health savings accounts which would further incentivizing employees – if employees participate in a wellness activity they receive dollars in terms of a direct payment of cash or a deposit in an HSA. It was noted that with an HSA, the incentive of money deposited in an employees account closes the gap of the high deductible. Ms. Leanne Migliore noted that it would be a good idea to marry the program – noting that money put into an account for screenings will be a lot less costly with fewer problems than a clinic.

Ms. Jamie Michael asked if the District's Food & Nutrition Department could kick in with this. Bonnie noted that their money can likely only be spent on certain things, but she would look into it.

### **Approval of Minutes – January 7, 2013**

Ms. McFarland noted that review/approval of January minutes will be done at the March 7, 2013 ITF meeting.

### **2013 RFPs**

Ms. McFarland stated that RFP Sub-Committees will be addressed via email. Sub-Committees will be needed for Group Term Life and AD&D, Consultant/Broker – District Insurance and Flexible Spending Administration. Ms. McFarland noted that some services which are utilized around the state could be piggybacked with another School District and this alternative may be considered.

### **Adjournment**

The meeting adjourned at 4:53 p.m.