

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, March 7, 2013

Members Present

Shandra Backens
Rosemarie Bobbs
Steve Bowman
Lisa Brown
Leo Burt
Karen Cooley
Bonnie McFarland
Jamie Michael
Donna Mutzenard
Tommy O'Connell
Suzan Rudd
Rita Zazzaro

Members Absent

Denise Carlin
Mark Castellano
Ami Desamours
Leanne Migliore
Joe Pescatrice, Retiree
Liaison

Others Present

Tammy Martin, Aon Hewitt
Ellorine Jershun, Aon Hewitt
Thomas Scott, Board Liaison
Karen Toro, Florida Blue
Karen Whitmore, Florida
Blue
Terri Roney

The meeting was called to order at 3:04 PM.

Approval of Minutes – January 7, 2013 & February 7, 2013

Ms. Bonnie McFarland reviewed the draft 1/7/13 & 2/7/13 ITF meeting minutes, and asked if there were any additions, deletions or corrections. None were requested. There being no changes to the minutes, Ms. Rita Zazzaro made the motion to approve the minutes of the meetings. Ms. Donna Mutzenard seconded the motion; motion passed unanimously.

Review of Health Plan Financials

Ms. Tammy Martin reviewed the AON financials handout starting with the medical plan financial review which includes experience through January. Ms. Martin noted that the updated projection of the 2012/13 plan cost is 1.6% below the 2012/13 budget and is still running on track. She noted that January was a big claim month with over \$6 million in claims. Ms. Martin reviewed assumptions noting that assumed healthcare trend is 9.0% for the HMO and 7.5% for all other plans, and is not increasing as fast as it previously was. Budget projection updates were reviewed with actual cost YTD at \$58 million, 2012/13 projection is at \$70,624,000 and 2013/14 projection is at \$71,927,000. Surplus is at \$154,000 for this year.

Large claims were reviewed. Ms. Martin noted that two new large claims were added and that large claims are down \$240,000 this month.

Loss ratios were reviewed. January's loss ratio was 101% due to large claims of \$6 million for January. The twelve month average loss ratio across all plans is 98.7%, which is up from last month. Ms. Martin noted that plan enrollment went up except for the HMO, which stayed the same. It is estimated that enrollment will go up for the 2013/14 year by 160 people.

Ms. McFarland noted that open enrollment was finalized on March 5th. Ms. Karen Cooley shared the following 2013 open enrollment information with ITF members:

	3769 Plan Enrollees	5773 Plan Enrollees
Active Employees	5,859	3,598
COBRA	11	15
Retirees	309	141

Ms. McFarland noted that ITF members can call the Insurance & Benefits Department if they would like further information regarding open enrollment

HSA-Cost and Plan Design Review

Ms. Tammy Martin informed ITF members that HSA plan design is regulated by the federal government. The spending account associated with an HSA is set up by the bank the carrier is associated with. Each account is set up individually. You must have a high deductible plan in order to have an HSA account. Employees on Medicare are ineligible for HSA plans. Accounts are funded with employee and/or employer dollars. Accounts can earn interest when a certain amount is reached in the account. HSAs are portable at termination – you take that money with you if you leave - it can be rolled into an IRA account or included in another high deductible plan with your new employer. The annual maximum contribution is regulated by the US Treasury. Funds are held by an outside trust. There is a debit card associated with the account. The money must be in the account to use the debit card – similar to a dependent care plan. A checkbook is available, but this can involve an additional fee. If the debit card is used without enough money in the account, a fee for insufficient funds is charged. At age 65, funds can be used to pay other expenses such as Medicare & retiree health plan premiums and health care expenses. Maximum contribution is \$3,250 or if 55 years of age, \$4,250. Family contribution is \$6,450. The annual deductible must be at least \$1,250 single and \$2,500 family. It can be more than this but not less to be considered a high deductible plan. Out of pocket maximum is no more than \$6,250 single and \$12,500 family for 2013. These limits usually go up about \$50 per year. There should be an increase in 2014. Usually an FSA is not offered if you have an HSA, however you can have a limited FSA to pay dental and vision premiums with medical only being paid out of the HSA - this can get complicated.

Ms. McFarland noted that an FSA is a use-it-or-lose-it situation, and the HSA is not – HSA money rolls over from year to year, and you can still have a dependent care account if you have an HSA.

Ms. Martin shared the following information regarding HSAs:

- Pitfalls: fee schedule – monthly administrative fee
- Claims adjudication & claims access online
- Employee contribution/plan pricing monitoring is necessary

Ms. Martin reviewed how the HSA actually works. Preventive care is covered at 100%. The plan design is all deductible and coinsurance. Until you meet the deductible you are paying full cost. This can be paid out of the HSA.

HSAs are designed to make people be smart consumers. As health care reform is implemented there will be a lot more transparency built in so consumers will be able to research exactly what a doctor visit will cost them. This will be one of the benefits of health care reform. Ms. Karen Toro noted that Florida Blue currently has an online tool where it is possible to look at 5 different facilities to obtain the cost range of certain procedures. Ms. Martin noted that this will continue to improve over the next couple of years. Ms. Toro explained how the HSA works for different types of doctor visits. The charge paid is the fee that Blue Cross has contracted with your provider. The goal is to not spend all the money in the HSA and roll it over to next year so that in 5 or 12 years, there will be money in that account for the use of the employee and their family.

Ms. Martin noted that a 1099 is provided at the end of the year that shows how much was taken out of your HSA. You get fined if you use the HSA money for something other than medical care. It was noted that it is possible to use the card for non-medical items so caution must be taken not to do this.

Ms. McFarland shared that one reason AON is discussing these plans is that the District has a lot of employees who start working here when they are young. The maximum contribution is \$3,250 so an employee can contribute almost 3 times the deductible pre-tax. The long term aspect is that the deductible amount and coinsurance amount would be in the HSA account. It is a long term plan. Ms. McFarland pointed out the proposed premium is \$485.63 for employee only. Currently the balance left over from Board flex is used for dental, vision or cancer coverage or lost. An option with the HSA would be the balance left over would go into your HSA.

The question was asked if the HSA is offered, will the young healthy people migrate to the HSA and the sick people remain on the other plans. Ms. Martin noted that the plans are rated as one big group. There is an aggregate increase. It is a myth that only young and well people are on the HSAs. It is surprising that a lot of people who have chronic illnesses are on the HSA plan because they are used to shopping for healthcare and are good at it.

Ms. McFarland noted that the deductible on the HSA plan is not that different from the 5773 plan. The out of pocket maximum is actually higher on the 5773 plan than the proposed HSA plan. The HSA will actually cost an employee less if they were to have a large claim. One plan is not richer than another, they are just designed differently. The minimum contribution to an HSA is around \$100.00 per year.

Ms. McFarland noted that the purpose of this discussion is for information only. The ITF will continue to discuss HSAs over the coming months. She thanked the ITF for their participation in this discussion.

PPACA Update

Ms. Martin noted that the Supreme Court approved healthcare reform. It expands coverage to 32 million more Americans. Florida will get \$10 in federal funds for each state Medicaid dollar they spend. There are approximately 4 million uninsured people in Florida, putting Florida right near the top of the list nationally. Fewer Florida employers offer insurance than the in the rest of the US.

People will have four options for obtaining health coverage in 2014 - Employer plan, State exchanges, Medicaid or opt out and self-insure. Qualification for coverage was reviewed. Ms. Martin informed ITF members that AON will be doing some modeling to look at what average District employee household incomes are and project how many people will go to the exchange, and how many people will stay on the District's plans.

Employer requirements and essential benefits were reviewed. Ms. Martin stated that she feels that not many employers will leave the insurance marketplace. She also noted that an employee who doesn't get insurance will pay 1% of their household income as a penalty.

Wellness Update

Ms. McFarland thanked the ITF members for approving the use of \$12,000 from the health fund. She informed ITF members that this was Board approved and will be utilized to incentivize upcoming health screenings.

Ms. Lisa Brown noted that recently three screenings were scheduled without incentives. Without the movie ticket incentives, 10, 3 and 12 people were registered for the health screenings respectively. She advertised the movie ticket incentives and had 60, 42, 49 people registered for the three health screenings. Out of these health screenings, three employees were found to have serious health issues. The incentives will make a big difference in the number of employees participating in the health screenings, and to the health plan. Ms. Brown informed ITF members that there are five screenings remaining for this year and asked ITF members to spread the word.

Good of the Order

Assignments to the RFP subcommittees were discussed. Ms. McFarland informed the group that these have not been determined yet. She is working with procurement to work out a plan.

Adjournment

The meeting adjourned at 4:23 p.m.