

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, October 3, 2013

Members Present

Steve Bowman
Leo Burt
Ami Desamours
Ashley LaMar
Bonnie McFarland
Jamie Michael
Donna Mutzenard
Joe Pitura
Jimmy Riley
Susan Rudd

Members Absent

Shandra Backens
Lisa Brown
Mark Castellano
Karen Cooley
Leanne Migliore
Rita Zazzaro

Others Present

Amanda Brooke-Kross, Aon
Hewitt
Tammy Martin, Aon Hewitt
Debbie Poole, Aon Hewitt
Robin MacDonald, Florida
Blue
Karen Toro, Florida Blue
Christina Naylor, Florida
Blue
Diane Hernandez, Prime
Therapeutics
Kerrie Behrens, Prime
Therapeutics
Mr. Joe Pescatrice, Retiree
Liaison

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

Approval of Minutes – August 29, 2013

Ms. Bonnie McFarland reviewed the draft 8/29/13 ITF meeting minutes, and asked if there were any additions, deletions or corrections, noting that a correction would be made to page 3 in the second paragraph, adding the information on enrollees in the 3769 plan. Ms. Donna Mutzenard made the motion to approve the minutes of the meetings. Mr. Leo Burt seconded the motion; motion passed unanimously.

Annual Plan Review

Florida Blue representatives handed annual plan review reports out to ITF members. Ms. Christina Naylor from Florida Blue noted that the report includes information for the period of 8/1/12 to 7/31/13. She noted that the highlights of the report indicate that cancer and cardiac are the top high dollar member prevalent conditions. 26% of our population has at least one chronic condition. Hypertension is driving up our costs. 52% of our high dollar members have hypertension.

Our plan has 165 high cost members, which is 1.26%. Florida Blue would prefer to see this at 1%. Female employees are driving up the cost. Average age of these high cost members is 53. Retirees are 10% of high dollar costs – ages 55-70. 36% of members in the high dollar list had evidence of a wellness visit in the past 12 months. The average age of the entire employee population is 43. 76% of our catastrophic claims are still active on the plan.

Data indicates that the percentage of high cost members is slowly creeping up. This is not unusual. Cancer and cardiac have been the high cost drivers for the last three periods. The percentage of those having both is lower.

The diagnostic chart on page 7 indicates that of the high dollar claims, 33% are cancer claims, and 15% are cardiac claims. 50% of these members are predicted to remain as high dollar claims. Mr. Robin MacDonald stated that this is not out of the ordinary at all. Ms. Naylor noted that of the cancer claims, breast, genitourinary and gastrointestinal are the three highest. Prostate cancer crept up into top three. Mr. MacDonald stated that this is due to the increase in age of employees as well as earlier identification of prostate cancer.

Ms. Naylor praised the Wellness Program, noting that many good things are going on in wellness at the School District of Lee County. Our robust wellness programs are fantastic. She noted that LCSD is her poster child for other school districts and gave kudos to the District for taking extra steps to create the programs and in getting the information out to employees. Mr. MacDonald stated that he has seen the LCSD wellness program grow tremendously over the last 8 years. Ms. McFarland shared that Ms. Brown was unable to attend today's ITF meeting because she is attending Health Screenings this week, and she will share this information with her. Ms. McFarland stated that registration for the health screenings and the flu shots has been very good. She also noted that Ms. Cooley was unable to attend this meeting as she is helping out at the health screenings due to the large number of people participating. Ms. McFarland stated that at the current pace, we will have 30% or more of employees participating at these events. She and Ms. Brown will bring back some reports to the ITF as far as participation of these screenings, which run through January. Mr. Leo Burt noted that participation at the screening at Transportation South went very well this morning. Ms. Karen Toro stated that 140 members were registered for flu shots at the Cape High event, and this number went up to 192. Ms. McFarland noted that it is amazing to see the increase - the wellness academies are very effective, and the principal participation is great. Also driving participation are the incentives. The Am I Hungry Class has great participation. It is very exciting to see the engagement in the Wellness Program this year. Mr. MacDonald noted that statistically the incentive is on the smaller side of incentives offered, and seeing such good results is very encouraging.

Ms. Naylor reviewed wellness compliance, noting that mammography is at 75.6%, adult wellness is at 59.8% and these numbers are wonderful. An area that needs improvement is pap smears which is currently at 64%. Treatment options are important to look at to reduce costs. Surgery is not always necessary.

Chronic Condition Prevalence: Hypertension is at 15.8%. Diabetes is at 6.7 percent. The District is doing all the right things to get this down. In 2011, 7.43% of our population had diabetes, currently we are at 6.7%. Ms. McFarland noted that Ms. Brown also engaged employees in a prediabetes program last year, funded through a grant, and Florida Blue is helping us continue the program this year.

Of members checking their A1C, 53% are not in within the control range. Ms. McFarland asked if those not within the control range are new people who are learning the process, or people who should have things under control by now - can this be broken out to compare new people who are still on a learning curve or do we have a problem with people who have had diabetes for a period of 2 years or more?

This will be looked into. Ms. Hernandez noted that the adherence rate for the medication is also important to look at.

Emergency room utilization was reviewed - we had two members with 8-10 ER visits. One was for good reasons; the other was referred to member outreach for education. Care consultants are available nationwide to help members find a care provider. There is also a 24/7 nurse care line available.

Mr. Joseph Pescatrice asked about numbers for Urgent Care utilization. Florida Blue will provide this information. Ms. McFarland noted that a co pay for urgent care was introduced this plan year to encourage folks to utilize urgent care over ER.

Ms. Naylor stated she is happy to see care management on our wellness website. Engagement is not as high as it could be. Greater engagement could help with cost containment. 21% engagement of high dollar members and 1.8% of all members engaged in care programs. This could be an opportunity for education.

In closing, Ms. Naylor again noted that the District is doing the right things as far as promoting health assessments and reminded ITF members that Florida Blue Retail Centers are also a great resource. The District's "Am I Hungry" class is a wonderful program. Florida Blue uses this for their employees as well. She also noted that 30% of the high dollar members are smokers. There are great resources being offered – we are doing the right thing there as well to help members stop smoking. Care management from Florida Blue is also available. There is also an app for your Smartphone to give access to health information on the go.

Mr. MacDonald noted that there are currently 11 stores open throughout the state. FB is transitioning to a health solutions company.

RX Review

Prime Mail employees, Ms. Diane Hernandez and Ms. Kerrie Behrens presented their review to the ITF. They informed ITF members that the changes made to the pharmacy part of the plan were in the best interest of the plan and the members. They have good news to share today, as the plan is performing very well. Ms. Hernandez also informed the group that Ms. Behrens, Prime Therapeutics Account Executive, will be taking over for Lee County School District from this point forward.

Ms. Behrens shared that she lives in Tampa and is looking forward to working with LCSD. She reviewed the information included in the annual pharmacy review report for the period 8/1/12 to 7/31/13, noting that the total paid per member per month (PMPM) has decreased by 8.4%. We are 20% below normal costs, which is very good. The total plan paid dollars decreased 5%, while ingredient costs in brand drugs increased 62.8%. The generic dispense rate increased 4.1 points. 132,957 prescriptions were filled during the benefit year.

Mr. Ashley LaMar noted that the cost of prescriptions varies greatly at different pharmacies and asked if there is a way to educate members to check the cost of their prescriptions to the plan. Members know that if a prescription is generic, it is free to them, but they don't realize the cost to the plan. Ms. McFarland reminded ITF members that we do have the ability to exclude pharmacies from our plan. We are also discussing an HSA plan to offer to employees for the next plan year, where members will become smart consumers of their health care as they will pay for it initially out of their own pocket. Mr. MacDonald noted there is an app available where you can plug in three locations and get the costs of drugs at these locations.

Ms. Hernandez noted that of concern is the cost of specialty medications being filled at retail pharmacies. CVS Caremark should be used instead, as the member will get education on their condition, on their medication, and the discounts are greater with CVS Caremark. Ms. Behrens noted the overall average cost of brand medications increased 62.8%, and member contribution decreased from 10.6% to 7.6%. Single Brand utilization was at 17.2% and generic utilization was at 81.1%. Ms. Hernandez noted that The School District of Lee County has been used as an example by Prime Therapeutics several times. Utilization of Prime Therapeutics saves both the plan and members money. Ms. Jamie Michael noted that this information should be shared with the Board. Ms. Hernandez stated she will share information with Mr. MacDonald to share with the District. She also noted that Ms. Karen Whitmore has done a great job of handling this change to Prime Mail and helping members with the process. Ms. Behrens noted that the average number of prescriptions per member per year is 11.46, and members are choosing preferred brands about 53% of the time.

Ms. Hernandez reviewed the top 15 drugs used by members. MS, Autoimmune, Cancer, and HIV are driving costs up for plans everywhere. Little can be done about the cost of specialty prescriptions. Generics savings were reviewed – 134 brand prescriptions were processed where generics could have been utilized at a cost of almost \$4,800 to members. Members saved over \$341,000 in using Prime Mail and the plan saved \$237,000. 49 specialty prescriptions were filled at retail. Florida Blue will reach out to educate these members.

Ms. Behrens stated that she wanted to mention the idea of considering quantity limits as a safety measure, as currently we have members receiving quantities of drugs that exceed the FDA's guidelines and the drug manufacturer's dosing recommendations. Prime will provide information on how many members would be affected by utilization of quantity limits.

Ms. McFarland thanked both Florida Blue and Prime Therapeutics for the very good information shared and the information on negative trend.

Health Plan Financials

Ms. Amanda Brooke-Kross reviewed the Executive Summary of Aon's report, noting that trend is at 7.5% for 2013/14. Expenses are \$37.80 PEPM. Projection Update was reviewed. Budgeted projection total cost is \$29,068,000 and actual cost is \$28,351,000 resulting in a \$717,000 surplus. Large claims totaled \$3.16 million. The loss ratio for August was 85%. The 3769 plan has 70% of claims; the 5773 plan has 23% of the claims. Enrollment projection is 9880 for the year. 63% of the enrollment or 6200 members are in the 3769 plan and 3680 members are in the 5773 plan.

Plan Renewal – HSA Plan Options/Tier Options

Ms. Debbie Poole from Aon stated that in looking at strategy for plans for the coming plan year we will need to look at what the Affordable Care Act will require in plan design. Everything mandated so far is already in place in the District. The only thing left to do is include prescription plan copays in the annual out of pocket maximums. Ms. McFarland noted that including prescription plan copays in the annual out of pocket maximum will cost the plan, as members will reach their out of pocket maximums more quickly. Ms. Brooke-Kross stated that this equates to a 1% cost increase, or \$1,000,000 to the plan.

Mr. LaMar asked what percent of members reach their out of pocket maximum per year. Ms. Poole responded that 38% of members don't reach \$1000 in claims. Mr. MacDonald stated that 80% of members don't reach their annual out of pocket maximum. Ms. Brooke-Kross informed the ITF that on a plan design basis, in order to offset this 1% increase, the 3769 plan out of pocket maximum would increase to \$3450, and the out of pocket maximum for the 5773 plan would increase to \$4375. Ms. Poole stated that the District could either keep the current plan, or adjust it regarding the above information. Another option is to include a high deductible health plan – or an HSA. Technically it is a high deductible health plan eligible for an HSA. Ms. McFarland stated that the Compensation, Benefits and Insurance Department staff feel the plan should be called a high deductible health plan so members are clear on what it is and that it does have a high deductible. For discussion in the ITF meetings, we will refer to it as an HSA. There are three components to the HSA plan: no copayments, annual deductible, and the member pays all doctor costs and prescription costs until the deductible is met. The member will pay the negotiated amount. Once the deductible is met, coinsurance kicks in. All charges paid until the deductible is met can be paid out of the member's HSA account. Preventive care is still covered at 100%. There will be a specific list of preventive prescriptions that will be eligible for the \$0 copay, but there will be a charge for most prescriptions.

Dr. Ami Desamours asked if employees would put some of their own money in their HSA account to help cover costs. Ms. McFarland stated that this is a choice employees have, and it would be done pre-tax, so employees would be encouraged to do so. If employees choose to stay on the 3769 or 5773 plan, they will not have an HSA but can choose to have a FSA (flex plan). The flex plan is limited to \$2,500; however the HSA plan allows an employee to contribute more. On an HSA, only one family member has to reach the family deductible – it is cumulative. The member owns the HSA fund and is responsible for making sure claims are eligible for the HSA. If claims are made erroneously, there is a tax penalty. The total amount allowable – employer and employee is \$3,300 single and \$6,550 family in the HSA. Medicare recipients may not participate in an HSA. Members can use HSA money for vision and dental care; however vision or dental costs do not go toward the out of pocket maximum. Once a member reaches age 65, they can use their HSA money for any purpose, however it will be taxable.

Three possible HSA plan options were discussed. A High, a Mid and a Low plan were reviewed in detail.

The High Plan is the most expensive, and the richest, and has lowest deductible. Preventive care is covered at 100%. After the out of pocket maximum is met, everything is covered at 100%. The in network copay amount is 20%. Employer contribution is \$500.

The Mid Plan has an in network copay of 10%, \$2500 annual deductible, and employer contribution is \$750.

The Low Plan has the lowest premium, a \$3000 annual deductible, a 30% copay, \$6,250 out of pocket maximum. Employer contribution is \$1000. This low plan would always follow federal guidelines for the minimum that must be offered.

The employee pays the discounted rate until their deductible is met. The employer HSA contribution would be available to cover these costs. The employee must set up the HSA account in order for the employer contribution to be paid to them. The biggest issue with the HSA plan is communication to employees. Employees will be more mindful of where they seek medical treatment.

Ms. McFarland noted that the RFP currently underway is for the vendor who will be servicing these accounts. The RFP has been issued. 10 responses were received. A meeting is scheduled for two weeks from now to review these responses. Ms. Michael will be included in this meeting.

Relative benefit value was reviewed – an analysis to compare one plan to all the others:

3769 = \$1 – the richest plan with the lowest out of pocket costs for covered services

5773 = \$.94 - more affordable – easier to understand

High HSA Plan = \$.96 – a rich plan with an opportunity to contribute to an HSA along with employer

Mid HSA Plan = \$.92 – for employees who are generally healthy and want an affordable plan with an employer contribution

Low HSA Plan = \$.85 – for employees who want the lowest cost per pay period with the highest employer HSA contribution

Once the ITF selects which HSA plan they are most comfortable with, AON will start to look at pricing – and at migration.

Ms. McFarland noted that education will be key. The Compensation, Benefits and Insurance department is planning two weeks of multiple meetings daily. 18- 22 meetings are being planned for January. We need to give AON some direction as to which plan we are interested in seeing along-side the other plans. Ms. McFarland asked if there is one HSA Plan that the ITF feels is best.

Dr. Desamours stated she is leaning toward the mid plan. Ms. Michael stated that the deductible shouldn't be more than what the employees make per year. Ms. Poole reminded ITF members that providers are willing to negotiate fees and set up payment plans for those who need them.

Ms. McFarland stated that next year we will offer the 3769, the 5773 plan and one of the HSA Plan options. The Board contribution would cover the cost of the HSA. Ms. Rudd expressed concern for the folks who don't make much money. For those who work at least 30 hours per week, she fears that they will participate in this and it will be disastrous for them. Many employees have difficulty understanding English. Ms. McFarland reminded ITF members that two meetings were held in Spanish last year, and that CBI staff will do their best to educate employees again this year. Last year 38% of enrollees had claims of less than \$1,000, and the HSA Plan would be of great benefit to them.

Claim examples were reviewed showing two separate claims and how they compare on the 3769 plan and the Low HSA Plan. Ms. McFarland noted that the other variable is that employees could choose to go the health care marketplace. Our plans are relatively rich and expensive compared to those offered at the health care marketplace.

Ms. McFarland stated that we need an HSA Plan choice in order to move forward in regard to pricing. Dr. Desamours stated she would like to see numbers for the mid and the low plans. Ms. McFarland stated that the price of the 5773 and 3769 plan may fluctuate based on which HSA plan is chosen.

Discussion was held regarding tiers and the impact of changing them. The ITF decided to keep tiers as they are and make no changes to how they are currently set up. It was agreed that AON will bring pricing information back to the ITF on both the Low HSA Plan with the 3769 and the 5773 plans, as well as the Mid HSA Plan with the 3769 and the 5773 plans.

Good of the Order

None

Adjournment

Ms. Jamie Michael made the motion to adjourn the meeting at 5:50 PM; Mr. Ashley LaMar seconded the motion; motion passed unanimously.