

**THE SCHOOL DISTRICT OF LEE COUNTY  
MINUTES**

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

**Thursday, November 7, 2013**

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**Members Present**

Leo Burt  
Mark Castellano  
Karen Cooley  
Ami Desamours  
Ashley LaMar  
Bonnie McFarland  
Jamie Michael  
Leanne Migliore  
Donna Mutzenard  
Jimmy Riley  
Susan Rudd

**Members Absent**

Shandra Backens  
Steve Bowman  
Lisa Brown  
Joseph Pitura  
Rita Zazzaro

**Others Present**

Amanda Brooke-Kross, Aon  
Hewitt  
Tammy Martin, Aon Hewitt  
Debbie Poole, Aon Hewitt  
Karen Toro, Florida Blue  
Mr. Thomas Scott, Board  
Member

The meeting was called to order at 3:03 PM.

**Approval of Minutes – October 3, 2013**

Ms. Bonnie McFarland reviewed the draft 10/03/13 ITF meeting minutes, and asked if there were any additions, deletions or corrections. It was noted there were two corrections, one on page 4 and one on page 2. With these corrections noted, Mr. Mark Castellano made the motion to approve the minutes of the meeting. Ms. Donna Mutzenard seconded the motion; motion passed unanimously.

**Health Plan Financials**

Ms. Amanda Brooke-Kross reviewed the 2013-14 paid claims through September 2013. Paid claims are at 4.1 million, the lowest in a couple of years. The 2013/14 projection is 3.1% below budget. The average 4/13/13 – 9/13/13 monthly paid claims is \$5.1 million. Current medical plan enrollment is 9,421. Projected 13/14 medical plan enrollment is 9,884. Mr. Mark Castellano asked what the reason is for additional enrollment. It was noted that employees left the District and came off the plans in August, and new employees won't be effective until October.

As a result of the Affordable Care Act, RX copays will count towards the out of pocket maximum for 2014/15. This will result in a 0.95% increase in the 14/15 projection.

September's loss ratio is at 71% - a very good month.

**Medical Plans Offered & CBI Department Update**

Ms. McFarland informed ITF members that two staff members have left the Compensation, Benefits and Insurance Department. Ms. McFarland noted she will need to review all that is being done to determine how much the department can handle at this time, and that taking on a new initiative such as the HSA may not be possible. The department has taken on an ambitious wellness program this year. The \$1.2

million for incentives and increased wellness programming that the ITF recommended and the Board approved has had great results. It is her recommendation at this time to implement the FSA plan this year and consider implementation of the HSA plan next year. Mr. Castellano stated that having been on the RFP Committee for the FSA and HSA has given him an understanding about the amount of communication that will be needed should the District offer a High Deductible Plan with an HSA, and he agrees with the decision to hold off on the HSA. Ms. McFarland informed ITF members that the Wellness Coordinator position has been advertised. With hiring and Board approval, it will be January before that person starts. The Benefits Specialist position has not yet been posted.

Ms. Jamie Michael stated that if an HSA will be done for the 2015-16 year, the employee education piece should begin right after the February 2014 open enrollment. Mr. Ashley LaMar asked what the HSA will do to the projections of premium costs for maintaining the current medical plans. The information in the financial materials that AON handed out was discussed.

Amanda Brooke-Kross noted that with no HSA implementation, there will be no change in rates to the plans for the 2014-15 plan year, and there will be no impact to employee contributions. The only change to the plans is that RX will go toward the out of pocket maximum. The current surplus is well above the minimum required by the state so there is enough there to cover the 5.4% increase this will create. Ms. Jamie Michael asked how much of the reserves will be used. Ms. Brooke-Kross noted that it is projected that \$3.8 million from reserves will be used to keep premiums the same. Ms. McFarland noted that of the \$3.8 million, \$3.3 million is additional funding from the Board for the 522 employees who currently waive coverage, and \$500,000 would be used from the health plan reserve to keep the premiums the same for 2014-15.

Dr. Ami Desamours arrived at 3:24 p.m.

Ms. Debbie Poole clarified that the proposal is to keep the current plans, with no changes except those required by the Affordable Care Act.

### **HSA/FSA RFP Recommendation**

Ms. McFarland noted that the RFP Committee was comprised of Ms. Jamie Michael, Mr. Mark Castellano, Ms. Shandra Backens, Ms. Rita Zazzaro and herself. There were 10 responses to the Request for Proposal. Nine were evaluated and one was deemed non-responsive. Three were called back for interviews. Two did a fabulous job, and one met minimum requirements. The vendor being recommended has a credit card, and a mobile app. Employees will be able to take a picture of their receipt and send it with their phone, and the claim will be adjudicated from that. The top ranked vendor will allow employees to manage their account on line – they can be reimbursed, or the provider can be paid directly, or employees can pay by using their credit card. There is on demand reporting – all HIPPA compliant. The top ranked vendor was WageWorks - they offer all of the above options. As we work with them, we can look back at prior plan years to help plan for the coming year. WageWorks has multilingual materials that we can put out on our website – all materials are in English and Spanish.

Ms. McFarland noted that the recommendation from the subcommittee is to take WageWorks, as top ranked vendor, to the Board for approval. The savings on FSA Administration will be \$31,000 less than renewing with the current vendor. WageWorks reduced their rate after being selected as a finalist. We are currently spending approx. \$120,000 for FSA administration.

Mr. Mark Castellano made a motion to recommend WageWorks to the Board as our recommended vendor on FSA/HSA Administration; the motion was seconded by Ms. Jamie Michael. The motion passed 11-0. It was noted that WageWorks will provide education to employees, and will be attending the January 9<sup>th</sup> & 10<sup>th</sup> benefit meetings as well.

### **Medical Plans offered for 2014-15**

Dr. Ami Desamours asked about the benefit of an HSA to employees. Mr. Ashley LaMar noted he would like to see options for families for plans with lower premiums. He has never met the deductible on his plan and is willing to take that risk and pay less for his medical plan. He asked if a high deductible plan without an HSA could be an option for next year. Ms. McFarland stated yes, that is a possibility for the next plan year. She noted that the challenge for implementing a high deductible plan with an HSA is that the HSA requires programming in PeopleSoft, HSA development and employee education, and the department does not have the staff required to do this at this time. Ms. Jamie Michael noted that she wants to be sure there is enough education for employees about choosing a high deductible plan, that advance education is very necessary. Discussion was held regarding the costs of current plans and costs of those plans if the HSA is added. The 5773 and 3769 plan costs go up when the HSA is added as a choice. Dr. Ami Desamours noted there are always winners and losers when a change is made. It looks like there are more losers than winners if the HSA plan is added. She feels that adding an HSA plan is not going to be in the best interest of employees at this time. Perhaps this is not the best way to go and perhaps there is another plan design that would be better. Ms. McFarland noted that there will be ongoing discussions about health plan options.

Ms. McFarland stated her proposal is to adopt the two current plan designs with the only changes being those mandated by the Affordable Care Act for the 2014-15 plan year and continue to look at options for the 2015-16 plan year.

Ms. Jamie Michael made a motion to recommend to the Board to keep the two current plan designs for the 2014-15 plan year, with no rate increase to employee contribution. Ms. Leanne Migliore seconded the motion. The motion passed 11-0.

Dr. Ami Desamours noted that she feels it is very important to begin working on the plans for the 2015-16 plan year now so we are ready for the next open enrollment in 2015.

### **Review/Approval of Ancillary Benefits**

Ms. McFarland informed ITF members of discussion held at the recent Board meeting concerning the current dental vendor. Comments were made at the Board meeting that employees are not happy with the current vendor. She noted that when the change was made from the prior vendor to Humana, enrollment dropped initially. In April 2012-13, there was an increase in enrollees of 500. As of November 1, 2013, 7900 employees have dental insurance. Ms. Karen Cooley noted that when the change was made to Humana, everyone who wanted dental insurance had to re-enroll. The initial drop included many employees who made the error of not re-enrolling. Ms. McFarland noted that at the Board meeting, there was some discussion about the direction provided to staff about going back out to RFP this plan year based on the 4/17/12 meeting. The audit and memos between the Board and Superintendent since that time leaves a lot of questions. Mr. Thomas Scott stated there was no unanimous decision to do anything, unlike what was portrayed at the Board meeting. Ms. McFarland stated that she wanted the ITF to know that there was a desire expressed at the Board meeting to take the dental insurance out to bid. She also noted that the Compensation, Benefits and Insurance Department has had very few complaints with

Humana, most of which were during and just after the vendor transition. Mr. Castellano noted that the union got a lot of calls when we first changed to Humana, once things settled down, there have been no complaints. Ms. Jamie Michaels and Ms. Suzan Rudd also noted they have not heard any complaints regarding Humana, as did Dr. Ami Desamours. Ms. Leanne Migliore noted that most issues were from people whose dentists are out of network. Ms. McFarland noted that Humana's out of network reimbursements are better than the prior vendor's and Humana did contact dentists and aggressively reached out to dentists to become a participating provider and many did so. They are still doing that.

Debbie Poole reviewed the current dental plans offered, noting that the High PPO has the largest enrollment with a larger annual maximum. She reminded ITF members that Humana pays 30% of claims after an employee has reached their annual maximum. PPO plan experience was reviewed, with the High PPO performing at 92% loss ratio, and the Low PPO performing at 71% loss ratio. Humana has delivered a 3% increase to the High PPO and Low PPO rates for the 2014-15 plan year. They received in writing this morning confirmation from HUMANA that the 0% on the DHMO will be passed for 2015 renewal and a 3% cap on PPO renewal for 2015. Ms. Tammy Martin noted that dental trend is approximately 6% - and we are still under trend. She noted that Humana is also paying a 2% health insurer fee and to get a 3% increase on renewal is very reasonable. Medical plans must cover preventive pediatric dental now. This is for annual preventive exams only, not cleanings. This will be added to the medical plans with no rate increase. Mr. Ashley LaMar stated that this needs clarification as to whether medical or dental will be billed. Ms. Martin stated that AON will bring clarification as to what that means at the December ITF meeting. It was noted that there is no change to the vision insurance, and rates will remain the same. It was reviewed that a Life Insurance RFP was done over the summer. Minnesota Life came back with a rate reduction, and included beneficiary management. The RFP went to the Board on 10/22/13 and passed.

Further review of 2014-15 ancillary plans was held. It was noted that estimated annual premium for dental is just under \$5 million, the estimated annual premium for vision is \$856,000, and the estimated annual premium for life insurance is \$1,878,056. It was noted that disability rates were reduced for 2014-15 by moving to Reliance. The long term disability estimated annual premium is \$572,840, with a rate guarantee through 3/2016, and the short term disability estimated annual premium is \$508,196 with a rate guarantee through 3/2015.

A motion was made by Mr. Mark Castellano, to recommend to the Board for the 2014-15 plan year the renewal of dental insurance with Humana, with no change to DHMO rates and a 3% rate increase to the PPO plans. Ms. Jamie Michael seconded the motion. The motion passed 11-0.

Ms. Donna Mutzenard made a motion to make the recommendation to the Board for the 2014-15 plan year, the renewal of vision insurance with Avesis, with no change to rates. Mr. Mark Castellano seconded the motion. The motion passed with a vote of 11-0.

A motion was made by Ms. Jamie Michael to recommend to the Board for the 2014-15 plan year, the renewal of long term disability with Reliance Standard with no change to plan design and no change to rates. Ms. Leanne Migliore seconded the motion. The motion passed with a vote of 11-0.

Ms. Jamie Michael made the motion to recommend to the Board for the 2014-15 plan year, the renewal of short term disability insurance with Reliance Standard with no change to plan design and no change to rates. Mr. Leo Burt seconded the motion. The motion passed with a vote of 11-0.

Ms. McFarland noted that further discussion on HSA and other plan design will be held at the December ITF meeting and in the upcoming months. Further information can be found in the back of AON's handout.

### **Good of the Order**

Mr. Castellano noted that TALC members are participating in a lot of health walks, with great results. He noted that the clinic RFP indicated that startup costs were determined to be substantial and it is unclear as to where the money to cover these costs would come from. AON did a feasibility study which showed it would be several years before the District broke even if a clinic was implemented. He would rather see the District put more money into wellness. The \$1.2 million for incentives and increased programming has had tremendous impact. This will cost the District less, with greater savings than a clinic.

Ms. McFarland noted that the CBI Department is currently recruiting for the Wellness Coordinator position. She noted that the last time the position was filled; the task force did some interviewing and was part of the selection process, and asked for volunteers to be on the interview committee at end of November - early December. Mr. Mark Castellano and Ms. Jamie Michael will participate. Ms. McFarland and Ms. Cooley will participate. It was noted that Ms. Shandra Backens may be interested. The job posting closes on November 15<sup>th</sup>. Resume evaluation will be done November 22<sup>nd</sup>. Hopefully, interviews will be held the first week of December. Ms. McFarland asked those interested in participating to let her know by Wednesday. There are 44 applicants so far. The earliest start for the new coordinator will be after the January Board meeting.

Further discussion was held regarding how clinics in other districts are saving them money. Generic drug utilization at one District was at 20% and their clinic increased utilization to 55%. Ours District's generic drug utilization is already at 81% as reported by Prime. Having a clinic would not create any savings in this area. Charlotte County went from having no wellness initiative to putting in a clinic and a wellness initiative, so they saw some savings. Our District already has one of the best wellness programs around. If we put a clinic in, we would not see a huge improvement – our wellness program and generic drug usage has resulted in great containment/reduction of costs.

### **Adjournment**

Mr. Mark Castellano made the motion to adjourn the meeting at 4:52 PM; Ms. Jamie Michael seconded the motion; motion passed unanimously.