

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, December 5, 2013

Members Present

Shandra Backens
Steve Bowman
Leo Burt
Mark Castellano
Karen Cooley
Ami Desamours
Ashley LaMar
Bonnie McFarland
Jamie Michael
Leanne Migliore
Donna Mutzenard
Joseph Pitura
Jimmy Riley
Suzan Rudd

Members Absent

Rita Zazzaro

Others Present

Tammy Martin, Aon
Hewitt
Keith Coghlan, Aon Hewitt
Karen Toro, Florida Blue
Karen Whitmore, Florida
Blue
Mr. Thomas Scott, Board
Member

The meeting was called to order at 3:09 PM.

Approval of Minutes – November 7, 2013

Ms. Bonnie McFarland reviewed the draft 11/07/13 ITF meeting minutes, and asked if there were any additions, deletions or corrections. There being no changes or corrections requested, Mr. Mark Castellano made the motion to approve the minutes of the meeting. Mr. Leo Burt seconded the motion; motion passed unanimously.

Health Plan Financials

Ms. Tammy Martin reviewed the health plan financials. Ms. Martin noted that the 2013-14 projection is 4.1% below the 2013-14 budget. October 2013 paid claims total \$5.1 million. Average 2012-13 monthly paid claims was \$5.5 million. 4/13–10/13 average monthly paid claims is \$5.1 million. There has been a 0.3% increase in enrollment since April 2013. Projected medical plan enrollment is 9865 compared to last month which was 9884. Average enrollment for plan year 12-13 was 9700.

Assumed Healthcare Trend is 7.5% for 2013-14. Administrative fees are projected at \$37.80 pepm & \$5.25 pmpm transitional reinsurance fee under the healthcare reform act. The transitional reinsurance fee decreases to \$3.67 pmpm for January – December 2015.

Ms. Martin noted that projections have improved. YTD is \$40.5 million; total cost is \$38.5 million. Loss ratio is currently at 89%.

Ms. Martin noted that large claims include a lot of cancer claims and we may want to focus on this in our wellness programs.

Dr. Ami Desamours arrived at 3:20 p.m.

HEALTH CARE REFORM UPDATE

Ms. Martin reviewed recent healthcare reform news, including a delay in individual mandates due to the delays in accessing the Healthcare.gov Marketplace website. Ms. Martin noted that employees of LCSD have already been given an extension for not having medical coverage if they choose to wait until next open enrollment (2014) to elect coverage for the first time.

The transitional reinsurance fee was discussed. As a self-insured employer, the District is responsible for paying this fee. It will be paid at \$63 per member per year, in two payments: \$52.50 per member in January and the remaining \$10.50 per member due the first quarter of 2015.

The Mental Health Parity and Addiction Equity Act was reviewed. Group health plans are required to provide the same coverage for mental health or substance abuse disorder benefits as for medical/surgical benefits. There is no impact for the school district as plans already meet requirements.

Pediatric Dental and Vision coverage within medical plans was discussed. Mr. Keith Coghlan from Aon noted that this applies to small businesses with 50 employees and under. The does not apply to LCSD. Small employers must include pediatric dental care and vision care in their medical plans.

FSA 2014 – Grace Period/Rollover

Ms. McFarland informed ITF members that the IRS recently came out with something new applying to the medical FSA only. They now are going to allow a rollover of \$500. Employees currently have a grace period of 2 ½ months to use the funds in their FSA accounts from the prior year. The District now has an option of the rollover or the grace period. The advantage to the rollover is more flexibility in when the money can be used. The con is potential loss of forfeitures – the money goes back to the plan. 2600 District employees have an FSA and of those 2600 employees, 657 or approximately 25% are forfeiting their balance at the end of the year. Right now, with the grace period, you can incur charges and be reimbursed for charges in the 2 ½ month grace period.

Ms. McFarland noted that we do get calls at the end of the grace period from employees asking how they can use up the money in their FSA. The choice of a rollover vs. a grace period will affect employees who make large contributions to their FSA. Mr. Ashley LaMar stated that he feels the rollover is the best option. Ms. Shandra Backens noted most people don't plan enough to use the grace period effectively. Ms. Suzan Rudd asked if there is a limit to the number of times you can roll over the \$500. It was noted that the original balance cannot be rolled over the year after year. Guidance is being issued daily. Mr. Mark Castellano asked how many people have \$500 or less left over at the end of each year that would benefit from the rollover. Ms. McFarland stated she will try to get this information. The new FSA vendor has a lot of tools for people to use to keep track of their money. She noted that we don't have to change the plan now; however this may be a good time to do it as we are changing vendors. We can do it another year if the ITF feels that would be better.

Dr. Ami Desamours noted that the entire amount of your FSA is available to employees at the start of the plan year. She feels the \$500 rollover would be most advantageous. Ms. Martin reviewed that of the 2600 employees with a medical FSA, 657 people had a balance left or 25% who would have been able to have a rollover of up to \$500. 3% of those with an FSA used all their FSA funds and left the job resulting

in a negative balance on their accounts. Dr. Desamours stated that if people weren't aware of the 2.5 month extension, they should have used their funds up in the 12 month period. The \$500 rollover has been well publicized in the media and employees may be looking for this.

Ms. Shandra Backens made a motion to implement the rollover provision for the medical FSA for the 2014-15 plan year. Mr. Mark Castellano seconded the motion.

Ms. Rudd stated that she is not convinced that the rollover is best for employees. FEA is advocating for the grace period. Mr. Mark Castellano stated he does not see the downside to the rollover. Ms. McFarland stated that the downfall in waiting on a decision is the delay in communication to employees. Set up on the website and communication to employees is done in January. We come back from break on the 7th, and the 9th is the benefit contact meeting, with two health fairs. This decision will be put into plan documents and if we want to change it, we would have to amend the plan document and would need to know in November or December. The cost to amend the plan document is \$500. Ms. Martin reminded ITF members that the rollover would be in effect for next plan year. The grace period would be in place for the end of this plan year – 2013-14. Ms. McFarland stated that it would not be a good idea to change the decision yearly; this would create a great deal of confusion.

Mr. Castellano asked if Ms. Backens would be willing to amend her motion to remain status quo for the 2014-15 plan year and implement the rollover for the 2015-16 plan year.

Mr. Leo Burt stated that he feels most employees aren't aware that they have a grace period. Ms. McFarland stated that Ms. Cooley is working hard to include FSA in with the electronic enrollment this year. It will be incorporated into the online enrollment. There will be more up-front communication about this, and we have a new vendor so people will know more about their FSA. Ms. Rudd stated that she feels this new information was brought to the committee without enough time to research this new development. This is a new provision from the IRS and SPALC has not had enough time to consider the impact of this information on employees. Ms. McFarland stated that this information is new to everybody. It was received immediately before the last ITF meeting.

Dr. Desamours noted that 25% of the District's employees are enrolled in the FSA. If the ITF is not ready to make a decision, when will they be ready and what information do they need to make the decision. Ms. Rudd noted that her concern is that the 657 people who had a balance left may not be aware of the fact that they had a grace period in which they could use their flex money. Dr. Desamours asked if the committee should base their decision on the 657 who had money left in their FSA or what is best for all employees who have an FSA.

Ms. Backens made a motion to withdraw her motion that was on the table; Mr. Castellano seconded the motion.

Ms. Backens then made a motion to keep the FSA grace period for the 2014-15 plan year. Mr. Leo Burt seconded the motion. The motion passed 14 – 0.

Ms. McFarland stated that we will move forward with the grace period for the 2014-15 plan year and discuss further for the 2015-16 plan year.

EAP Agreement Addendum

Ms. McFarland informed ITF Committee members that EAP Consultants Inc. has proposed an extension of their current contract at the same price of \$1.20 per employee for an additional year. Feedback is very positive from employees who have utilized their services. They offer up to 8 sessions with a counselor. They are able to be very responsive to our employees. She recommends we continue with them.

Ms. Leanne Migliore made a motion to extend the EAP Consultants Inc. agreement addendum for the 2014-15 plan year. Ms. Jamie Michael seconded the motion. The motion passed 14-0 unanimously. This will go to the Board in January.

Open Enrollment 2014

Ms. Karen Cooley informed committee members that open enrollment will run January 31st – February 14th. She is working hard to get everything on line and up and running. All info will be on the website prior to January. Medical plans are not changing. Dental PPO plan premiums are increasing 2.8%. Information will go out to retirees shortly. Disability will require medical underwriting, as well as cancer and life insurance. Employees will be asked to check their beneficiaries for their life insurance to be sure they are correct in preparation for Minnesota Life taking over management of the beneficiary piece. Ms. McFarland noted that it is the CBI department's recommendation that everybody go online to review their benefits and beneficiaries, whether or not they are making changes. Ms. Cooley informed committee members that she is planning to have educational meetings at some high schools although fewer will be done than originally planned as we are not implementing the HSA this year. There aren't many changes to benefits so there won't be a great need for employee education. Ms. Cooley shared that health fairs are scheduled for Jan 9th and 10th. Vendors will be there.

Ms. Rudd asked for a visit to transportation for enrollment education. Ms. McFarland stated that we will work with Robert Morgan to determine what will best there. Mr. Leo Burt noted that an educational session from 10:30 to 11:30 may work best. Ms. McFarland stated that the CBI department is happy to go to any location if there are a lot of questions. The fairs on January 9th and 10th will begin early and run late to enable most employees to attend if they wish. Ms. Cooley stated that she sends out personalized notifications in the pony to each employee for open enrollment.

Review of Benefits Offered

Ms. McFarland noted that the purpose of this item is to check with the committee on their thoughts as to reviewing benefit options and making recommendations as to what will be offered to employees in the future. Is the committee interested in adding any line of insurance to the benefits offered? If there are any additional ancillary benefits the committee feels should be offered, we can include them in an RFP process. We currently offer 11 benefits. Is there any interest in this group to add to this menu?

Ms. Donna Mutzenard asked that we consider long term care insurance. Ms. McFarland stated that if the committee agrees, we can add this to the RFP list. Mr. Castellano requested that at a future meeting the committee take a look at what we now offer, and at what is available to offer in the future. Ms. Michael asked if we need a generic form that could be filled out by a vendor and put in front of the committee so they can say yay or nay to a benefit being offered. This could be a new process to put in place.

Ms. McFarland asked Aon to provide us with a list of benefit coverages at the February ITF meeting that could be offered to employees. Aon clarified that we are looking at voluntary benefits that are employee paid. Aon will do an analysis of affordable benefits and present this to the ITF in February.

Ms. Rudd noted that NEA offers many different types of insurance to members only. Parameters need to be set. Does the benefit have to be available to all employees? Ms. McFarland noted that building this into the payroll system might not be possible. Dr. Desamours asked what benefits other districts have compared to what we have. Is there employee interest in additional coverages? Should we conduct a survey? A better route may be to work with vendors to find out what they can offer employees and have employees contact them directly.

Ms. McFarland stated that at this time we will table the discussion and take a look at what other districts have, and see what else is available that could be offered and review this information at the February ITF meeting.

Wellness Coordinator Recruitment Update

Ms. McFarland informed committee members that an initial round of interviews was completed for the Wellness Coordinator position. Ms. McFarland asked the interview committee members to stay after the close of this meeting for further discussion in regard to the Wellness Coordinator interviews. She also informed ITF committee members that the Benefit Specialist position will be posted until the end of next week – December 13th. She is hoping to have all new employees for the CBI department on board after the Board meeting on January 28th.

Good of the Order

None.

Adjournment

The meeting adjourned at 4:56 PM.