

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, September 4, 2014

Members Present

Shandra Backens
Steve Bowman
Leo Burt
Mark Castellano
Karen Cooley
Bonnie McFarland
Jamie Michael
Leanne Migliore
Donna Mutzenard
Heather Parker
Joe Pescatrice
Joe Pitura
Angela Pruitt
Jimmy Riley
Suzan Rudd

Members Absent

Ashley LaMar
Thomas Scott, Board Member
Rita Zazzaro

Others Present

Keith Coghlan, Aon Hewitt
Debbie Poole, Aon Hewitt
Karen Toro, Florida Blue
Jeanne Beatson
Lynda Madison
Terri Roney

The meeting was called to order at 3:04 PM. Ms. Bonnie McFarland informed ITF members that Dr. Angela Pruitt is now a voting member of the ITF Committee. Dr. Desamours is coming off the voting membership but has asked to continue to get agendas and meeting minutes. This change is effective today.

Dr. Pruitt introduced herself and ITF members did likewise.

Approval of Minutes – August 7, 2014

Ms. Bonnie McFarland reviewed the draft 8/7/14 ITF meeting minutes, and asked if there were any additions, deletions or corrections. There being no further changes to the minutes, Mr. Mark Castellano made the motion to approve the minutes of the meeting. Mr. Leo Burt seconded the motion; motion passed unanimously.

Review of Health Plan Financials

Ms. Debbie Poole from Aon noted she would go through the financial review first, and some forecasted rates and contributions for the medical plans for the 15-16 school year, as well as the 2015 ancillary plan renewal preview. Ms. Poole noted from here on out, financial reports will go in the binder that Aon has provided to ITF members. This way all previous information will be available to members for future meetings.

Ms. Poole noted that the 2014/15 update is 2.7% below the 2014/15 budget. There was a spike in claims for July. Average 2013/14 paid claims was \$5.1 million. The 4/14-7/14 average monthly paid claims is \$5.6 million. Current medical plan enrollment is 10,015 for July 2014. Projected average 2014/15 medical plan enrollment is 9,999. Average enrollment for 2013/14 was 9,841.

Projection update was reviewed - YTD through July - a surplus of just over \$500,000. Updated projection for 2014/15 is just over \$2 million surplus.

Large claims were reviewed. There are currently 8 claims over \$250,000, including to new claims. Ms. McFarland noted that claims that are no longer on the list are off because treatment has been completed, and is no longer occurring. The 8 claims on the list are all currently active. #7 Prescription means it is a large cost drug. Ms. Poole noted that even though these drugs are high cost, the use of the drug is preventing a higher cost claim such as a transplant.

Claim cycle was reviewed. July loss ratio was 114% compared to last July at 86%. It is not unusual for the claim cycle to spike over the summer, as employees put health issues off until the summer months. The same happens for January claims – employees take care of things done over Christmas break.

PPACA Update

None

Medical Premiums for 15-16 Plan Year

Ms. Poole noted the District is looking to continue the two current plans and add an HSA plan for the 15-16 plan year, and she will review five different scenarios for doing this. Each scenario is different, and Ms. McFarland asked that we look at each scenario and then discuss how we want to fund the plan for the 15-16 plan year.

Option 1 - Page 8 – the first scenario – uses no part of the reserve, keeping surplus at 0 - based on funding and assuming new fixed fees and not including funding for the 522 waivers. This is the least palatable option. The new rate for the 5773 plan would be \$26.72 per month for employee only.

Option 2 – Page 9 – looks at spending down some of the reserve, and is projecting a \$2million deficit. The 5773 plan employee only is a monthly cost of \$12.16, and the HDHP is at no cost to the employee only.

Option 3 – Page 10 – projects a \$3 million deficit - 5773 monthly cost \$4.88 employee only and the HDHP is free to employee only.

Discussion was held as far as what is being bargained for TALC and SPALC and Management. Bonnie noted that two items came out of bargaining which are part of the tentative agreement. Once ratified by unions and approved by the Board, they will become part of the TALC and SPALC agreements. #1) Regarding the employees who waive insurance – the agreement is that the funds from the employees who waive health insurance (about \$3.5 million dollars) that were going into the plan will no longer go into the plan – the options Aon are discussing today do not include the \$ of the waivers. For employees who elect an HSA plan, any flex credits beyond the employee only premium will be deposited into the HSA plan and will not be applied to dental vision or cancer insurance. These two items have been tentatively agreed to with the unions and affect our plan design. The minutes for these union meetings are the June 26th minutes.

Option 4 – page 11 – speaks to the request for a no cost option, however flex credits cannot be applied to employee + spouse, child, children or family – adjustments were discussed. A revised page 11 of Aon's

information will be distributed to ITF. There is no cost to the employee only for the 5773 plan or the HDHP.

Discussion was held about the concern about offering one of current plans still at no cost to the employee so they didn't all change to the HDHP. Two options will cost the employee nothing, and these two are very different plans. Ms. Poole noted that the goal of the pricing of these plans is to keep them level. If employees waive medical coverage under the two current plans, they will still get the \$25 per pay period to buy dental, vision or cancer coverage.

Ms. Leanne Migliore noted that the cost of the 3769 plan will go up and she is concerned there may be a larger migration. It was noted that Board contribution has not increased since 2007, but medical costs have continued to increase. There comes a point where plans are no longer feasible due to cost. Assumed annual trend is 7.5%. As long as Board contribution stays at \$6,372, premiums have to go up – there is no avoiding it. The HDHP gives people an option – this is for people who don't need a lot of service, and have a chance to build up their HSA for if/when they do need a lot of service. Ms. Poole noted that the actuarial assumption do not assume anyone from the 3769 plan moving to the HDHP.

Mr. Mark Castellano noted the \$6,372 has not been changed since 2007. This has been discussed and there is a realization that this will have to be increased; however this will create an impact in another area.

Ms. Poole noted that at the March 6th meeting, medical plan options were discussed and option B was selected for the HDHP - \$2,500 deductible Employee Only, \$5,000 Deductible Family. Under the HDHP, all your services will apply to the deductible. Once you reach your deductible, all services are covered at 80%. The 20% coinsurance will go to the deductible. Individual out of pocket max is \$6,250, and if you include the \$1000 employer contribution into the HSA, this out of pocket max is \$5,250. Communication to employees will be key. They will need to know they can also contribute into their HSA. Each HSA is individually owned by the employee. They have to actively open an account. This has to be communicated as well. Ms. McFarland noted that communication plans are already being discussed – staff will be meeting with principals and planning a massive rolling out of information. More details will be shared when they are finalized. Ms. McFarland asked for ITF support in getting employees out to the meetings so they get this important information.

Ms. Shandra Backens asked Ms. Poole to bring in a few claim scenarios so the ITF can see exactly how claims would be paid by the different plans.

Option 5 – page 12 - this plan is keeping \$0 cost for the 5773 plan, employee only, and pushes all cost to the employee + tiers, not dipping into the reserve. This is part of looking and evaluating the plans to make an informed decision. Ms. McFarland noted that we will soon be filing our report with the State, telling them what is in the reserves. Last year reserve was \$39 million. This year we will be in the \$42 million range. The State would like to see the reserve at an amount that would cover two months of claims, or around \$12 million. Our reserve is currently much higher than that. Discussion is to spend down the reserve, as there is quite a bit of extra \$ in the reserve.

Ms. McFarland informed ITF members that she feels that option 4 on page 11 is a very good option. It spends down the reserve and will put the reserve back down to \$38 or \$39 million and keeps the costs to employees reasonable. Projected surplus is -\$3,670,000. This is a sound actuarial estimate based on past claims. We are working well with our wellness program and it is our anticipation this will continue to

have a positive impact on claims. Option 4 is her recommendation to the committee, and she noted she would like the committee to discuss their thoughts.

Discussion was held regarding reserve \$ used so far for funding the wellness program (\$1.75 million.) Ms. McFarland noted that this entire amount will not be used – it was set aside assuming every employee will participate in the health screenings and this will not be the case..

Ms. McFarland noted that if we make the decision to move forward with the plan on page 11 with the \$3.6 million deficit, we would watch the plans and claims very carefully, and adjustments would be made. The \$3.67 million deficit would be covered with money from the reserves to keep plan premiums down for employees – this is actually going into the employees pockets by keeping premiums low.

Ms. Jamie Michael asked that this item be tabled for further review prior to making a decision. It was agreed that the ITF will meet again on Wednesday, September 24th at 3:30 pm to make a decision. Ms. McFarland will send out to ITF members the current enrollment by tier figures - 80% are enrolled in the employee only tier. An updated page 11 for Aon's financials will also be sent out.

Ms. Migliore asked if more of the reserves could be used towards lowering premiums. Ms. McFarland noted the challenge in using the reserve in a big way is that there are so many employees that the surplus is spent down very fast and employees don't really feel the savings. \$10 per employee per month is \$1.2 million. Ms. McFarland noted she is comfortable with using \$3.6 million of the reserves, but doesn't feel that using double that is a sound idea. \$3.6 million is sustainable, and could be done for the next several years.

Vision Market Analysis Update

Ms. McFarland informed ITF members that the Vision Market Check Subcommittee looked at responses from 9 vision insurance vendors, and narrowed those down to 4 finalists. The subcommittee met yesterday, and the recommendation of the subcommittee is to remain with Avesis with a rate reduction of 1.3% below current rates. The biggest driving factor was that with the other vendors, disruption would be at 40-60%. The subcommittee makes the recommendation that the ITF committee recommend to the Board to keep Avesis our current vendor for vision insurance. With a unanimous vote of 12-0, the ITF Committee voted to recommend to the Board that they approve continuing with Avesis as the vendor to provide vision insurance to employees at their 10/21/14 Board meeting.

Review/Approval of Ancillary Benefits

Ms. Poole reviewed the 2015 Ancillary Plan Renewal Preview and noted the following:

Dental – DHMO is still under rate guarantee; the DPPO has a 3% rate cap for 2015

Vision – Avesis – the evaluation committee unanimously voted to renew the current vision plan at rates 1.3% below the current rates

Flexible Spending Account – rates are guaranteed for 2015-16

Life and AD&D – rates are guaranteed for 2015-16

Disability - STD rate expires 3/31/15; LTD rate is guaranteed until 3/31/16

Cancer – rate pass for 2015-16

The Dental PPO and STD rates will be brought back to the ITF Committee for a vote at the next regularly scheduled meeting on October 2nd.

Gymnasium Build-Out

Ms. McFarland noted that Employee Wellness has been working on building out the unfinished gym in the LCPEC building. The gym could use some improvement. We have worked with the District construction team and come up with a plan design to make the space more functional.

Ms. Heather Parker reviewed the usage report for the gym with ITF members, noting that there were 450 users in the first month. It is a 50-50 split between people outside the LCPEC and from within. Usage goes up in January, as expected, and drops off in February. March shows an increase in usage. Usage went down in April and increased to over 1,000 in May and June with one-on-one free training being offered to employees. Ms. Parker noted she has an intern this semester and she will be available to do one on one training on how to safely and properly use the gym equipment. Employees are taking advantage of this training. The front desk has seen a huge increase in people coming in to use the gym. There are four different phases of the gym build-out. It currently looks like a storage space. All of the items that were stored in there have been removed and it is ready to start construction. \$18,000 has been paid for sprinkler installation. The sprinkler installation will begin next Monday. This money is money that was left from the previous wellness budget. Engineering was also paid out of the wellness budget. The next phase will be bathrooms with showers and changing areas, this will be between \$75,000 & \$90,000. This will include his and hers showers. The final stage will be walls, air flow, flooring, lighting and things to finish the space out. This will include walls and a work out area so testing and meetings in the Caloosahatchee Room won't be disturbed. The exercise space will be moved to the back with a wall. This will allow for classes in this area next to the Caloosahatchee Room.

Ms. Jamie Michael asked if our maintenance employees will be doing the work. It was noted that this can be one of the provisions made.

Ms. Parker noted the total needed to finish this scope of work would be \$277,000, and she is making the request to the ITF committee to use the health fund for the completion of this work to the gym.

Mr. Mark Castellano made the motion to approve the use of not to exceed \$300,000 from the District Health Fund, using only what is needed for this one-time expense for the gym build-out. Ms. Leanne Migliore seconded the motion. Ms. Suzanne Rudd noted they support the motion with the caveat that in-house labor is used as much as possible. Ms. McFarland noted that she will request that all work possible is done by District employees. Dr. Angela Pruitt noted she will follow up on this. The motion passed with a vote of 12-0.

Wellness Specialist

Dr. Pruitt noted that one of her first observations was that District employees in Human Resources are really hard workers, are dedicated employees and that the departments are understaffed. In looking at the budgets and what was asked for and what was denied, she feels that a wellness specialist is very necessary for employee wellness. Staffing and talent management have specialists and Heather Parker needs someone to help with the amount of work the wellness initiatives have created. She would like to request that the one- time cost of the salary for the wellness specialist for FY15 come from the health fund until next year when it can be added to the I & B budget.

Bonnie noted the offer from Aetna for the medical RFP contained a customer service person – like Karen Whitmore, and a nurse. The nurse would have a function in wellness, but not as a wellness specialist, but more on the clinical side in discussing specific health issues in regard to employee’s medical coverage. The wellness specialist would be a direct assistant to Heather Parker in making the day to day items happen – such as updating websites, setting up the gym, ordering books, tracking wellness participation.

Ms. Shandra Backens made the motion to approve the funding for the wellness specialist for the 2015-16 year from the health fund reserves – for a one-time expense for FY15. Ms. Leanne Migliore seconded the motion. The motion passed 12-0.

Mr. Castellano made the comment that today’s approvals for the uses of the health fund reserves are all very positive.

Good of the Order

Ms. McFarland informed ITF members that Karen Whitmore has accepted another position with Florida Blue. We are working on a replacement for Karen, and we will share this information with the ITF and all District employees as soon as possible, along with the new contact information for this new on-site person.

Ms. Jamie Michael noted that some WageWorks information regarding which expenses can be claimed and which ones cannot would be very helpful to employees. Ms. McFarland noted that we are working on that. Discussion was held that Wage Works is carefully substantiating claims to match what is allowable by the IRS. This is protecting the employee in ensuring that their claims are compliant by IRS law. Trainings will be held on how to use the app to download receipts and use the Wage Works website.

Ms. McFarland noted that the Medical RFP will be briefed with the Board at their October 7th meeting and will be voted on by the Board at their meeting on October 21st.

Adjournment

The meeting adjourned at 5:19 p.m. upon motion by Mr. Mark Castellano with second by Ms. Karen Cooley.