

**THE SCHOOL DISTRICT OF LEE COUNTY  
MINUTES**

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

**Thursday, March 5, 2015**

---

Members Present

Shandra Backens  
Leo Burt  
Mark Castellano  
Karen Cooley  
Bonnie McFarland  
Jamie Michael  
Donna Mutzenard  
Heather Parker  
Joseph Pitura  
Suzan Rudd  
Rita Zazzaro

Members Absent

Steve Bowman  
Ashley LaMar  
Leanne Migliore  
Angela Pruitt  
Jimmy Riley

Others Present

Joe Pescatrice, Retiree  
Liaison  
Debbie Poole, Aon Hewitt  
Kim Murphy, Aetna  
Terri Roney

The meeting was called to order at 3:07 PM.

**Approval of Minutes – February 5, 2015**

Ms. Bonnie McFarland reviewed the draft 2/5/15 ITF meeting minutes, and asked if there were any deletions or corrections. There being no changes to the minutes, Ms. Donna Mutzenard 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 reviewed financials, noting that the report includes paid claims through January 2015. The 2014/15 update is 3.5% below the 2014/15 budget. Claims were unusually low in January at \$4.6 million. December claims were \$6.4 million. Current medical plan enrollment is 10,078. Average enrollment is 9,841. Enrollment at close of open enrollment is 10,036. Projection last month was a deficit of \$11,000, and is now a surplus of \$2.5 million due to low claims in January. Last year claims in December were 88% and this year they were 107%. Total loss ratio for all plans is 89.9%.

**Health Care Updates**

Ms. Poole reviewed updates on the Excise Tax. The IRS has requested feedback on methods of calculating the tax on high cost group health plans. They are unwavering on their approach and still plan on implementing the 40% tax; however the question is how they will calculate it. There will be a lot of change around this category. Once they make their decision, Aon will update projections. Tax amounts per employee are \$10,200 for self only coverage and \$27,500 for family coverage. Employer-sponsored coverages subject to the excise tax were reviewed.

Ms. McFarland asked if cancer and specified diseases must be included. Aon will look into this and include information in their next update. Employee coverages not included in the excise tax were also reviewed.

Ms. Jamie Michael joined the meeting at 3:20 p.m.

As the IRS continues to ask for guidance they are paying close attention to on-site clinics, limited scope dental and vision benefits, employee assistance plans and HSA. Ms. McFarland reminded ITF members that there will come a point where the District will be paying into this tax. It is only a matter of time before this happens.

Ms. Shandra Backens asked if we had built a clinic, would we be closer to paying this tax. Ms. McFarland stated that the IRS has to define the value of a clinic, but yes, it would be added to the pot of things The District will be paying the excise tax on.

Ms. Poole noted that the funding of Florida's Low Income Pool (LIP), which reimburses hospitals that treat large numbers of poor and uninsured patients is due to expire at the end of June. Non-renewal of that funding will create a \$1.3 billion shortfall in Governor Rick Scott's budget. Medicaid expansion, if implemented, could bring in \$51 billion to Florida over ten years.

### **Open Enrollment Update**

Ms. McFarland informed ITF members that her team did a great job with open enrollment. 1,900 election errors were manually corrected in PeopleSoft. Election errors occur for a variety of reasons, including incorrect entry of birth dates by employees, plans that require underwriting, etc. Evidence of Insurability forms were processed. The team worked hard and finalized open enrollment on March 2<sup>nd</sup> – ahead of the goal.

Ms. Karen Cooley is working on uploading the files that have all of the data for April 1, 2015 which will kick off the mailing of insurance cards and other information. Aetna will be sending out emails to all employees regarding finding a network provider, prescriptions, ID cards, how to get onto Navigator and when employees can call into Aetna customer service. In the interim, please refer employees to Kim Murphy who is already working in the Insurance & Benefits office. Ms. McFarland noted that the sooner people get registered on Navigator, the sooner they will be plugged into their wellness information with Aetna.

Ms. Cooley informed ITF members of the medical plan enrollment figures:

HDHP - 139 enrolled – 10 of these are retirees or COBRA

HSA – 129 enrollees

5773 – 3,398 enrollees

3769 – 6,498 enrollees

Ms. McFarland noted that the number of enrollees in the HDHP is low, however it is what was expected and we have begun communicating with these employees. A mailing will soon go out to employees who have an HSA directing them on how to set up their account.

Mr. Joseph Pitura asked if there is a profile of the 139 who chose the HDHP. Ms. Cooley will look into this and update ITF members at the next meeting. 127 chose employee only, 4 chose employee & spouse, 6 chose employee & child and 2 chose employee & children. Most did not elect an additional amount to go into the HSA; they took the Board contribution only.

Medical FSA participation dropped from 2,302 to 1,886, which was quite a drop. A few employees forgot to enroll, but a lot of employees chose not to re-enroll because claims are being substantiated and they are frustrated with this process. Ms. McFarland noted that substantiation is IRS Law, and it is not WageWorks that the employees are frustrated with, it is the substantiation process. Any vendor would require this substantiation.

Ms. McFarland asked ITF members to let her know if they are aware of any issues with WageWorks. She is handling all FSA issues at this point. An email was sent to all employees who had an FSA reminding them they need to reenroll. A follow up email toward the end of open enrollment was also sent out.

Ms. Jamie Michael noted that the videos at the transportation locations were very helpful. Ms. McFarland noted that we are working on a project to create an online new hire enrollment and this information can be used at open enrollment times as well. The videos will be on the Insurance & Benefits website and will be able to be viewed at all times.

Ms. Cooley noted that there were increases in dental and vision enrollments this year. Dental enrollment went from 8,239 to 8,509 and vision enrollment went from 7,200 to 7,446.

Further updates will be available after evidence of insurability forms have been processed.

### **Wellness Incentives for FY16**

Ms. McFarland informed ITF members that as Ms. Heather Parker, Wellness Coordinator, is expecting a baby in March, she is going to discuss the 2015-16 incentives now, before she goes on maternity leave. Wellness screening information from 2013-14 was reviewed. The number of low risk employees increased from 41% 2011 to 63% in 2013. The number of high risk employees was 18% in 2011 and 9% in 2013. This is very good. She won't have the Florida Blue report for 2015 until next week, so information from this past year's screening will be presented in July or August.

Classes offered to employees with Health Fund dollars were reviewed. A total of 2,016 classes were offered, with 1,341 participants – about 33 people per class. They were very high functioning classes. One of the District teams won \$3,000 in a weight loss program. Fifteen health screenings were held, with 2,246 participants. 20,000 Kind bars were distributed to employees. Monthly emails and newsletters were sent out, and one-on-one training was offered in the gym.

Based on weight loss alone, we have recouped our investment. The CHIP program ROI is estimated at \$90,000 and this is only from the information that employees have chosen to share with Ms. Parker – it is not complete data.

Ms. McFarland noted that 22% of health fund spend is on medications – about \$16 million. People getting healthier and taking fewer medications will save the health plan a lot of money.

The CHIP program is going well and a lot of people are talking about it. The Food for Life class is also going well. Exercise classes are getting 10-20 people in each class – which is very good. The financial wellness class is still in progress. We won't have a report on that until the end of March. There was a 3.8% increase in health screening participation with 15 events as opposed to 38 events the previous year.

Ms. Shandra Backens asked what amount was requested last year for incentives and programming. Ms. Parker informed her that it was a total of \$ 1.5 million in incentives - \$150 per employee, and an additional \$250,000 for programming.

Ms. Parker noted that for 2015-16 the incentive structure will be different, but better.  
Step 1 - The Health Screening will now be an online Health Risk Assessment and an onsite Quest Lab Draw. It will be administered on line, on Navigator. There will be a \$50 gift card which Aetna is providing given to each employee who completes the Health Risk Assessment. This will be mailed to their homes.

Step 2 – The outcomes from the screenings will be incentivized for good results - \$20 each for BMI, total cholesterol, HDL cholesterol, LDL cholesterol, triglycerides, glucose and blood pressure for a possible total of \$140. All of this data will be tracked by Aetna. We know from our data that 50% of our employees are not getting their wellness checkups. This incentive should help get more employees in for their wellness visit.

The incentive structure for 2015-16 preventative and programs is set up as follows:

- Well Visit \$30
- Financial Wellness \$30
- Food for Life Class \$60
- Smoking Cessation Class \$60
- Stress Release Series \$60
- CHIP Program \$100

Programming for 2015-16 is set up as follows:

- Exercise Classes
- On-site Quest Lab
- On-site flu shots
- On-site mobile mammogram
- Financial Wellness Program
- CHIP Program
- Food for Life
- EAP
- Fitness Center
- Stress Reduction Series

Ms. Parker informed ITF members that she is asking again for a total of \$1.75 million - \$1.5 million for incentives and \$250,000 for programming.

\$90,000 CHIP Program  
\$30,000 Food for Life  
\$94,000 Exercise Classes  
\$30,000 Financial Wellness Program  
\$6,000 Stress Reduction Series

Mr. Mark Castellano asked how much is left over from last year. Ms. McFarland noted that roughly half of the \$1.5 million will be left because not everyone got their incentive. We will only take out of the health fund what was earned. The most being taken out this year for incentive payouts is \$600,000.

Mr. Castellano made a motion to approve the recommendation of the use of \$1.75 million from the Health Fund for Wellness incentives and Wellness programming. Ms. Jamie Michael seconded the motion. The motion was approved unanimously with a vote of 11-0.

Ms. McFarland and Ms. Parker thanked the ITF, noting they are very excited about the upcoming changes for Wellness 2015-16. Having Quest Lab at all locations will be a great improvement. Ms. McFarland noted that this recommendation will be forwarded to the Board for approval.

### **Dental**

Ms. Debbie Poole advised ITF members that a dental RFP will be released for the current fully insured dental program administered by Humana. The RFP process will take place May – July, and will be brought to the ITF at the August 6<sup>th</sup> meeting. The objectives of the RFP are pricing, and potential changes to plans with the High PPO unchanged, a mid-PPO option, a Low PPO option with no orthodontia or implant coverage, and elimination of the DHMO plan due to negative feedback on network providers. The main objectives will be sufficient access to providers and minimal disruption. Ms. Poole noted they are expecting to see a lot of response to this RFP.

Timeline for the dental RFP –

- Develop plan design 3/5/15 through 4/17/15
- RFP release 5/11/15
- Review RFP results 6/22/15
- Finalist interviews 7/20/15

Two to three meetings will be needed to develop plan designs before 4/17/15. These meetings will be scheduled and advertised.

Ms. McFarland asked for RFP Subcommittee Volunteers. Mark Castellano, Jamie Michael, Rita Zazzaro and Shandra Backens volunteered to be on the Dental RFP Subcommittee.

It was noted that the DHMO has had many complaints – no matter whether with Delta Dental or Humana - due to the fact that the plans are offered through corporate dental offices which some employees do not like. Many of the complaints were specific to the DHMO.

Ms. Michael noted that amalgams and implants not being covered were some of the complaints received by SPALC. Ms. Poole stated that they will be looking at the maximum allowable charge from each carrier – vendors will be asked to provide this information in the RFP.

Once the plan designs are completed, the RFP will be released in May, RFP analysis will be done by Aon in May and June, and Aon will bring their findings back to the subcommittee between 6/22 – 6/26/15. This is the only week all parties are available to do this.

The finalists will be selected at the conclusion of this week. Finalist interviews will be held 7/20 – 7/24/15. The outcome will be presented to the ITF in August.

Plan design options were reviewed. Ms. McFarland thanked those who volunteered for the dental RFP subcommittee.

### **Disability RFP**

Ms. McFarland noted that Disability was taken out to bid two years ago. The decision on who to go with was based on price. We have had large concerns with the current carrier, in regard to responsiveness, approval, issues. The internal process of the current vendor is very ineffective. Response time is very slow, as they use an outsourced group to review claims. Turnaround time is unacceptable. We have tried very hard to improve processes, to no avail.

We have reached the point where we need to take action to replace this vendor. They are not performing. It is her recommendation we take the disability out to bid for a replacement carrier for open enrollment 2016. Ms. Poole and Ms. McFarland have worked carefully to spread the workload out between the dental and disability RFPs.

Ms. McFarland asked if the ITF are in favor of taking this out to bid. ITF members stated that they are in favor. Ms. Poole noted they will look at processes so they can include these issues in the RFP. Ms. McFarland asked for volunteers for the Disability RFP subcommittee, noting they will review RFPs in September when they are received from vendors, and finalist interviews will be done the week of 9/21/15. Suzan Rudd, Donna Mutzenard and Joe Pitura volunteered to be on the Disability RFP Subcommittee.

### **Johns Eastern**

Workers' Compensation-Property & Casualty

Bonnie noted that several years ago we approved a 3 year contract with Johns Eastern, which is coming due in June of this year. Looking at their performance, it is her recommendation that we do a direct negotiation with Johns Eastern, as we are currently in the middle of the 3 medical implementations, and COBRA and HSA implementations. Johns Eastern provides support on property casualty and workers' compensation. Ms. McFarland asked how involved

the committee wants to be in the process, and what their thoughts are in doing a direct negotiation. Ms. McFarland noted that Johns Eastern is a third party administrator, and the Dept. of Education allows direct negotiation with them.

Ms. Suzan Rudd noted that SPALC employees have a lot of interaction with Johns Eastern, and they continue to have complaints about Johns Eastern that their claims adjustors have not been as responsive as they could be, although in the last year or so, complaints have lowered. Ms. Rudd also asked what direct negotiations involve. Ms. McFarland noted that we would work with Johns Eastern only to negotiate a contract. The length and rate of the contract will be part of that negotiation. As with all of our contracts, there will be a termination clause. If we decide we want to go to bid at a later date, we can invoke the termination and do an RFP. Ms. McFarland also noted that we now have a new supervisor over the claims area with Johns Eastern. Her name is Tabetha, she is very good with customer service and this is why things have gotten better over the last year. She has seen that employees and the District get what they need in a timely manner, and she monitors this very closely. Claims handling turnaround time for damage to vehicles or District property is working very well. Ms. McFarland stated she feels it is in our best interest to negotiate a contract. We spend \$600,000 per year for these services.

Ms. Rudd asked if SPALC would have input into the negotiation. Ms. McFarland replied that she would be happy to have SPALC involved – Ms. Rudd noted that customer service is the main piece with their folks – there are a couple of issues that they deal with over and over. They do not want to force an RFP but would like to have some discussion regarding these issues. Bonnie noted she wants to hear when there are issues with John Eastern.

Ms. McFarland suggested she, Ms. Rudd and Ms. Michael meet the next couple of weeks to talk about the proposal and if performance guarantees in the contract are necessary. If successful, the negotiated contract will come to the ITF for approval and then to the Board.

### **Good of the Order**

Mr. Joe Pescatrice informed the ITF that retirees are suggesting that the ITF investigate the Florida Retirees Consortium which is offering other medical plan options to District retirees. This could save the District money by taking retirees off the District's plans. The Consortium provides Medicare supplements from different insurers, drug plans, spouses are eligible under these plans, costs are less, and dental and vision plans are available. Districts get to choose the plans they want to offer retirees, but do not administer them. Mr. Pescatrice offered to do some foot work on this and bring some information back to the ITF in the future.

Ms. McFarland noted that Duval and Polk Counties are participating in this; however they pay for their retiree's insurance, where we don't – our retirees pay for their own, so Lee Schools would not see a savings in premium expense. These are Medicare supplemental plans, which would pay for what Medicare doesn't cover – it fills in the gaps – it is not double coverage.

Ms. McFarland noted that as this would require a great deal of communication with retirees, lack of staff in the Insurance & Benefits Dept. is the issue. We currently do not have the resources to do this. We will do the best we can. This has been discussed at FERMA – there are some potential benefits to employees – they could save several hundred dollars per month. The District would have to commit some resources to educate retirees. This affects about 300 retirees at this time.

Ms. McFarland also informed ITF members that she has asked Mr. Bill Tubb to look at the savings available with OPEB - other post-employment benefits.

Ms. McFarland thanked Mr. Pescatrice for bringing this issue to the ITF.

Ms. Michael noted that they have been working on some safety issues and may need to meet. Ms. McFarland noted we need District wide safety training – by Mr. Dobson – and she would be happy to participate and share data on loss/claim numbers.

**Adjournment**

The meeting adjourned at 5:21 p.m. upon motion by Mr. Mark Castellano with second by Ms. Rita Zazzaro.