

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, April 9, 2015

Members Present

Shandra Backens
Steve Bowman
Leo Burt
Mark Castellano
Karen Cooley
Bonnie McFarland
Jamie Michael
Leanne Migliore
Donna Mutzenard
Joseph Pitura
Angela Pruitt
Jimmy Riley
Suzan Rudd
Rita Zazzaro

Members Absent

Ashely LaMar
Heather Parker
Joe Pescatrice, Retiree
Liaison

Others Present

Pamela LaRiviere, Board
Liaison
Tammy Martin, Aon Hewitt
Keith Coghlin, Aon Hewitt
Kim Murphy, Aetna
Terri Roney

The meeting was called to order at 3:06 PM.

Ms. Pamela LaRiviere was welcomed to the ITF meeting, and expressed an interest in attending all ITF meetings, noting she will be bringing that to the table at the next Board meeting. Dr. Angela Pruitt noted this would be extremely helpful and Ms. Bonnie McFarland agreed – noting the continuity would be very helpful in providing input. Introductions were made around the table. It was noted that Aon Hewitt has been with the District since October 2012.

Approval of Minutes – March 5, 2015

Ms. McFarland reviewed the draft 3/5/15 ITF meeting minutes, and asked if there were any edits or corrections. There being no 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. Tammy Martin noted that this report includes 11 months of claims experience through February 2015. The 2014-15 update is 4.6% below the budgeted amount for 2014-15. The District is doing very well due to a couple of months of low claims, including February which was \$4.8 million. The average 2013-14 monthly paid claims was \$5.1 million and the 4/2014-2/2015 average monthly paid claims is \$5.3 million. Current enrollment is 10,075. Average is 9,971.

Trend was reviewed. Ms. Martin noted that trend used at Aon is arrived at with a survey that the chief actuary conducts. Trend used by all carriers is used to calculate a mean national trend. Ms. McFarland noted that it is important to know what is being referred to when trend is discussed. There is trend for premiums and trend for expenses and these numbers are different. Ms. Martin noted that Aon calculates healthcare trend – or medical trend - by doing a survey from all medical carriers to see what trend they are using - actual cost of healthcare from one year to the next. Actual experience is added into this to calculate our actual experience. 7.5% is the current trend.

Year to date 4/14-2/15 actual claims are \$66.1 million, recast projection of claims is \$57.8 million, fees are \$4.7 million, total cost \$62.6 million, employee contribution is \$9.8 million and net employer cost is \$52.8 million. Projection is a \$3.462 million surplus.

Ms. Rita Zazzaro joined the meeting at 3:17 p.m.

Ms. Martin noted that budget projection is the rates times the actual enrollment. The only thing that changes is the enrollment number for the month. Updated projection is updated with the latest month of claims. This shows a \$3.3 million surplus.

Loss ratio was reviewed. February loss ratio was 81%. Rolling 12 month period loss ratio is 89.5%.

PPACA Update

Mr. Keith Coghlin noted that not a whole lot changed in healthcare reform over the last month. Final regulations amending the definition of excepted benefits to include certain limited coverage that wraps around individual health insurance were published.

Ms. Zazzaro asked if value of benefits other than medical insurance will be required to be on W2. Ms. McFarland noted that currently only medical benefits must be reported on W2s.

Ms. McFarland explained that it is a matter of when, not if the District will pay the excise tax. The District's high plan will hit the threshold to pay the excise tax in 2019. If the value of the coverage exceeds the threshold, the District will have to pay 40% excise tax on the value of the coverage. Dr. Pruitt noted that it is the strategy of the Task Force to recommend changes to the health plan to keep the value not too high and not too low (minimum essential benefits – no less than 60% of actuarial value). Ms. McFarland noted that if we go below 60% a tax of \$27 million per year would be charged to the District. It was also noted that the value of a clinic will be included when figuring the excise tax. Ms. McFarland also stated that in her opinion the purpose of the Federal Healthcare Act is for employers to contribute to the system.

Mr. Coghlin noted that the Department of Labor's release of the new summary of benefits and coverage template has been delayed until 2016. In 2017 the template will change to include additional clarification adding a cost example for a foot fracture treated in an emergency room, updated claims/pricing data for the coverage example calculator, new minimum essential coverage and minimum value information, issuer website for specific policy or group certificate

of coverage information, uniform glossary revisions, removal of annual limits for essential health benefits (EHBs) information. Ms. Martin informed ITF members that this is an 8 page summary of what their benefits cover. It was noted that these are posted on the Insurance & Benefits website. Ms. McFarland added that the value of the HSA and the value of the FSA have also been added to the pot of items that count towards calculations of the excise tax. It is considered part of the value of the health plan.

Ms. Martin pointed out that we must also be aware that the Legislature is in session and that Florida has not yet expanded Medicaid and is unlikely to do so. There is a fund called the Low Income Program that provided money for care to indigents. Healthcare reform is going to cut funding to hospitals that provide indigent care as states were supposed to expand Medicaid to cover this funding for hospitals - \$1 to \$2 billion per year. The Senate has provided an alternate plan. Governor Scott has changed his mind again that expanding Medicaid is not a good idea. If the money to pay for the low income individuals is lost, hospitals will push this cost to paying customers.

Exchange Overview

Ms. Martin provided the ITF members with a basic overview of what an exchange is - private v public exchanges were reviewed. She noted that with healthcare reform, the way healthcare is delivered is changing. The healthcare exchange is a competitive marketplace that consists of suppliers and buyers. An example is iTunes – think of how iTunes has changed the way people buy music. This is basically what is happening with healthcare. Key features: employer or Federal government provides a subsidy - discounts, choices and flexibility. The public exchange currently has at least 3 major carriers offering 3 different plans – everything will be standardized – even employer plans. There is an employee health market, a retiree health market and public programs/exchanges. The federal government facilitates the public exchange. Options for Medicare-eligible people are not included on the public exchange. Medicare has its own options.

Private exchanges are offered through benefit consultants, administrators and insurance carriers. The target population is active employees and pre-Medicare-eligible retirees. Standardized designs mirror the bronze, silver, gold & platinum exchange plan designs.

Based on Aon's large market private exchange with 1.2 million members, 42% of employees bought down to a less expensive coverage and saved money in payroll deductions. 26% bought up to richer coverage. Less than 1/3 of employees remained at a comparable level.

Ms. LaRiviere asked if employees chose to buy up to a more expensive plan, would this also be included as value towards the excise tax. Ms. Martin noted that it could delay the excise tax, but will not eliminate it. In Aon's exchange, enrollment by metallic level is as follows:

43% - Silver
17% - Gold
10% - Platinum
30% - Bronze

Total premium volume is \$2.8 billion

Mr. Castellano asked if there are options within the gold, silver platinum and bronze plans. Ms. Martin noted that yes; there are variations within these plans – higher deductibles, copays or coinsurance, out of pocket maximums.

Dr. Pruitt reminded ITF members that arguments were heard in March by the Supreme Court regarding whether residents of states that do not have a state exchange are eligible for the subsidy. We may hear something in May or June as to whether the subsidy can be received through a federal plan. This will affect anyone who bought on the exchange and is getting a subsidy now through a federal plan where the state does not have an exchange. It will not affect the District. Healthcare Reform has slowed the growth of health care costs. Healthcare costs in FL will rise substantially if no program is put in place for low income residents.

Private exchanges were reviewed– employees would have the option of shopping across different options and to choose any combination of medical, dental, vision. Actuarial values of the metallic plans were reviewed.

Ms. McFarland informed ITF members that the actuarial value of our current plans is in the 80s for the PPOs and the high 70s for the HDHP. The District does not have nor participate in an exchange.

Public exchanges were reviewed – Florida has its exchange run through the Federal exchange. It does not run its own exchange.

For District plans, 80% of our employees cover only themselves. 20% cover some other variation of dependent. The \$531 per month covers all of one plan at the “employee only” tier and all but about \$10 of the other plan for employee only. The family rate is a challenge for new employees because our contribution rate is lower than most other Districts.

Ms. Karen Cooley reviewed open enrollment numbers regarding enrollment in the High Deductible Health Plan -

129 active employees chose the HDHP - with the breakdown as follows:

9 administrative employees

74 TALC employees

9 non-union employees

37 SPALC employees

1 ROTC employee who may not qualify for the HDHP as he has other coverage

Good of the Order

Mr. Castellano shared that the TALC Dollars for Scholars run is April 25th at 6 PM in Rotary Park in Cape Coral. Online registration is at active.com or he can email an application to anyone interested. Mr. Castellano asked ITF members to please share this info. He also noted that Ms. Amity Chandler will be getting this info out to employees.

Adjournment

The meeting adjourned at 4:20 p.m. upon motion by Mr. Mark Castellano with second by Ms. Leanne Migliore.