

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, August 6, 2015

Members Present

Toni Abrams
Mark Castellano
Karen Cooley
Brian Curls
William Grand
Bonnie McFarland
Jamie Michael
Donna Mutzenard
Heather Parker
Angela Pruitt
Suzan Rudd
Rita Zazzaro

Members Absent

Shandra Backens
Leanne Migliore
Joseph Pitura
Jimmy Riley
Joe Pescatrice, Retiree
Liaison

Others Present

Tammy Martin, Aon Hewitt
Amanda Brooke-Kross,
Aon Hewitt
Debbie Poole, Aon Hewitt
Gabby Dimitrakis, Aetna
Pamela LaRiviere, Board
Member
Debbie Durieux

The meeting was called to order at 3:10 PM.

Approval of Minutes – June 4, 2015

Ms. Bonnie McFarland reviewed the draft 6/4/15 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. William Grand seconded the motion; motion passed unanimously.

Review of Health Plan Financials

Ms. Amanda Brooke-Kross noted that we are now three months into claims and 3.3% below the projected 2015/16 budget. June, 2015 claims were 5.2 million. April claims updated and are down to \$3.9 million, which includes the BCBS run-off. May claims were \$3.3 million. The surplus at this time is 3.3%. The average 2014/15 monthly paid claims was \$5.4 million and the 2015/16 average monthly claims are \$4.1 million.

The projected surplus for 2015/16 was \$4.5 million, but is expected to go down to \$2.4 million.

In reviewing the monthly loss ratio by plan year, Ms. Bonnie McFarland pointed out that March, 2015 was high and that could be due to the fact that most employees were on spring break and they were trying to get procedures done prior to changing plans to Aetna. June was also high and that is expected because many employees wait until the summer while they are off to schedule procedures.

There are currently 6 large claims over \$250,000.

PPACA Update

Ms. Tammy Martin noted that there have been some merger activities:

- Aetna merging with Humana
- Anthem buying CIGNA

It is unknown as to what effect this will have on the markets, networks, plans, etc. These changes will require approval from the Federal Government. They anticipate it will be the middle of 2016 before anything is known.

ACA reporting vendors are now starting to turn away new clients.

Ms. Bonnie McFarland spoke regarding the DOL's proposed overtime regulations. There are hourly employees and salaried employees (administration, professional & IT). Currently, the salary is set at \$23,000 or more. The proposed change is to increase the minimum salary to \$50,000+ to be considered for salaried positions. Not sure what effect this would have on the District positions.

Additional guidance has also been issued for out of pocket maximums under the ACA. The new guidance caps the out of pocket maximum so that no one person will pay more than \$6,850, even if there is a family deductible. This will have a minimal impact to our plans. This rule will become effective 1/1/16.

Dental RFP Subcommittee Recommendation

Ms. Debbie Poole noted that the Dental RFP requested pricing for three dental PPO Plans: a high PPO, mid PPO & a low PPO to replace the existing plans (high PPO, low PPO & DHMO).

Ms. Bonnie McFarland pointed out that the decision to do away with the DHMO Plan was based on the dental survey that was done. Of the 50 members who indicated they had the DHMO Plan, there was not one positive comment. The survey indicated that employees were unhappy with the DHMO Plan.

Ms. Debbie Poole noted that there were only three vendors that responded to the RFP: Aetna, Delta Dental & MetLife. Humana, the incumbent, declined to quote due to the District's intent to eliminate the DHMO option.

MetLife scored the highest.

The three plans, High Mid, and Low, had variations in deductibles, co-insurance, and annual benefit maximums. In selecting the final plans, the subcommittee reviewed 6 packages for each plan. The committee selected package 3 for the high PPO plan; Package 4 for the mid PPO plan & package 3 for the low PPO plan.

The committee considered the following components of the MetLife RFP response:

- Their initial response agreed to the RFP plans, structure, administration functions, and plan designs with no deviations.
- Diagnostic and preventative services will be covered at 100% under all plans & will be excluded from the annual maximum accumulator. This means that if you had a bad year & used all of your annual maximum, you would still be able to get your cleaning done.
- Waiver of “missing tooth exclusion” – For example, if you have a tooth that is missing and it has been missing for a long time, then you decide you want to get the bridge or partial, dental plans generally deny that claim. MetLife has agreed to waive the “missing tooth exclusion”.
- No waiting period penalties will be applied to late entrants under the plan.

Ms. Debbie Poole noted that it is hard to compare rates to our current plans because the plans are different – especially with no DHMO plan. The overall rate change is 8.2% over our current rates.

Cost considerations for choosing MetLife are:

- MetLife provided a 2-year rate guarantee for the first contract term (4/2016 – 3/2018).
- For Year 3 and Year 4, rate caps/guarantees based on plan performance thereafter.
- For Year 3, if the trended loss ratio for the following plan year does not exceed 83%, they would give the District a rate pass; or MetLife has agreed to put 2% of the 2nd year’s premium at risk if they release an increase of more than 10%.
- For Year 4, if the trended loss ratio for the following plan year does not exceed 83%, they would give the District a rate pass; or MetLife has agreed to put 2% of the 3rd year’s premium at risk if they release an increase of more than 12%.

Performance Guarantee: MetLife agreed to the requested 10% of fees at risk, equivalent to 1% of premium or approximately \$50,381.

Service Capabilities:

MetLife agreed to the following:

- On-site Representative two days/week during open enrollment and one day per week year-round.
- Implementation support and allowance for 4/1/16 implementation.
- Up to 10 hours of ad hoc reporting included
- Immediate acceptance of SDLC administrative requests for streamlined enrollment without caveat or exception:
 - Eligibility file layout
 - Self-reported bill without reconciliation
 - Weekly file feeds to the Flexible Spending Account administrator
 - Distribution of ID cards, plan materials, and provider directories at no cost to the District
 - Extended customer service hours: M-F 8 am to 11 pm EST (24/7 IVR)

- Member Portal includes a treatment cost estimator
- Plan Administrator Portal for reporting and eligibility access

Network Access: MetLife provided a complete network access and disruption report as requested in the RFP. There is a 7.4% (45 members) that will fall outside the network who are currently in network with Humana. The change to Met Life will bring 232 new in-network providers that are currently out of network with Humana.

MetLife Management:

- MetLife claim review data management for misuse or abuse, double billing, etc.
- 99% accuracy and continuous claims review for practice patterns
- 75% of claims are paid within one business day
- Ongoing provider review with MCR enables MetLife to report measurable savings to District
- Extended Network providers (PDP Plus) are reimbursed at the PPO negotiated rate
- Active recruiting for disrupted District employees

Ms. Bonnie McFarland named the committee members:

- Karen Cooley
- Jamie Michael
- Mark Castellano
- Rita Zazzaro
- Bonnie McFarland
- Shandra Backens

Ms. Pamela LaRiviere, Board Member, wanted to verify that the high PPO Plan will continue to offer 4 cleanings. Ms. Bonnie McFarland confirmed that under the high PPO Plan will offer 2 regular cleanings and 2 periodontal cleanings, which equal a total of 4 cleanings.

Ms. Bonnie McFarland indicated that the Committee has the following choices:

- Award the bid
- Reject the bid and start over
- Reject the RFP and renew with Humana for the remaining year on their contract.

Ms. Jamie Michael made the motion to accept the ranking of the subcommittee with MetLife as the top ranked vendor and request that the subcommittee return to negotiations with MetLife; Mr. Mark Castellano seconded the motion; motion passed unanimously (12 – 0).

Disability RFP Update

Ms. Tammy Martin noted that there were five (5) vendors who responded to the RFP:

- Aetna Life Insurance Company
- Dearborn National Life Insurance Company

- Metropolitan Life Insurance Company
- Standard Insurance Company
- Unum Life Insurance Company of North America

Aon is currently analyzing the responses. Reliance (the current vendor) declined to quote.

The next subcommittee meeting is scheduled for September. The plan is to bring back a recommendation to the ITF in October.

Good of the Order

Ms. Bonnie McFarland noted that Ms. Heather Parker was coordinating 93 Wellness events to be held at all schools, maintenance and transportation, as well as the LCPEC Building. If employees are unable to attend an SDLC event, employees can also elect to go to Quest and have their blood drawn & be eligible for incentive money.

The screening will consist of a venous puncture and not a finger stick. There will be no more bubble sheets to complete. Everyone will be able to complete the health questionnaire online. Once employees complete the blood draw and the online health questionnaire, Aetna will send employees a \$50 gift card of their choice. Based on the outcomes of the employees' health assessment and participation in wellness activities, employees will be eligible for up to \$150 wellness incentive money from the health fund.

The first event is scheduled for September 9th.

Ms. Bonnie McFarland wanted to share some information about Florida KidCare/Healthy Kids. She was informed that their rates were set to double on October 1, 2015. When she looked at the rates online, the District's 5773 Plan and the HDP were cheaper than the new Florida Kid Care rates. The District's 3769 Plan is a little higher in cost, but is much richer.

Ms. Bonnie McFarland further stated that because we are governed by the rules of Section 125, employees would not be able to add their children to our plan until open enrollment, as IRS does not recognize this as a qualifying event.

Ms. Debbie Poole indicated that she would check with their legal department & make sure that this cannot be considered a qualifying event.

Ms. Pamela LaRiviere, Board Member, suggested that we let employees know in some type of communication. Mr. Mark Castellano wants the message to be clear as to who is doing the increase. He also wants to make sure they understand that Section 125 prevents them from adding their children to our plan at the time of the increase.

Ms. Bonnie McFarland said that she would work with Amity to see what type of message could be sent out.

Ms. Bonnie McFarland indicated that Section 125 allows pre-tax deduction of employee benefits saved about \$4 million in matching taxes to the District and \$4 million in taxes to employees, so we have to make sure that we follow the rules.

The next meeting will be September 3, 2015.

Adjournment

The meeting adjourned at 4:30 p.m.