

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, March 3, 2016

<u>Members Present</u>	<u>Members Absent</u>	<u>Others Present</u>
Karen Cooley	Toni Abrams	Tammy Martin, Aon Hewitt
Brian Curls	Shandra Backens	Keith Coghlan, Aon Hewitt
William Grand	Mark Castellano	Kim Murphy, Aetna
Bonnie McFarland	Jimmy Riley	Kim Howe, Aetna
Jamie Michael	Rita Zazzaro	Gabrielle Dimitrakis, Aetna
Leanne Migliore		Cathleen O'Daniel Morgan
Donna Mutzenard		Joe Pescatrice, Retiree Liaison
Heather Parker		Leo Burt
Joseph Pitura		Jeanne Beatson
Angela Pruitt		Terri Roney
Suzan Rudd		

The meeting was called to order at 3:02 PM.

Approval of Minutes – February 4, 2016

Ms. Bonnie McFarland reviewed the draft 2/4/16 ITF meeting minutes, noting two corrections on page 3 and asked if there were any other edits or corrections. There being no further changes to the minutes, Mr. William Grand made the motion to approve the minutes of the meeting. Ms. Donna Mutzenard seconded the motion; motion passed unanimously.

Review of Health Plan Financials

Ms. Tammy Martin reviewed the financials, noting they include information through January 2016. 2015/16 updated projected costs are 6.6% below the projected 15/16 revenues from the District and employees. Paid claims for January 2016 total \$5.3 million, down from last month which was high at \$6.2 million. Average claims for the 14/15 claim year was \$5.4 million and YTD 15/16 average monthly paid claims is \$5.1 million.

Current medical plan enrollment is 10,400 for January 2016. The 15/16 average expected enrollment is 10,183.

We are below trend and currently showing a surplus of \$5.8 million. This is a little less than it was last month.

Updated projection still shows a \$4.8 million surplus.

Ms. Martin noted that Ms. McFarland asked Aon to provide the slide on page 6 to the ITF, showing national trend and the actual SDLC trend. National trend has gone up every year; up 8.4% in 13/14, up 8.7% in 14/15 and up 7.6% in 15/16. SDLC trend has gone down 8.9% in 13/14, up 3.1% in 14/15 and down 6.4% so far in 15/16. Ms. McFarland noted that this shows

that SDLC employees are getting healthier. We are looking at the same health plans as last year, so this is accurate information. She has shared this information with other school districts, and has been asked to present on how we are achieving these results.

Loss ratio was reviewed. The rolling 12 month loss ratio is 87.3%. January's loss ratio was 86%.

73% of all claims are medical claims and 27% is pharmacy. Pharmacy is up 1% from last year. This is not unusual, but will continue to rise due to the cost of specialty drugs. There is no cap and no negotiating on pharmacy. This will not change until congress changes laws and pharmacy can be negotiated.

Prescription utilization was reviewed. Total RX cost is \$13.6 million. The cost of the top 10 drugs by spend is \$2.2 million, or 17% of the total RX spend. Generic utilization is at 85%. This is very high – which is very good. Ms. Kim Howe noted that this about as good as we can get. The District is outperforming most. This is due to the function of the plan design and mandatory generic for maintenance drugs. Ms. McFarland noted that two to three years ago, generic utilization was at approximately 75%.

Large Claims were reviewed. The total has increased from \$2.4 million to \$2.7 million.

RFP for 2017 Open Enrollment

Ms. McFarland discussed the 17/18 plan year, noting that according to the contract in place, the Cancer Insurance Policy with Allstate is the next contract to expire. Ms. McFarland discussed with the ITF the possibility of shifting the focus from just a cancer policy to a critical illness/accident policy. This policy would include cancer insurance, but would be expanded to include more illnesses and also accidents.

Ms. Martin reviewed some of the illnesses that a critical illness/accident policy covers, noting that these policies are popular with the over 45 age group. The average cost is \$3 to \$5 weekly. Some illnesses covered are heart attack, stroke, cancer, organ transplant and by-pass surgery. Ms. Martin noted that the accident insurance policy is popular with employees under the age of 35. Some of the accidents covered are lacerations, burns, sprains, dislocations, fractures, and paralysis.

Ms. McFarland noted that this type of insurance policy would fill in the gap of paying the large deductible for employees who have the High Deductible Health Plan. If an employee has the traditional PPO plan that we offer, this would be a supplement to help them meet their copays and deductibles.

Mr. Pescatrice asked if this would be available to retirees. Ms. Martin informed him that there is usually an age limit on these types of policies so more than likely they would not be available to retirees. He asked if critical illness and accident would be all one policy. Ms. McFarland replied that they would probably be separate policies, but provided by the same vendor.

Ms. Migliore asked if the people who currently have the cancer policy would be able to keep it if they wanted to do so. Ms. Martin replied that they could continue it as a private policy with Allstate and pay for it themselves, with no underwriting. It was also noted that the Board flex dollars could be used for both the critical illness policy and the accident policy.

Ms. McFarland asked if the ITF like the idea of these two new policies. The ITF indicated that they are interested in moving forward in this direction. Ms. Jamie Michael made the motion to support bidding the critical illness and accident policies for the 17/18 plan year. Ms. Leanne Migliore seconded the motion. The motion passed with a unanimous vote of 11-0.

Ms. McFarland asked for volunteers for the RFP subcommittee for the critical illness and accident policies. The following people will be on the subcommittee:
Jamie Michael, Karen Cooley, Bonnie McFarland, Donna Mutzenard
It was noted that Jeanne Beatson will attend the meetings as an observer.

Health Care Reform Update

Mr. Keith Coghlin noted that the President's fiscal year 2017 budget was revealed in February. It proposes an increase in multiemployer plan premiums, and modifications to the ACA's Cadillac Tax. Updates will be given when available.

The IRS issued guidance on the application of the market reforms and other provisions of the ACA to student health coverage. This does not affect the District.

Florida's insurance regulator approved Aetna's acquisition of Humana Inc. This is the largest insurance purchase in history at \$37 billion.

Wellness Center Build Out Update

Ms. McFarland noted that a lot has happened since we last met as far as the concerns regarding who was doing the majority of the work for the wellness center build out. She announced that after a series of internal meetings, the District's maintenance department took over the build out and has been fast and furiously working on the build out. She noted that she is more than pleased with the work they are doing. They have partnered with her and Ms. Heather Parker and have been working very collaboratively as far as design options and ideas. They have been more than helpful in providing options and guidance. They have provided very helpful design ideas for the placement of the entry doors, added a sink and counter in the storage room for Food for Life class clean up. They are very excited about the project, as we are. There will be a grand opening in late April/early May. The exact date has not yet been determined.

Ms. Parker added that all the electrical for the machines has been buried in the concrete floor. They have wired in for sound throughout the entire gym. A separate sound system for the exercise room has been installed.

Dr. Pruitt noted that she appreciates the issues that were brought to light at the last meeting so that maintenance was given this project. They are doing a great job and providing a great space.

Ms. McFarland added that the insulation between the wellness center and the Caloosahatchee room is very thick and there should be no noise issues in this area. The group exercise room is on the opposite wall from the Caloosahatchee Room which will also help with sound control.

Mr. Pitura noted that they just finished three days of testing in the Caloosahatchee Room and the workers and were very agreeable to working on quiet jobs while the testing was going on.

Open Enrollment Update

Ms. Karen Cooley noted Insurance & Benefits is still processing evidence of insurability forms. She will have enrollment figures and a full open enrollment update for the ITF at the next meeting. She just completed the file for the new MetLife dental.

Good of the Order

Ms. McFarland stated that she, Mr. Mark Castellano, Ms. Donna Mutzenard, Ms. Jamie Michael, Ms. Heather Parker and Ms. Cathy Richards went to Polk County to visit their clinic. She noted that Lee County Schools has been working on the wellness side to lower claims, where Polk County has been working on clinics to lower claims. Polk County is very rural and had access to care issues. The use of the first clinic has grown over 4 years and they built a second clinic which is 10,000 square feet and they say it is not big enough. When they opened the clinic in 2012, the Board funded the clinic at the rate of \$20 per employee per month. They spent \$2.5 million to build the second clinic and will need to fund it at \$20 to \$25 per employee per month. Polk County is about the same size as Lee County as far as employees. They have a few less schools.

Dr. Angela Pruitt asked if they have a sales tax. This will be looked into. Ms. McFarland shared that Polk County reduced trend from 9% to 4%, which is great, but in the discussion, we shared what we are doing with Wellness and showed them our negative trend line, and they are now going to come here for a visit to see the Wellness Programs and the CHIP class. They were very hospitable and are going to provide some additional information that was requested. We are both attacking the same issue of reducing health care costs but are doing it in two very different ways.

Ms. McFarland stated that one thing that she took away from the visit is that they have built these clinics out of an employee-lead desire due to access to care issues. One of the problems they were solving by building the clinic was employees were unable to get in to see their doctor so they were going to the ER. We do not have the same access to care issues that Polk County has. Another reason they built the clinic was because employees who had surgeries were not getting the PT they needed due to high costs, so a big portion of their clinic is dedicated to PT. We are now talking with Aetna about this, and with their reporting capabilities, we will be able to look to see if this is an issue for our District.

Ms. Parker noted that Polk's copay is \$40 – and employees who go to the clinic are saving this. Our copays are less.

Ms. Cathleen O'Daniel Morgan asked if the District has talked with Lee Memorial about partnering with them. Dr. Pruitt noted that this was looked into a few years ago, but there was some resistance to this idea.

Ms. Donna Mutzenard discussed how Polk County has staffed their clinics. Ms. McFarland added that it costs a lot of money to run and staff a clinic. The amount of money employees have saved at Polk is almost \$1 million. Their clinics are currently open six days a week and are talking about being open on Sunday as well.

Ms. McFarland noted Polk County staff shared that after building the clinic and staffing it they still have 63 days of reserves. They are required to have 60 days reserves. This is cutting is very close. They also will be handling workers' compensation cases and CDL physicals at the new clinic very soon.

Ms. O'Daniel Morgan noted that data suggests that we look at partnering with Lee Memorial before we get too involved in the clinic discussion. This would be the more affordable option.

Ms. McFarland reminded ITF members that on March 10th there will be a retirement health care meeting. All ITF members are welcome to attend. It will be in the Board Room at 5:00 p.m. on March 10th. Employees and their spouses are welcome. This meeting is for information only.

Ms. McFarland reminded ITF members that when we changed from BCBS to Aetna, we tried to match benefits exactly, or where there were differences, we increased the benefit rather than lowering the benefit. One of these areas is spinal manipulation, OT and PT which is currently at a combined limit of 35 visits per year. She would like to propose moving from 35 visits per year to 60 visits per year with the new plan year. An absolute cost will be provided by Aon at the next ITF meeting. The impact will be small as far as a cost, but this will benefit employees who are bumping up against the 35 visit limit. Ms. Martin noted this is not a widely used service and the cost will be minimal.

A motion was made by Karen Cooley to increase the limit for spinal manipulation, OT and PT visits from 35 combined to 60 combined. Ms. Leanne Migliore seconded the motion. The motion passed unanimously with a vote of 11-0.

Ms. Heather Parker noted there is a CHIP graduation on the 16th of March. She also shared that Dr. Greger spoke here at the District recently. He is very well known in the health and wellness community. It was a very well attended event; 360 District employees came to the District office to attend this meeting. The majority of people attending were District employees. Lee Memorial paid for the event and provided food to attendees. The speech was very powerful.

The meeting adjourned at 4:22 p.m.