

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, September 1, 2016

Members Present

Shandra Backens
Jill Castellano
Mark Castellano
Karen Cooley
Brian Curls
Bonnie McFarland
Jamie Michael
Donna Mutzenard
Heather Parker
Joseph Pitura
Angela Pruitt
Jimmy Riley
Rita Zazzaro

Members Absent

Toni Abrams
William Grand

Others Present

Leo Burt, Retiree Liaison
Jeanne Beatson, Benefits
Specialist
Pam LaRiviere, Board Liaison
Terri Roney

Via Phone:

Tammy Martin, Aon
Debbie Poole, Aon
Amanda Brooke Kross, Aon
Keith Coghlan, Aon
Kim Howe, Aetna

The meeting was called to order at 3:03 p.m. by Ms. Bonnie McFarland.

Approval of Minutes – August 4, 2016

Ms. McFarland reviewed the draft 8/4/16 ITF meeting minutes, and asked if there were any edits or corrections. There being no changes to the minutes, Ms. Donna Mutzenard made the motion to approve the minutes of the meeting. Ms. Jamie Michael seconded the motion; motion passed unanimously.

Review of Health Plan Financials

Ms. Amanda Brooke Kross reviewed the financials, noting that calculations include paid claims experience through July 2016. The 2016/17 updated projection is 1.3% below the 16-17 revenues. When allowing for the offset of District contributions utilized for other benefits, the updated projection is 2.1% above the projected 16-17 revenues. July paid claims was \$6.4 million. The average 15-16 monthly claims was \$5.3 million the average 16-17 monthly claims is \$6.0 million. Current medical plan enrollment for July 2016 is 10,362. Updated projected deficit is 1.6 million. Year to date deficit is \$467,000.

Mr. Keith Coghlan reviewed large claims. It was noted there are currently 11 large claims. One large claimant was added this month, but there has been a decrease in the claim amounts for many of the existing large claims and they should continue to get healthier and come off the report in the near future. It was noted that there are several kidney disease claims. Aon is working with Aetna to see if we can work with employees to improve this health concern. They will have more information on this at the next ITF meeting.

Pharmacy is 27% of claim spend, which is no different from last month. Ms. Tammy Martin noted many of their other clients are trending up to 30% or higher. The District's is lower due to the fact that our generic utilization is so high.

PPACA Update

There are no PPACA updates this month.

Requested Data

Mr. Coghlan reviewed medical plan utilization data. In network utilization is at 98% or higher, which is very good. Therapy visit in network utilization is at 75%. Plan paid amount was at 91% for therapy.

Utilization by drug tier was reviewed. 85% of total scripts filled were in the generic tier. This helped keep trend pretty flat compared to last year. Many of Aon's other clients are not doing this well. 64% of District plan members are generic utilizers. Generic use was around 82% or 83% last year.

2017-18 Medical Plan Year

Ms. Martin reviewed current plan designs along with the enhancements that were discussed at last month's meeting – specialist copays lowered, urgent care copay lowered, PCP copays for physical therapy, \$45 with 24 service limit to chiropractic, and TeleDoc. Aon noted that due to the richness of the current Rx plan design, any changes would have an adverse impact to the plan and it is recommended to leave the current Rx plan designs in place, based on Aon's Pharmacy Practice recommendations. Kim Howe from Aetna noted that the District is on the best formulary. This is the plan that has the most expansive list of drugs and the least restrictions.

The cost of TeleDoc was reviewed. There is a \$.20 PMPM cost, a consult fee of \$3 per consult and a total cost of \$40 for a TeleDoc visit. The administration fee is \$.82 PEPM. The total cost the first year is anticipated to be \$37,348 when the TeleDoc copay matches the current PCP copay. If the copay is split \$20/\$20, the anticipated cost would be \$113,237 and if the copay is \$0 for the employee, the anticipated cost would be \$123,498.

Based on Federal Law regarding the HDHP plan, employees would have to pay the \$40 until they have met their deductible, as this plan design is not allowed by law to have copays. Only those on the District's health plan could utilize TeleDoc.

The question was asked if the District could offer TeleDoc to all employees, whether they are enrolled in the District's health plan or not. Ms. Kim Howe stated she will report back to this at the next ITF meeting. Projected first year utilization of TeleDoc is 5% or 523 employees.

Ms. McFarland noted that she feels the cost of the TeleDoc visit should be less than the cost of the PCP. Ms. Martin noted that this service is available 24/7 – this is the advantage – it is not meant to replace a PCP but is very useful in the middle of the night and on the weekends. Ms. Howe noted that most employers who offer the TeleDoc offer it at the same copay as the PCP. Ms. Pam LaRiviere noted that the ability to use TeleDoc at night and on weekends, and costing

less than Urgent Care is a great benefit. If this is replacing an Urgent Care visit, the \$40 is less than the urgent care copay. Ms. Jill Castellano noted she thinks a \$0 copay would be best, as it could be possible to call TeleDoc and be told that she needs to see her PCP so she would be paying both copays. Mr. Brian Curls asked if it is possible to see how many TeleDoc visits result in a referral to a PCP, and what kinds of calls get referred. Ms. Howe noted she will check to see what TeleDoc's statistics are on this. Ms. Martin noted that TeleDoc is not emergency care. They aren't to be used for serious situations. It is a convenience for everyday ailments that are not emergencies. Mr. Mark Castellano asked, if we go with the 0 copay, would this end up having a negative impact on the plan. Ms. McFarland noted that a \$0 copay is a concern to her, as this will add to the cost of claims to the District, and if utilization goes up, this cost will go up as well. Ms. Amanda Brooke noted that this will not have a significant impact on the District's plan. Ms. Heather Parker recommended we should start with the PCP copay rather than starting at \$0 copay. Ms. Jaimie Michael and Dr. Angela Pruitt agreed.

Ms. Brooke reviewed 17-18 plan rates with no changes to current plans, rates and contributions and noted that trend assumption continues at 6.5%. Ms. Brooke noted that the District has consistently had trend well below this and normally they don't anticipate lower trend to continue, however the District has shown that we may continue with lower trend, so she feels that these projections are conservative with using the trend of 6.5%. Projected cost for 17-18 is \$82 million. All contributions total \$78.5 million, leaving a projected deficit of \$3.5 million, combined with the contributions utilized for non-medical/Rx of \$2.6 million for a total deficit of \$6.1 million.

With all plan changes previously discussed (copays, TeleDoc) the projected cost for the 17-18 plan year is \$82.5 million, if EE contributions were to cover this, EE contribution would have to increase to \$13.6 million.

With all plan changes previously discussed, at a cost of \$82.5 million, with no increase to Employee contributions, the total deficit would be \$6.6 million.

Ms. Jamie Michael clarified that the cost for the enhancements is \$427,000. Ms. Brooke noted that the Health Fund at the end of June 30, 2015 was at \$50.5 million. She does not have figures for this year at this time. The requirement for the health fund is to have funds to cover 60 days of projected claims which would be approximately \$11 million. Ms. Brooke noted there was a \$4 million gain in the health fund last plan year. We are well within the comfort zone of having a deficit of \$6.6 million. Ms. Brooke noted that even if we had a really bad year and had a \$10 million deficit, we would still have 4 times the amount required in the fund.

Ms. LaRiviere noted that if the Board sees the health fund drop down \$10 million, they may have an issue with continuing to contribute the additional \$500 in Board contributions. Mr. Castellano noted the ITF has been discussing the large reserve fund for years and what the consequence of having too large a fund balance is. Ms. McFarland noted the concern is that this is money allocated for paying for health services and an audit finding could be that we have too much money held in reserve. Mr. Castellano noted that if the fund goes down \$10 million, this should not be a red flag for the Board members. Ms. McFarland noted that even if we recommend the plan changes

with the \$6 million deficit and the deficit ended up being \$10 million, the ITF would be meeting to discern what caused these high claims and how we could rectify this.

Ms. Michael noted we must keep in mind the folks who have family coverage and it is important not to raise premiums. Mr. Castellano agreed – we cannot raise premiums unless employees' pay is increased.

Ms. McFarland stated that she recommends moving forward with the plan changes as noted on page 18. Which is a \$427,000 increase in the cost of the \$82 million dollar plan.

Ms. Jamie Michael made the motion to recommend to the Board the plan changes for the 2017-18 Plan Year including changes to specialist copays, Urgent Care copays, therapy copays and adding TeleDoc. Ms. Rita Zazzaro seconded the motion. The motion passed with a vote of 13-0.

Good of the Order

Ms. Heather Parker shared that 615 employees have completed their health screenings so far – this is 12% of the goal.

Ms. Shandra Backens noted that the Insurance & Benefits booth at the Back to School Bash was fantastic.

Ms. McFarland thanked Aon and Aetna for attending via phone conference today.

Adjournment

The meeting adjourned at 4:29 p.m. with motion by Mr. Mark Castellano and second by Ms. Rita Zazzaro.