

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, November 3, 2016

Members Present

Toni Abrams - 3:48 p.m.
Shandra Backens
Mark Castellano
Karen Cooley
William Grand
Bonnie McFarland
Jamie Michael
Donna Mutzenard
Heather Parker
Joseph Pitura
Angela Pruitt
Rita Zazzaro - 3:37 p.m.

Members Absent

Jill Castellano
Brian Curls
Jimmy Riley

Others Present

Leo Burt, Retiree Liaison
Jeanne Beatson, Benefits
Specialist
Nadia Elmunaier, Aon
Tammy Martin, Aon
Debbie Poole, Aon
Gabrielle Dimitrakis, Aetna
Kim Howe, Aetna
Terri Roney

The meeting was called to order at 3:06 p.m. by Ms. Bonnie McFarland.

Approval of Minutes – October 6, 2016

Ms. McFarland reviewed the draft 10/06/16 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. Mr. Mark Castellano seconded the motion; motion passed unanimously.

Review of Health Plan Financials

Ms. Tammy Martin noted that the financial report includes claims through September 2016. The updated projection is 0.05% above the projected 2016/17 revenues; however, when allowing for the offset of District contributions utilized for other benefits, the updated projection is 3.5% above the projected net 2016/17 revenues. September paid claims total was \$6.1 million. The average 2015/16 monthly paid claims was \$5.3 million, and the average 2016/17 paid claims is \$6.1 million. Up about \$1 million.

Expenses included in the 16/17 financials are \$37.02 PEPM administrative fee and \$2.00 PEPM Estimate for the Transitional Reinsurance Fee. Ms. McFarland noted that \$321,948 is just now being sent for the Transitional Reinsurance Fee. This comes out of the health plan. Rx rebates are included in the 16/17 projection and remain at \$13.25 PEPM.

Total 16/17 Year to Date total cost is \$39 million, employer contributions are \$1.3 million, and employee contributions are \$4.8 million. We are currently looking at a deficit of \$1.595 million. Updated 16/17 projection - total cost for the plan year is \$68.9 million with a \$2.6 million deficit.

The current amount in reserves was discussed. Ms. McFarland noted that the 12.08 report is the annual report that is filed with the state. She noted that this is done on a fiscal year basis, which does not match our plan year. Expenses to the plan include claims, administration charges, and wellness plan (programming and employee incentives) expenses. Reserves dropped by approx. \$5 million to a \$45 million reserve. Ms. McFarland stated that this \$5 million spend was money spent that we anticipated. Decisions were made to spend this money, which is being well spent, and we must be very conscious about what we spend this money on in the future. The health fund reserve is not a revenue source. Ms. Tammy Martin informed ITF members that the state requires the District to have two months of claims or \$12 million in this account. If we ever get below this amount, or have too much in the reserve, the state will look at this. Mr. Mark Castellano asked what the state's action would be if the District has too much money in the reserve. Ms. Martin noted that the state would audit the plan to see if we are spending the money on the health plan. The health plan dollars are supposed to be spent on the health plan, and if not, there could be fines involved. At the point where you have too little money in the reserve, the state can step in and take over the plan.

Ms. Debbie Poole reviewed monthly loss ratio, noting that the loss ratio for September 2017 was at 105%. Last September's loss ratio was 95%. We have been running a little high in claims since June. The large claims are the 3769 plan claimants. Large Claims were reviewed. Information showed larger claims being settled out, and no new claims for this month. The number of large claims will taper down. Rx spend is 27% and medical spend is 73%.

Ms. Kim Howe from Aetna informed ITF members that Aetna make changes to the District's drug plan annually and the mailing regarding this will go out to employees next week. Impact to employees in minimal. Some drugs that our employees use went to a lower cost tier, about 200 employees' medications went to a higher tier, however some of these medications now have a generic and if employees use the generic, the employee's cost will be lower than the current medication. These cost changes are effective January 1st. Ms. McFarland noted that Ms. Kim Murphy does a great job with members. She is very helpful and we get very positive feedback from employees. If employees have any questions regarding Rx, be sure they know they can call Ms. Murphy.

PPACA Update

Ms. Nadia Elmunaier reviewed the health care reform updates, noting that the medical FSA limit for 2017 is \$2,600 – up \$50 from last year's \$2,550 limit. Qualified Transportation Fringe Benefit, Adoption Assistance Programs and the Individual Mandate Penalty for not maintaining minimum essential health coverage were reviewed.

It was noted that HSA limit has increased to \$3,400 for 2017.

At this point, Ms. McFarland noted that 2 years ago, the ITF discussed FSAs and discussed the maximum allowable amount for an FSA to go up as the Federal limit goes up. In order to have this reflected accurately in the minutes, we need to have a motion to allow our FSA plan to rise with Federal limit. A motion will also be needed for the HSA limit.

A motion was made by Mr. Mark Castellano for the District's FSA limit to rise with the Federal limit. Ms. Shandra Backens seconded the motion. The motion passed with a vote of 10-0. A motion was made by Shandra Backens for the District's HSA limit to rise with the Federal limit. Mr. Mark Castellano seconded the motion. The motion passed with a vote of 9-0. (Dr. Pruitt left the room briefly just prior to this vote.)

Additional health care reform updates were reviewed:

- Individual Mandate Penalty – For calendar year 2017, the dollar amount used to determine the penalty for not maintaining minimum essential health coverage is \$695.
- Social Security Administration released 2017 indexed figures indicating a 0.3% COLA 0.3% increase for 2017
- The Social Security Wage Base is \$127,200 (2016 was \$118,500)
- The maximum monthly benefit \$2,687 for someone retiring at full retirement age in 2017 (2016 was \$2,639)
- The annual earnings test limit is \$16,920. (2016 was \$15,720)
- The IRS finalized the instructions for the 2016 forms 1094-C and 1095-C – there were minimal changes. Ms. McFarland noted that these forms were already issued by the District this year.

Ms. McFarland noted there were generous compliance requirements in the past, but that is no longer the case. If employees lied when they went to the marketplace and said that the District does not offer healthcare, and they received a subsidy, they will owe the subsidy back, along with a penalty. We have received 24 inquires altogether and 9 employees stated the District did not offer coverage, and we had to file an appeal. Ms. Debbie Poole noted it is also possible that individuals are lying about being employed with the District. This year, if we are audited, we will have to show that we are tracking this and have evidence to back up our statements, which we do and are prepared for.

Ms. Martin made a statement regarding the current amendment 2 on the ballot that insurance carriers will not cover medical marijuana under insurance.

Ms. Howe stated that the ITF had requested that Aetna check to see if they are working with the high claimants who need the most help. She stated that yes, they are being closely helped with disease management and that intervention is in place and is being utilized. Dr. Pruitt asked what the levels of assistance are. Ms. Howe explained:

- National Medical Excellence is for transplants
- Case Management is for an acute situation – in hospital – such as cancer – with medical direct care intervention
- Disease Management is set up once an employee is out of the hospital and stable.

Ms. Howe noted that the ITF also asked for more information regarding medical tourism. She spoke with a medical director – Dr. Scallion, who informed her that they are now seeing a decrease in medical tourism. The issue is that it is problematic with health complications, follow up and legal responsibility. This is not something they are seeing a lot of at this point. Ms. Martin agreed that several years ago this was a hot topic, but it has faded out. It was used for electives such as plastic surgery and gastric bypass.

Plan Year 2017-18 Cancer Insurance

Ms. McFarland shared that about a year ago an RFP was done for critical illness and accident insurance, and these insurances will be part of next year's open enrollment. The critical illness policy was requested to include the cancer policy, in the RFP. Coverage for Cancer was included in the critical illness proposals. The new critical illness policy and the existing cancer policy were compared side by side by Aon, after the RFP was completed. When this was done, we learned that the cancer coverage level in the critical illness policy does not meet the same level as the current cancer policy, which is super rich. Ms. McFarland noted that Insurance & Benefits, along with Procurement has done a lot of work internally on how to move forward to offer the current cancer policy in addition to the new critical illness policy. The best option we have in following all of the rules is to take the 6 month policy extension that is in the current cancer policy RFP, extending it to 10/1/17. Then, between now and 10/1/17, do a cancer policy RFP with a mid-year open enrollment in August. Then when open enrollment rolls around in 2018, employees will be able to enroll in the newly selected cancer policy again if they wish. This is best for the employees. This will be a paper enrollment as we cannot do a mid-year open enrollment in PeopleSoft.

Ms. Jamie Michael made a motion to extend the current cancer policy for 6 months and do a mid-year RFP for cancer insurance. Dr. Angela Pruitt seconded the motion. The motion passed with a vote of 12-0. (Ms. Rita Zazzaro arrived at 3:37 p.m. and Ms. Toni Abrams arrived at 3:48 p.m.)

It was discussed that we hope to hold the RFP response evaluation meetings the first and second weeks of March, and present the results to the ITF in April.

Ms. McFarland asked for volunteers for the Cancer Insurance RFP Sub-Committee. It was determined that Ms. Jamie Michael, Ms. Rita Zazzaro, Ms. Shandra Backens (with Mr. Mark Castellano as backup if Shandra is not available), Ms. Karen Cooley, Ms. Jeanne Beatson, and Ms. Bonnie McFarland would be on the sub-committee. Ms. Debbie Poole noted that this will be a fairly simplified RFP for one product. Ms. McFarland noted we will work on schedules right away to get this on calendars.

Health Screening Update

Ms. Heather Parker informed ITF members that 3,279 or 66% of participation goal have completed health screenings.

The CHIP commencement was held recently. Two CHIP participants dropped their cholesterol 66 and 68 points. Everyone in the class normalized their blood pressure in the six weeks. 80% saw an average drop of 20 points in their cholesterol. Two people stopped all or lowered their diabetes medications. The group had a total loss of 120 pounds. Heather received several great testimonials that she will email out to the group. Dr. Pruitt noted that she visited this group and they were very excited about their progress and the CHIP program.

Ms. Parker noted that gym usage from December 2013 through May 2014 was approximately 675 average per month. Gym usage from August 2014 through January 2015 was 847 on average per month. Gym usage during October of 2016 was 1,442. This figure does not include any

duplicates. Usage has doubled and the gym is very busy. This number could possibly be higher if more than one person went into the gym on one employee's key fob swipe. This information is more accurate than it used to be because of the use of key fobs which replaced the key-code sign in.

Ms. McFarland noted that the gym gets a lot of usage during the day by bus drivers and custodians, and people on their lunch breaks. It is used all day long. Ms. Michael informed ITF members that physical requirements are changing for bus drivers. Health will be more important than ever; however bus drivers do not use email to get wellness information. Ms. Parker noted that Ms. Alyson Hall has been going to bus compounds and Wellness has put bulletin boards up in the bus compounds to share the wellness information that is emailed to employees with bus drivers. Ms. Parker shared that Food for Life class will be done twice at bus compounds this year – at Leonard and South. At one location, 47 people signed up in less than an hour and 43 of them are showing up for class consistently. Mr. Cody has attended three of the 5 classes. This is good leadership. They are working to set up a CHIP program in February at Transportation West. Juanita at west compound is very proactive. The room in West can hold 8-10 people. It will be best budget-wise to get the people who need the most help enrolled in CHIP. Ms. McFarland noted that this is not one of the originally planned classes – we are using some budget money we didn't spend in other areas for this class to help these employees.

Ms. McFarland expressed how excited she is that the Wellness program has grown and is having such a positive effect at the transportation compounds. Water coolers and Food for Life classes are making a huge difference. She is grateful we are moving in a positive direction as a District as it relates to employee health.

Campus Wellness Plan

Ms. McFarland informed ITF members that she and Ms. Parker have been working with Ensite on how to make the District's facilities more wellness friendly, with more walking choices and more health choices. Concept designs for the buildout of the LCPEC and the South Compound have been created. Ms. McFarland shared the concept drawings with ITF members, noting there is a big beautiful lake at the back of the LCPEC property. Maintenance has cleared trees out of this area and the lake is now easily in view. The plan is to do the LCPEC buildout in three phases: Phase One – The front entrance area, Phase Two – the walking path and gardens, Phase 3 – the outside walking path/fitness area. The 4th phase is at least 15-20 years out – an outside gym building – which is not being considered at this time. The project can be made self-sustaining by selling trees, park benches, brick pavers with names on them, and naming rights to the gardens. Dr. Carlin would help with the fund raising aspect of this project.

The south bus compound will have similar areas - for walking areas and paths through the woods. Paths will be shale – not concrete sidewalks. There will be park benches and picnic tables.

The long range idea is that we start a project, sell trees, benches etc. to raise money to complete the current project and provide funding to start the next project. The project that will be done after these two are complete has not yet been decided.

Ms. McFarland stated that she is bringing the LCPEC campus buildout to the ITF to ask for start-up money for the first phase at LCPEC – the walking path close to the building and the gardens, noting that existing sidewalks will be used where they can be.

She noted that she met with Mr. Jimmy Flock, who told her the maintenance department can probably do all of the work for this project. We will use District employees as much as possible. The walkways will be done with flexi pave. There is equipment to make flexi pave and the District is looking into this equipment. The contractor rate for phase one is \$900,000. Once we start the project, we have the opportunity to start selling the brick pavers, trees and benches.

Ms. McFarland invited comments and feedback about this project from ITF members. Mr. Bill Grand stated that we need to be sure to be aware of and leave access to the loading docks. Ms. McFarland assured him this would be carefully watched. We will be getting engineering drawings and a more firm number on cost. The entire project will be completed in a year.

Mr. Joe Pitura asked if the area will be open to everybody. Ms. McFarland informed him that yes, the idea is that this would be available for anybody to use, not just District employees. The city of Fort Myers is putting in a linear park and the plan is to connect the linear park to the LCPEC building. This will be done in the future. She also stated that the outdoor equipment will be near the entrance to the LCPEC gym – as an extension of the gym. Dr. Pruitt noted that Cape Coral Hospital has something similar which is very nice. Ms. McFarland noted that the District has reduced per-person spending for 3 years as a result of spending money in wellness to increase employees' health, which is unheard of. The savings to the plan is in the millions of dollars. This campus buildout is a continuation of that.

Ms. Michael noted that it will be important to let employees know that the money used to create this project is from the Health Fund – it is not taxpayer's money. Public Relations will be important. Ms. McFarland noted that the plan is to build these wellness campuses around the District to continue to expand the wellness program and increase employees' opportunities for wellness. It is also a good draw for recruiting employees. Ms. Michael stated that it would be a good idea to have environmental students help maintenance with the project.

Ms. McFarland asked if the ITF is comfortable making a decision today on using the Health Fund for the campus buildout, or if they would prefer to wait until the next meeting.

Mr. Mark Castellano made the motion to utilize a not to exceed amount of \$900,000 from the District's health fund to complete phase one of the project at the LCPEC building. Ms. Rita Zazzaro seconded the motion. The motion passed with a vote of 12-0. Ms. McFarland informed ITF members that this will go to the Board after their new meeting schedule is determined.

Good of the Order

Dr. Pruitt informed ITF members that there is an expectation to go back to the Board and have a conversation relative to the employee clinic. From her standpoint, the clinic should be separate from ITF funding. She believes that it is a benefit we may offer to employees, not an ITF or insurance issue.

Mr. Castellano informed ITF members that Charlotte County's clinic costs them \$20,000 per month and they recently had a 500% increase in premiums – in the employee paid portions. It ended up at a 240% increase. He noted that if the Board agrees to pay for our clinic, and then realizes it is too expensive, the District's Health Fund cannot afford to finance the clinic. Dr. Pruitt and Ms. McFarland noted that they do not believe that there is any money to be saved by having a clinic. There might be a benefit to employees if the District had a clinic where employees can get medication, get referrals, or for the 40% of employees who don't have a primary care physician, this would be a good option for them. If the clinic could provide physical therapy, this would also benefit employees. A clinic is going to cost the District money, although there might be some benefit to the employees.

Mr. Mark Castellano added that he supports that this will be a benefit to employees. If the District is willing to take on the operating expenses of the clinic, that is fine. But the health fund cannot support the clinic. Dr. Pruitt stated that this would be the option presented to the seven member Board. It will be up to the Board if they want to proceed. Ms. McFarland noted that the wellness program here is voluntary - there are no penalties. Dr. Adkins wants the wellness program to continue to be voluntary. That is the thought behind the clinic too. We do not want to penalize employees like other districts who force employees to participate to try to create savings.

Ms. McFarland stated that the reality is that we won't be saving money with the clinic. The medically homeless employees will benefit with the clinic. We will increase the health of these employees. There will be little to no pharmacy and no x-rays. We are contemplating a small clinic – we are talking about something to fill the gap for employees who aren't getting medical care.

Ms. Michael reminded ITF members that when they were at Polk, they said they paid \$20 per month per member for the clinic. They are now increasing their medical premiums \$20 per month per member to cover this cost. Dr. Pruitt noted that this is why we are keeping the clinic separate from employee benefits.

Ms. Shandra Backens asked if we start out with a small clinic, are we going to need a larger one in the very near future. Ms. McFarland responded that it is like shopping for a car – you can spend \$10,000 or \$500,000. You buy what you need. The same for the clinic – what do we need - we should build the size clinic that we need to provide the services mentioned.

Mr. Bill Grand noted that we have been directed to bring a recommendation to the Board and asked that if we separate it from the ITF, who will control it. Dr. Pruitt noted that the clinic will be tied to benefits, but not tied to insurance. That is why she feels the ITF does not need to vote on it.

Ms. Michael stated that Transportation CDL physicals could be done at the clinic. The District currently pays for these. Ms. McFarland stated that first report for on the job injuries could also be done at the clinic. There will be no savings generated by the clinic other than getting people screened before they have a full blown disease. There will be some indirect savings. Indirect savings will not pay for the clinic.

Adjournment

The meeting adjourned at 5:13 p.m. with motion by Ms. Karen Cooley and second by Mr. William Grand.