

**THE SCHOOL DISTRICT OF LEE COUNTY  
MINUTES**

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

**Thursday, March 2, 2017**

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**Members Present**

Jill Castellano  
Mark Castellano  
Karen Cooley  
Cristal Cruz  
Brian Curls  
Bonnie McFarland  
Jamie Michael  
Donna Mutzenard  
Joseph Pitura

**Members Absent**

Toni Abrams  
Shandra Backens  
William Grand  
Heather Parker  
Angela Pruitt  
Jimmy Riley  
Rita Zazzaro

**Others Present**

Jeanne Beatson, Ben. Specialist  
Nadia Elmunaier, Aon  
Tammy Martin, Aon  
Gabrielle Dimitrakis, Aetna  
Dr. Jane Kuckel, Board Liaison  
Kerr Fazzone, FEA Rep.  
Leo Burt, Retiree Liaison  
Terri Roney

The meeting was called to order at 3:04 p.m. by Ms. Bonnie McFarland.

Ms. McFarland noted that there is currently not a quorum; therefore the minutes will be reviewed and approved later in the meeting if there is a quorum.

**Review of Health Plan Financials**

Ms. Tammy Martin noted that the financial report includes claim experience through January. The 2016/17 updated projection is 0.4% below revenues and when allowing for the offset of the \$2.6 million for District contributions utilized for other benefits such as dental, vision or cancer plans, the updated projection is 3.1% above projected revenues. January paid claims were lower at \$5.6 million. The average 2016/17 monthly paid claims is \$6 million. Current medical plan enrollment for January 2017 is 10,656. The projected enrollment was 10,446.

Projection update was reviewed – total cost YTD is \$65.1 million, employee contributions are \$8.1 million, net employer cost is \$57 million leaving a \$1.6 million deficit.

Updated projection for 16-17 was reviewed - total premium \$76.2 million (\$78.9 million less employer contributions utilized for non-medical/Rx \$2.6 million), incurred claims \$73.7 million, fees \$4.8 million, Total Cost \$78.6 million. Employee contributions \$9.8 million – Net employer cost \$68.8 million leaving a \$2.3 million deficit – much lower than projected – we planned for a much higher deficit.

Ms. McFarland noted that the center box of information on the projection update page is the budget as it was agreed to for the plan year – this does not change for the entire plan year.

Loss Ratio was reviewed. Ms. Martin noted that the rolling 12 month loss ratio is 98.4% for all plans combined. For the same period last year the loss ratio was 87.3%. Costs are starting to rise. Medical trend rises every year. It has been lower for the last few years, but is going up again. Trend is the cost of medical care costing more next year. We have had no increase in our medical plan rates – the Board has absorbed the increase in cost. This will now be catching up with us. The District will need to make a few tweaks or changes to mitigate this trend.

Ms. McFarland noted that we have had a negative loss ratio, but the claims are beginning to climb – if no intervention is done, costs will be higher than revenue. Ms. McFarland noted we are still working on Wellness with some great plans for next year to decrease claims, but at some point rates will need to increase.

Ms. McFarland reminded ITF members that it was bargained for nonparticipating people to stop contributing to the plan. As of July 1 of 2018, per our current bargaining contracts, the money for the waived insurance will again go back into the plan. The other change, per our bargaining agreements, is that the additional \$500 the Board gives to employees will no longer come out of the Health Fund Reserves. All of this will get factored into what we need to charge for the plans. The ideal is that revenue covers all claims at 100%. Raising the premium on the 3769 plan but staying under the Board contribution would still make the plan at no cost to the employee.

Large claims were reviewed. There are 13 claims over \$250,000. There continues to be a lot of kidney/urinary tract claims – most likely attributed to diabetes. Several of the claims can be attributed to lifestyle, which could be managed before these severe conditions occur.

Prescription drugs are currently 28% of total claims. Last year they were 26% of total cost. Last month they were 27% of total costs. Prescriptions are going to be a faster growing cost than medical claims. Specialty drugs will be the big driver increasing costs.

### **PPACA Updates**

On Feb 17<sup>th</sup> the CMS published a proposed rule addressing the stabilization of the individual and small group markets. This rule would amend standards related to special enrollment periods, guaranteed availability and the timing of the annual open enrollment period in the individual market for the 2018 plan year. The five key changes proposed were reviewed. Guidance was issued on the one in/two out rule for regulations – this will apply to significant regulations as defined under EO 12866 issued in 1993. The DOL released the inflation adjusted penalty amount for 2017.

Ms. McFarland noted that at this point we have quorum, as Ms. Jill Castellano and Mr. Brian Curls have joined the meeting. Therefore; the February 2, 2017 meeting minutes can be reviewed.

### **Approval of Minutes – February 2, 2017**

Ms. McFarland reviewed the draft 2/2/17 ITF meeting minutes, noting two corrections and asked if there were any further edits or corrections. There being no additional changes to the minutes, Mr. Mark Castellano made the motion to approve the minutes of the meeting. Ms. Jill Castellano seconded the motion; motion passed unanimously.

### **Open Enrollment Report Out**

Ms. Karen Cooley noted that she finalized open enrollment today. The files will be sent to the vendors soon. For the two new benefits 2,043 enrolled in accident insurance and 1,354 enrolled in critical illness insurance. Employees were receptive to these new plans. She will give more details on enrollment at the April ITF meeting. Enrollment in the HDHP went up only a small amount. Discussion was held regarding the HDHP with HSA.

Ms. Jamie Michael noted that very few people attended benefit meetings. She asked if it would be a good idea to offer an incentive for attending the benefit meetings. A total of 257 employees attended the benefit meetings this year. Ms. McFarland noted it is difficult to communicate to employees that it is important for them to take a few minutes to review their benefits. There are always employees who don't take the time and end up not being enrolled in the benefits they want.

Ms. Jill Castellano asked if it would be possible to run a report on which employees did and did not go into PPS to check their benefits. If a school had 100% participation, the employees could get an incentive. Mr. Brian Curls noted that this is totally doable and can be done next year. He will work on this in Castle by location number.

Ms. McFarland informed ITF members that Ms. Jeanne Beatson went out to each transportation compound to help employees with their benefits. Ms. McFarland and Ms. Beatson will be meeting with Mr. Codie to debrief and work on the issues that occur at the compounds during open enrollment. We got positive feedback from the benefit contact on these visits, and will be doing them again next year. Benefit Connections – the new information email – has also been well received. Ms. Jamie Michael thanked Ms. Beatson for going to the compounds. Mr. Mark Castellano noted that Insurance & Benefits went above and beyond the call of duty as far as the number of meetings, and where they were held.

### **Cancer RFP Update**

Ms. McFarland noted that there is a Cancer RFP meeting March 22<sup>nd</sup>. She will continue to keep ITF members updated.

### **2017-18 RFPs - Identity Theft Protection & Legal Services**

Ms. McFarland noted that Identity Theft and Legal are two popular plans that the District does not currently offer. Implementation will not be difficult – these plans do not require medical underwriting. She asked the ITF if they would be agreeable to offering these benefits to employees. There were no objections. Ms. McFarland asked for volunteers for the subcommittee for these RFPs. It was determined that the subcommittee members would be Mr. Kerr Fazzone, Ms. Jamie Michael, Mr. Joe Pitura, Ms. Karen Cooley and Ms. Bonnie McFarland. The RFP meetings will be sent out in early May, back in June, presented to the ITF in August, and to the Board in October. One of the goals of Vision 2020 is to increase benefits offered to employees. Tentatively, Ms. McFarland has plans for the 18-19 plan year to introduce some Roth, and additional 457s. Due to changes in FRS, service after 2011 will not come with COLA. There will be less and less of a FRS retirement benefit. Additional Roth and 457s will help employees retire in a better position. The Roth is a great option as the money goes in after tax and is not taxed at the time of withdrawal. The plan is to have a list of

representatives for each school and to work with principals and site supervisors on setting things up for these representatives to visit their location. We have requested a resource to manage this in the FY18 budget.

### **Good of the Order**

Ms. McFarland noted that today is Ms. Donna Mutzenard's last ITF meeting. Ms. McFarland thanked Donna for her years of service to the ITF, and noted it has been wonderful working with her. Committee members congratulated Ms. Mutzenard and wished her a happy retirement.

Mr. Castellano noted that fewer people attended Talc's 5K this year but the new location worked very well. They already have four sponsors for next year - February 24, 2018 at the Hyatt Place in the Forum.

Ms. McFarland informed ITF members that the Run Club is up and "running". This is the first week for the run clubs. There were 8-10 people at each location. These teams will participate in sponsored runs in the future.

Ms. Cooley informed ITF members of the Medicare seminar that will be held March 9<sup>th</sup> – Cathy Furr from Aon will run the seminar. Flyers were sent out to employees. There are 60 RSVPs as of today.

### **Adjournment**

The meeting adjourned at 4:17 p.m. with motion by Ms. Donna Mutzenard and second by Mr. Mark Castellano.