

**THE SCHOOL DISTRICT OF LEE COUNTY  
MINUTES**

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

**Thursday, October 19, 2017**

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**Members Present**

Shandra Backens  
Jill Castellano  
Mark Castellano  
Karen Cooley  
Brian Curls  
Kerr Fazzino  
William Grand  
Bonnie McFarland  
Jamie Michael  
Heather Parker  
Joseph Pitura  
Angela Pruitt  
Jimmy Riley

**Members Absent**

Toni Abrams  
Joe Pescatrice

**Others Present**

Jeanne Beatson, Ben. Specialist  
Jane Kuckel Board Liaison  
Jonathan Anderson, Aon  
Janice Belmonte, Aon  
Amanda Brooke-Kross, Aon  
Nadia Elmunaier, Aon  
Gabrielle Dimitrakis, Aetna  
Kim Howe, Aetna  
Robert Pichardo, Aetna  
Rachel Rhodes, Aetna  
Leo Burt, Retiree Liaison  
Susan Malay  
William Rothenberg  
Alma Jones

The meeting was called to order at 3:12 p.m. by Ms. Bonnie McFarland. Ms. McFarland noted that Mr. Mark Castellano and Mr. Kerr Fazzino were on their way but we would start with reviewing the responses to data requested from the October 5th meeting. Ms. McFarland introduced Ms. Alma Jones who would be taking notes due to Ms. Terri Roney's absence.

**Medical Plans & Premiums 2018-19**

Ms. Bonnie McFarland stated there are four packets of information from Aon responding to information requested at the prior meeting. Mr. Jonathan Anderson reviewed information regarding Medical/Rx Benchmarking, this data is comparing our current plans to those available from Healthcare.gov and other school districts in Florida. Mr. Anderson noted that the price points are based on Florida Blue as they are the only provider for the Florida Healthcare.gov market. Ms. Bonnie McFarland noted that our plans hover in the Gold range comparatively, based on our out of pocket maximums, deductibles, and emergency room copays. Mr. Anderson continued to review breakdown explanations and comparisons.

Mr. Jonathan Anderson reviewed deductible, out of pocket maximum and emergency room analysis. Mr. Anderson noted the information was pulled by the Aetna team and thanked them for providing the information for this report. He directed the group to page 4 indicating the information regarding which employee met their deductibles and which employees met their out of pocket maximums. This data was broken down by employee group. The totals were:

- 1,840 employees and 11 families total met their plan deductibles during the 4/2016-3/2017 plan year.
- 579 people met their out of pocket maximums.

Ms. Jill Castellano asked if emergency room utilization includes Workers' Comp. Ms. McFarland explained that it does not include Workers' Comp., those claims are separate from our medical coverage. Mr. Anderson said the numbers include employees, spouses and/or children covered. Many people are using the emergency room for non-emergency situations, where we have access to other options such as Urgent Care Centers and Teladoc. Our emergency room numbers are 14.8% higher this year than last.

The emergency room demographic profile chart shows our emergency room usage starts climbing with the 20-29 year old group up to the 50-59 year old group. This data is from the April 2016-March 2017 plan year. Ms. McFarland noted that the day of the week didn't seem to have any impact on the usage. It would be expected that the weekends would be higher due to limited access of other options. Mondays are busiest days. Mr. Anderson also referred to the seasonal variation chart:

- 93.1% of our emergency room claims are in network
- 28% of those are at Gulf Coast Hospital.

Ms. Susan Malay asked which calendar the quarterly chart refers to, fiscal, calendar or plan year. Ms. Kim Howe said she believed it was calendar year. Mr. Anderson then turned to page 9, on the right side showing the level of urgency for the visits with the majority being minor to moderate and suggested pushing the other options available and only use emergency room when necessary.

Mr. Anderson continued the review, noting the average allowed cost per visit is \$2,000.00. It was also noted that the emergency room data does not include admissions. The top condition by age category shows we have higher instances of chest pains reported than Aetna's book of business. Increasing the emergency room copay from the \$500 to the proposed \$1,000, results in a projected savings of \$500,000 to \$750,000, depending on plans.

Ms. McFarland asked if there were any questions. Ms. Jamie Michael asked where our policy is in the existing marketplace benchmarking. Mr. Anderson stated the 3769 plan is between the \$800 - \$2500 plans; the 5773 plan is closest to the gold plan and the HDHP is between the \$6,300 and the \$12,000 plans.

Moving on to the Medical Rate setting scenarios, Mr. Anderson introduced Ms. Amanda Brooke-Kross, Actuary from Aon to discuss the numbers and scenarios.

- Scenario 1, Option 1 would have a resulting deficit of approximately \$13 million – the plan is not able to absorb this large of a deficit.
- Scenario 1 Option 2 changing the Rx to the Value Plus Rx formulary would bring the deficit down to approximately \$12 million – still too large of a deficit for the plan to absorb.
- Scenario 2, Options 1 and 2 would result in a \$0 deficit, but would increase employee premiums \$100 to \$400 per month.
- Scenario 3, Option 1 cuts the projected deficit in half, moving in the right direction, but still more than the plan can absorb.

Ms. McFarland noted for clarity that the scenario numbers match previous meeting scenario numbers. There were no questions at this time.

Ms. Brooke-Kross continued-

- Scenario 4, Option 1 is a middle of the road option for all. Bringing the 5773 plan employee only premium up to equal the Board contribution with a resulting deficit of \$3.3 million.
- Scenario 4, Option 2 brings the 5773 plan employee only tier to Board Contribution and changes to the Value Plus Rx Formulary with a deficit of \$1.98 million.
- Scenario 4, Options 3 & 4 are like Options 1 & 2 with a 5% increase to the 3769 total plan premium. Options 5 & 6 are like Options 1 & 2 but with a 10% increase. Both of these options would result in dramatic increases to the employee costs creating migration which may be detrimental to the plan.

Mr. Kerr Fazzone asked if this drop from the 3769 plan would be sustainable. Ms. Brooke-Kross stated that no it would not. Ms. Jamie Michael commented that many of our support personnel would end up dropping dental/vision and possibly other voluntary benefits due to the loss of the additional Board Contribution.

- Scenario 5 Options 1-5 are the same as Scenario 4, but with greater increases to deductibles and out of pocket maximums.

Ms. McFarland asked if everyone wanted to walk through all the scenarios. Mr. Mark Castellano requested to hear Ms. McFarland's recommendation, mentioning Options 3,4,5 & 6 are a death spiral for the 3769 plan. Ms. Jamie Michael stated that the percent of increase to get from the current plans to the recommendation reminds her of the 1997 plan rate increases. Ms. Karen Cooley noted that in 1997 nothing had changed for several years. We are being more proactive this time.

Ms. Bonnie McFarland's recommendation to the ITF is:

- Scenario 4 Option 2, bringing the 5773 plan up to Board Contribution, the 3769 plan would be the buy-up plan and the HDHP would remain unchanged so we will still have 2 "free" plans.
- Change to the Value Plus Rx Formulary.

The above two changes will bring the anticipated deficit to \$1.98 million.

- Propose that bargaining address increasing the Board Contribution an additional \$10.00 per employee per month. If the Board Contribution is increased, the rates will increase by a corresponding monthly amount.

Ms. Jill Castellano asked if the additional per employee per month Board contribution increase of \$10.00 comes out of the District money set aside for raises. Dr. Angela Pruitt answered normally yes, but not necessarily this year. Ms. McFarland continued to note with all of the above listed put into place, there would remain an \$800,000 deficit. Ms. Shandra Backens asked about the deficit coming out of reserves. Ms. McFarland answered yes, noting that it is a small percentage of the total plan cost. Ms. Backens asked how long we can sustain that deficit without a negative impact. Ms. McFarland answered that it would not negatively impact the plan at this time. We can't leave the plan as is.

Mr. Castellano commented that bringing the cost of the 5773 plan up to \$572.70 the net cost to employees would be zero. Ms. Jamie Michael asked how we will sustain Wellness. Ms. McFarland answered that Wellness is included in the actuary report out, not included in claims. She and Ms. Heather Parker have been working to reign in Wellness expenses, spending less, cancelling classes not meeting attendance requirements, offering fewer CHIP classes, etc.

Mr. Mark Castellano asked Mr. Jonathan Anderson about the bipartisan plan being presented to Congress and how it affects us. Mr. Anderson replied that Insurance companies (Florida Blue) will need to make up dollars lost in the healthcare.gov market. The School District has had 5 years without increases to medical plan rates or changes to plan design. No other companies have experienced this. We have had a bad year, and we are planning for the future to address increased costs. With the recommendation, the 3769 plan would now have a \$65.00 increase, which is a 12% increase. Other groups have increases every year and still have higher increases than 12%.

- Mr. Mark Castellano made a motion to accept the recommended Scenario 4 Option 2, bringing the 5773 plan up to Board Contribution, the 3769 plan would be the buy-up plan, the HDHP remain unchanged, and change to the Value Plus Rx Formulary. Additionally propose that bargaining address increasing the Board Contribution an additional \$10.00 per employee per month. If the Board Contribution is increased, the rates will increase by a corresponding monthly amount. The above actions will decrease the deficit to approximately \$800,000.

Ms. Jill Castellano seconded the motion

It was noted that the current plan design is on page 5, and the proposed plans/pricing is on page 12.

Ms. Shandra Backens questioned what the Rx changes were. The proposed change is from the Premier Plus Formulary to the Value Plus Formulary. Copays remain the same. Mr. Castellano said we need to communicate the formulary change. Ms. McFarland explained that there had been a discussion with Aetna and they will contact members who are affected about 60 days prior to the effective date. Mr. Fazzone asked about the actuarial values. Ms. Brooke-Kross said AV on the report is actuary value.

Ms. Michael mentioned the 3769 plan would be better than the 5773 plan for those requiring a significant amount of medical care.

Ms. Backens addressed ways to increase enrollment for the HDHP. Ms. McFarland noted that currently 2% of employees are enrolled in the HDHP plan. Ms. Backens mentioned educating people to the benefits of HDHP and what the effect would be on the plan. Discussion was held.

Ms. McFarland asked if there were any other questions, Ms. Michaels noted that with rent going up, insurance is expensive, and our employees with starting salaries of \$17,000 are having it rough.

ITF members voted, and the motion passed with a vote of 13-0.

### **Adjournment**

The meeting adjourned at 4:30 p.m. with motion by Mr. Mark Castellano and second by Mr. Jimmy Riley.