

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, September 6, 2018

Members Present

Toni Abrams
Shandra Backens
Gregory Blurton
Jill Castellano
Karen Cooley
Kevin Daly
Kerr Fazzone
William Grand
Kimberly Hutchins
Bonnie McFarland
Jamie Michael
Heather Parker
Elizabeth Peterson
Joseph Pitura
Angela Pruitt

Members Absent

Jimmy Riley

Others Present

Jeanne Beatson, Ben. Specialist
Jonathan Anderson, Aon
Janice Belmonte, Aon
Amanda Brooke Kross, Aon
Kim Howe, Aetna
Sandra Lozada, Aetna
Rachel Rhodes, Aetna
Jane Kuckel, Board Liaison
Joe Pescatrice, Retiree Liaison
Leo Burt, Retiree Liaison

The meeting was called to order at 3:13 p.m. by Ms. Bonnie McFarland. (Start was delayed due to traffic accidents with road blocks in the area.)

Approval of Minutes

The draft 08/02/18 ITF meeting minutes were reviewed. Ms. McFarland asked if there were any corrections to the minutes. There being no changes to the minutes, Mr. William Grand made the motion to approve the minutes of the meeting. Ms. Toni Abrams seconded the motion; the motion passed unanimously.

Review of Health Plan Financials

Mr. Jonathan Anderson stated that Ms. Amanda Brooke Kross, Aon's actuary, will review the medical plan financials, there are no healthcare reforms to review, the 2019-20 medical plan options will be discussed, and the information and recommendation for the FSA/HSA ITN will be discussed.

Ms. Amanda Brooke Kross noted that this month's financials include data through July 2018, which is four months into the plan year. July's paid claims were \$8.1 million. The average 2017/18 monthly paid claims were \$7.0 million and the 2018-19 YTD average monthly paid claims is \$7.2 million. The increase has not impacted our projection for the plan year. The 2018-19 projection is 1.2% below the net 2018-19 projected revenue. PEPM premiums are 1.4% above the budget. We have additional revenue coming in from those who stayed in the higher plan. PEPM budget is \$700 compared to pepm of an updated projection of \$692 per month results in a surplus of 1.2%, which is good news.

Ms. Kross reviewed loss ratio, noting it is similar to last year, but a little lower. There was a jump up in January, and summer months were high, as is normal, but still lower than last year.

Large claims were reviewed. Ms. Kross stated that the District does not have stop loss coverage, which is an insurance policy that covers claims when they go over a certain amount. It would not be reasonable for a group this large to have it. Trend impacts large claims as with any claims, but is a side factor – it is really about each individual claim. The quantity of large claims can vary a lot from year to year. The District is at a good level. Ms. McFarland noted that she had an extensive conversation with Aon about large claims, and their recommendation is to leave the large claim threshold at the \$250,000 mark. There is value in leaving it there, as it has been the District's threshold for a long time.

Mr. Joe Pitura asked if the District is above or below average with 19 large claims. Ms. Kross will look at size and demographics and will get back to us on this. It was noted that each of the 19 large claims are for separate individuals. It is difficult to anticipate the number of large claims as there are emergency situations that we won't have advance notice of in addition to the ones we do have advance notice of such as surgeries or transplants. Ms. Janice Belmonte added that there were 21 large claims last month. We are \$893,000 lower this month. Dr. Angela Pruitt asked how long the employees with the large claims have been with the district. Ms. Kim Howe stated she will look into this and bring back information for the next meeting. Ms. Jamie Michael noted that many of the cancer drugs have gone up in cost. Ms. Howe added that site of care is important in handling this increase in costs. Aetna can look to be sure the best site is being used. This is part of the patient precertification program.

26% of claims is pharmacy, medical is 74% of total claims.

PPACA Update

There are no updates at this time.

Medical Plans & Premiums 2019-20

Health Reserve Balance:

Ms. Kross updated ITF members on the Health Fund balance, noting that the state requirement is to have a 60 day surplus in the fund. As of 06/30/18, this requirement for the District is equal to \$14.0 million. As of 06/30/18, the fund balance was at \$24,634,282. There is still a little bit of a buffer there, but this can go away quickly with a bad claims year.

Plan Designs and Premiums:

Ms. Kross reviewed the current plan options being discussed for the 2019-20 plan year:

- Status quo – with no changes to plans or premiums – with no assumed migration - would result in a deficit of \$5,887,000
- Option 1 – No plan changes, but increase to premiums. This increase would result in a reduction of the HSA contribution to \$1500 per year. Migration assumptions are built into this option. This option would result in a surplus of \$420,000.
- Option 2 – Same as option 1, but with a new plan added – a deductible and coinsurance plan with no copayments and no HSA. This option results in a \$589,000 surplus. The new plan would be at no cost to the employee at the employee only tier.
- Option 3 is a new option being discussed for the first time today. It is similar to Option 1, but with smaller increases to premium. This option results in a deficit of \$2,281,000.

Ms. McFarland noted that option 3 was brought back at the request of ITF members during the last meeting. The deficit would come out of the reserves. The good news is that the reserves are at the high end of our estimate and this would work for this year, but we would not be able to do this next year. We will have to start working to make premiums pay for claims with no deficit after this year. Ms. McFarland stated that it is her hope to vote on the plan designs and premiums today; otherwise it will be necessary to schedule a special meeting.

Discussion was held regarding the number of employees who do not meet their deductible, the role of the ITF and the role of the Bargaining Teams relative to Board Contribution and medical plans selected, the reduction of the HSA contribution and the amount of the HSA contribution relative to other employers.

Dr. Kerr Fazzone noted that the actuarial values at the bottom of each plan notes how much the plan pays out.

Claims data was reviewed. The current budget situation was reviewed and discussed, noting that the District received a 0.44% increase in the budget from FY18. There was discussion regarding the timeline for open enrollment and bargaining, noting the next bargaining sessions are September 17 for TALC and September 24 for SPALC.

Ms. Jamie Michael noted that over 60% of support staff were hired after 2010 and have gotten used to no increase in premiums. With option 2, they still have the ability to choose a plan at no cost to them.

Dr. Fazzone stated we could keep option 3 as is, but add the new plan from option 2 to this scenario. Ms. Amanda Brooke Kross stated that this design would be less rich. The deficit would increase by approximately \$100,000.

Mr. Gregory Blurton noted that with the new plan added to option 3, the deficit would move a little, but not much. This would be the new option 4. He proposed that the ITF move forward with the new option 4 – option 3 with the new plan from option 2 – if the surplus is between \$2 million and \$2.5 million, we move forward.

Discussion was held regarding the different options presented to the ITF. Discussion was held regarding the impact of changes to the proposed options, such as changes to contribution, changes to plan design, etc. Discussion was held on the impact of migration between the plans. Concerns were expressed regarding employees seeking other employment due to high insurance costs. Concerns were expressed regarding the health fund reserves and wellness programming.

After discussion, Ms. McFarland asked the ITF members if they are comfortable voting on the discussed option 4 if the deficit falls between \$2.0 to \$2.5 million, which would come out of the health fund reserves, with an increases in premium for all three of the existing plans and the addition of a new plan. This option would leave two plans, the HDHP plan and the new plan with no employee cost at the employee only tier.

Option 4 would result in the following impacts:

- Increase to the premiums for the 3769 plan. This increase would result in an employee contribution of \$65 per month for the employee only tier
- Increase to the premiums for the 5773 plan. This increase would result in an employee contribution of \$30 per month for the employee only tier
- Increase to the premiums for the HDHP plan. There would be no employee contribution for the HDHP at the employee only tier.
- The addition of the fourth plan which is a traditional PPO with all services, except preventative, subject to deductible and co-insurance.

A motion was made by Dr. Angela Pruitt to recommend Option 4 to the Board for approval. Mr. Greg Blurton seconded the motion. The motion passed with a vote of 15-0.

FSA/HSA ITN Subcommittee Recommendation

Ms. Belmonte reviewed that the District recently did an ITN for FSA/HSA Administration for the purpose of obtaining a better cost, service and level of technology than the current vendor. Proposals were received from 12 vendors on April 26, 2018. The ITN requested a rate guarantee minimum of 3 years with 3 additional one-year renewals. The finalists were ConnectYourCare, National Benefit Services, PayFlex and Discover Benefits. The highest ranked proposer was ConnectYourCare with rates of \$2.25 PPPM for FSA and \$1.95 PPPM for HSA, and a cost savings of almost \$18,000. They have an auto adjudicated claims rate of 96.6%.

Dr. Fazzone, a member of the ITN subcommittee noted that the top vendor was very clear, and he is comfortable with this new vendor. Ms. McFarland added that ConnectYourCare has a 24/7 customer service line, and was the only proposer that had the fully functional Spanish and English website and mobile app. Ms. Karen Cooley added that their website is outstanding – very user friendly.

A motion was made by Ms. Jamie Michael to make the recommendation to the Board to award the ITN to ConnectYourCare for FSA/HSA administration effective 04/01/19. The motion was seconded by Ms. Shandra Backens. The motion passed with a vote of 14-0.

FY19 Wellness

Ms. Heather Parker noted that health screenings are underway and they are currently at 21% of the goal for total of employee participation. CVS is providing flu shots and other immunizations such as T-Dap, shingles, and pneumonia, which are preservative free. 63 people attended the health screening at Varsity Lakes this morning. An increase of 8 from last year. Wellness programming has begun. The new wellness portal is up and running. Oct. 6th is the date for the Run for Prevention – there is a SDLC team that employees can join.

Ms. Michael asked if a link to the Wellness Website could be put on the LEARN page. Ms. Parker stated that Wellness will work with the communications department on this.

Good of the Order

Ms. McFarland thanked ITF members for all of their hard work.

Adjournment

The meeting adjourned at 4:57 p.m. with motion by Dr. Kerr Fazzone and second by Mr. Kevin Daly.