



THE SCHOOL DISTRICT OF LEE COUNTY

September 5, 2019

Members Present

Toni Abrams (3:04 PM)
Shandra Backens (3:03 PM)
Jill Castellano
Karen Cooley
Kevin Daly
Ami Desamours (3:02 PM)
Kerr Fazzone
Bonnie McFarland
Jamie Michael (3:04 PM)
Heather Parker
Elizabeth Peterson
Joseph Pitura
Angela Pruitt
Jimmy Riley
Agnes Upeslakis

Members Absent

Leo Burt
Kimberly Hutchins
Joe Pescatrice, Retiree
Liaison

Others Present

Cindy Proia, Secretary
Susan Grimm, Aon
Kimberley Howe, Aetna

Mary Fischer, Board Member Liaison (3:10 PM)

Bonnie McFarland, Insurance & Benefits Management Director, called the meeting to order at 3:00 p.m. First order of business was the approval of the August 1, 2019 Minutes. Angela Pruitt moved for approval as presented, seconded by Kerr Fazzone, called and carried unanimously, with Toni, Shandra, Ami, and Jamie absent for the vote.

2019-20 Medical Insurance Plans

Number 2 on the agenda, is the 2019-20 Medical Plan Health Plan Financials and Legislative Updates and introduced Susan Grimm from Aon, to go over this

section of “the deck”. Susan Grimm, Aon, discussed with the Insurance Task Force, the Executive Summary on page 6, which indicates a small concern for monthly paid claims for the month of July 2019. Last July, the monthly average was \$7.1M and this year it jumps to \$8.1M. She said they were investigating the reason for the large increase. Based on these numbers, the updated deficit projection is \$4.684M. Jill asked if our large claims, of 23, are along the same line as other organizations our size? Susan didn’t feel the district was out-of-line with the number of high claims, she just felt there were a lot (newborn issues, cancer, nervous issues, female reproductive, et. al.) She also stated that different organizations may base their numbers on a different threshold, where the School District is \$250,000 and higher, so it is hard to calculate. Susan discussed the Health Care Reform/Legislative Updates and said the School District is in line with regards to the legislature on the 2020 Affordability Threshold.

Recommendation of the following contract renewals

Bonnie stated there are a few renewals coming up in 4/1/2020 and today she would be looking for the recommendation of the ITF to move forward with the renewals.

1. Renew Medical Plan Third Party Administration with Administrative Services Only (ASO) Aetna. Bonnie pointed out a few options that have been negotiated for this renewal:

- Aetna will keep the administrative fee at a rate of \$37.02, which should have been increased with this first renewal.
- Aetna will cover the administrative costs of the Teledoc Program in addition to including Behavioral Health Services. There will no longer be a .25 charge PMPM and the \$3 per consult fee will no longer be charged as of 4/1/2020.
- The reduction of the shared savings NAP (National Association Partners) Program Fee from 50% to 40%.
- The Medical Audit Allowance will remain at \$50,000.
- The Pharmacy Audit Allowance will increase from \$80,000 to \$100,000.
- Aetna will continue to donate \$325,000 for Wellness Allowances as well as our full-time onsite representative and full-time wellness coach.

Jill asked if the new Lee Health system, like Teledoc, is covered under our Aetna Plan. Bonnie asked her what was the name of their system? Jill said it is called the Lee TeleHealth. Kimberley Howe, Aetna, said Aetna does not currently

contract with Lee Health for Telemedicine services. Dr. Pruitt wanted Bonnie to explain this entire process as she feels there will be many questions and inquiries at the September 24, 2019 School Board meeting, where these items are up for approval. Bonnie stated the Contract with Aetna was awarded in 2014 for implementation in 2015 for 5 years, with two - 2-year renewal opportunities. At that time, Aetna came in with the most competitive bid for administrative fees, and with this renewal, they are keeping their rates the same. We have a high satisfaction rate from our employees. The actual administrative portion of this entire contract is a small portion of what we pay overall for medical insurance. We are very satisfied with Aetna's services based on frequent audits conducted by Aon with regards to the medical and pharmacy portions of our contract. For the record, Susan stated that Aon does not receive any commission from Aetna, and they work with other Health Insurance companies in different areas. While Dr. Pruitt has no problem with the renewals, she just wanted this information presented today so that all task force members have answers when questions start to arise. Dr. Pruitt also wanted Bonnie to share the difference between a Self-Insured Program versus a Fully Insured Program since it was the recommendation of the Financial Advisory Committee (FAC) a week ago, to be fully insured. Bonnie wanted to first state they she does not always recommend a Renewal, case in point last year from WageWorks to Connect Your Care. She said they evaluate every aspect of every plan. A self-insured plan pays claims and administers the plan. Bonnie explained that Self Insurance is the kind of plan that we have, whereby the district collects premiums from employees and then takes on the responsibility of paying employees' and dependents' medical claims. A fully insured plan is the more traditional way that employers go, but with this type of plan, we would pay a premium to an insurance carrier. These rates would be fixed for a year, based on the number of employees enrolled. While they collect all premiums, they also pay all health care claims based on the coverage outlined in the policy purchased. Employees would pay any deductible and/or copays required for their covered services. We would also be required to pay a Risk Transfer Fee to the Insurance carrier. So not only would we have to pay an insurance company, to run our plan and pay for all the claims, but we would also have to pay for the risk, which is usually a 10-15% surcharge (approximately \$3.6M) of the total plan. The PPACA Laws will also require fully insured plans in 2020, to pay a 4% annual fee to the Federal Government for being a fully insured program. Bonnie felt that the Self Insurance plan is the way to go for the Lee County School District, because of too many fees and costs involved with the fully insured option. She recommended the 2-year renewal

with Aetna AOS. Jamie Michael wanted to point out that if we were a fully insured company, changes would have to be approved by the State of Florida; so, changes would be more difficult, waiting for the State's approval. Jimmy Riley just wanted to state, for the record, that employee rates need to be fixed as Health Care Costs are becoming astronomical. Dr. Pruitt said this is a national problem, not just a Lee County problem. Jimmy felt that the Board needs to contribute more dollars for employee's health insurance to make it more affordable. Dr. Pruitt said this is an item that needs to come up during the negotiating process with TALC and SPALC. Dr. Ami Desamours said that she has heard what Jimmy is saying and does not disagree; she stated the Administration is currently looking into a long-term plan of restructuring health plans and will discuss this at their meeting next week. Jamie Michael moved to approve the recommendation of renewing the contract with Aetna - ASO, seconded by Joe Pitura, called and carried unanimously.

2. Renewal for MetLife Dental:

Bonnie reviewed page 19 of the deck, which outlines there will be NO plan design changes, and the Low and Mid Plans will receive a 0% increase to their premiums. However, the High Plan will show a composite increase of 6.51% based on the high utilization of the plan. The increase will go from \$44.60 per month to \$47.50 per employee per month - PEPM. Jamie Michael moved to approve the recommendation of renewing the contract with MetLife Dental, seconded by Toni Abrams, called and carried unanimously.

3. Renewal for Avesis Vision.

Bonnie reviewed page 22 of the deck, which showed 3 different Rates:

- A. Current Rates
- B. Status Quo (rate decrease)
- C. Enhanced Plan (richer benefits)

If we renew at the status quo rates, there will be a slight decrease in the premiums from \$6.57 per month to \$6.24 per month per employee. Bonnie said they have brought an Enhanced plan to the ITF for consideration. While there would be a slight increase (from \$6.57 to \$8.30 per month per employee), the plan has been enhanced. Here are some of the enhancement features, full coverage for the following:

- Polycarbonate (single vision/multifocal)
- Standard Scratch-Resistant Coating
- Ultra-Violet Screening
- Solid or Gradient Tint

- **Standard Anti-Reflective Coating**

Preferred Pricing for the following:

- **Level 1 Progressives**
- **Level 2 Progressives**
- **All other Progressives**

Enhanced coverages:

- **Transitions - \$70/\$80**
- **Polarized - \$75**
- **PGX/PBX - \$40**
- **Other Lens Options - up to 20% discount**

Right now, there is only preferred pricing available for the top 6 items listed, so this has highly enhanced coverage(s) for employees, if we choose this option C. Jimmy Riley moved to approve the enhanced plan for the vision plan with Avesis, seconded by Toni Abrams, called and carried unanimously.

20-21 Medical Plan

Bonnie started in on the Plan & Premium Options for 2020-21. The NEW plan, 9520 is the old Hybrid Plan, which takes an average of both the 3769 and 5773 plans.

Page 27 is the current plan staying the same for 2020-21 - Status Quo - this plan results in a \$12.178M deficit.

Page 28 is the Baseline plan, which is the actual plan design that the ITF approved at the August meeting. This plan, which replaces the 3769 and 5773 plans with the new 9520 plan, results in a deficit of \$20,000. This plan design was the plan that the ITF approved last month, however, the ITF had concerns with the premium amounts. As such, the premiums have been adjusted on the next three proposals which put the plan in a deficit for the plan year.

Page 29 is Proposal "A"- which will result in an almost \$1M deficit. In Proposal "A", the rates for the 9520 and the HDHP are lowered. As a result of the changes to rates, the HSA seed also adjusts, because the HSA seed is the difference between the Employee Only premium on the HSA and the Board Contribution.

Page 30 is Proposal "B". Proposal "B" further reduces the premiums on the 9520 plan, while keeping the HDHP premiums the same as Proposal "A" and keeping the 7419 premiums the same as "Baseline". Proposal "B" results in a \$1.5M deficit.

Page 31 is Proposal "C". Proposal "C" further reduces the premiums on the 9520 plan and the HDHP plan. The premiums for the 7419 plan remain the same. The anticipated deficit of Proposal "C" is \$2M deficit.

Once again Bonnie reminded the Task Force that we need to make the Premiums collected equal the claims paid in order to sustain our health plan long term. The difference between the amount collected and the anticipated claims determines the deficit amounts. Jimmy again reiterated that more money needs to be coming from the School Board and Dr. Pruitt reiterated that this should be handled through the Bargaining Process. Shandra Backens asked about the reserve money and Dr. Desamours stated we currently have \$28M in reserves. Here are reserve balances from years ago:

- 2015 - \$50.5M
- 2016 - \$45M
- 2017 - \$34M
- 2018 - 25M

Kevin wanted to see more money from the state placed into the reserve account, however, there was no way to inject money into these coffers from State Funds. He felt we need to explore local options; we need to get an additional tax on the ballot to be it voted on.

Bonnie said she was going to recommend Proposal "B" for the Insurance Task Force to consider. Kerr Fazzone moved to recommend Proposal "C", as he felt this is the best plan for employees; motion was seconded by Jamie Michael. The ITF wanted to enter discussion at this point. Shandra asked if we were going to have to go through this same process next year and Bonnie confirmed this. Jamie Michael said that Proposal "C" shows a \$26.00 per month payment per employee and she felt that employees would rather see this fee versus a higher deductible; since this comes out of their check each week versus one large lump sum in the case of an emergency. The actuary anticipates that 75% of the staff will go with the NEW 9520 Plan. Bonnie said that 9520 plan is a slightly richer plan than the 3769 and 5773 plans that we currently offer. Bonnie said the only thing that concerns her with Proposal "C" is the \$2M deficit. Karen noted that while there will be a slightly higher copay(s) and Rx Coinsurance rates with the 7419-plan going with Proposal "C", the rates won't change, the plan will just change a bit.

At this time, Bonnie called for a vote on the motion and it carried unanimously - to go with Proposal "C" for 2020-21. Shandra asked, what happens if the Board rejects this recommendation? Dr. Pruitt said that while she doesn't expect the Board to reject this recommendation, she does anticipate a lot of questions and inquiries, since we have so many new Board Members.

****See attached plan that was recommended for approval by the ITF.**

19-20 Wellness

Heather Parker, Wellness Coordinator, went into discussing the 19-20 Wellness Programs. She said due to Hurricane Dorian, Quest had to cancel the Lehigh Senior High School Health Screening, so she is in the process of rescheduling all these appointments to September 23, 2019. The response to the Health Screening and Flu Shot programs has been very positive so far this year.

Most wellness classes will begin next week and in fact most classes are already full. She is excited about this.

Full-Plate Diet Program was completely shut down due to her feedback about the issues our employees had with the program. In fact, they will be mailing us a full refund for the 38 people that were unable to complete the program. If for some reason they are unable to fix their program, we will put the Diet Free program back into existence in lieu of Full Plate. Heather said while the Full Plate Diet program had some flaws, we have a couple of employees who lost some weight (1 lost 50 and 1 lost 60 lbs.)

Dr. Pruitt left the meeting at this time.

Mary Fisher left the meeting at this time.

Heather said they will be starting the Zombie Challenge on 12/14/2019 to coincide with the American Heart Walk and the Million Mile Movement. When ITF Members discussed some problems, they had last year with this program, Heather suggested creating smaller teams in order to reap the benefits of the program. She suggested that they cap their teams at 5 people. Also, Jill wondered if there was a way to allow the program to sync with the District's wi-fi and Heather said they were not allowed to do that due to security reasons. Bonnie said the Wellness Team is hoping that the Lee School District wins the Million Mile Movement this year with all the participation in the Zombie Challenge. Heather said she is also excited that this program will be running through the holiday season and that this is a first for the district.

Good of the Order Items - Jamie Michael wanted to compliment Berta, the temporary on-site Aetna Representative that was brought in. She said she worked her through a couple of big items.

Bonnie asked that information on the TALC walk be sent to Heather in order to get this on the wellness calendar; It was mentioned that this walk is scheduled for the last Saturday in February 2020.

Kerr moved to adjourn the meeting at 4:36 p.m., seconded by Kevin Daly, called and carried unanimously. Next meeting is scheduled for October 3, 2019.

***A copy of the Aon deck is on file with the Insurance Task Force Minutes.**

****A copy of Proposal "C" is attached to these minutes.**

