

**THE SCHOOL DISTRICT OF LEE COUNTY
MINUTES**

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

Thursday, May 2, 2019

Members Present

Shandra Backens
Karen Cooley
Kevin Daly
Kerr Fazzone
William Grand
Kimberly Hutchins
Bonnie McFarland
Jamie Michael
Heather Parker
Elizabeth Peterson
Joseph Pitura
Angela Pruitt
Jimmy Riley

Members Absent

Toni Abrams
Jill Castellano

Others Present

Jeanne Beatson, Ben. Specialist
Cindy Proia, Secretary
Curtis Colbert, Simplified
Leo Burt, Retiree Liaison
Joe Pescatrice, Retiree Liaison
Jonathan Anderson, Aon
Amanda Brooke Kross, Aon
Susan Grimm, Aon
Clarissa Knowles, Aetna
Kimberly Howe, Aetna

Mary Fischer, Board Member Liaison

The meeting was called to order at 3:01 p.m. by Ms. Bonnie McFarland. Ms. McFarland asked everyone to please sign-in before leaving today.

Approval of Minutes – 04/04/2019

Ms. McFarland said that all members should have received a draft version of the 4/4 minutes and asked if anyone had any questions or revisions at this time? No response. Jamie Michael moved to approve the minutes as written, seconded by Jimmy Riley, motion approved unanimously.

Approval of 2019-20 Insurance Task Force (ITF) Meeting Dates

Ms. McFarland said all members also received the proposed schedule for the 2019-20 ITF Meeting dates. She said the proposal is keeping with the current schedule of meeting on the 1st Thursday of the Month, except for January (due to Winter Break – January meeting will be on the 2nd Thursday of the Month) and July (due to Summer Break and 4th of July Holiday – no meeting scheduled at all). She asked if anyone had any concerns or comments about the proposed meeting schedule and no one responded. Kerr Fazzone moved to approve the proposed 2019-20 ITF Meeting Dates, as presented, seconded by William Grand, motion approved unanimously. Bonnie said these would be sent out as Outlook Calendar Requests. (A copy of approved dates is attached to minutes.)

Review of 2018-19 Medical Plan: Health Plan Financials and Federal Updates

Ms. Amanda Brooke Kross, Aon Actuary, reviewed with the Task Force, the Plan Year 2018-19 Medical Plan Financial Review. She said this data now reflects the entire plan year (4/1/2018 – 3/31/2019). The 2018-19 projection is updated to be 2.2% below the net 2018-19 revenues. 58% of employees were enrolled in the 3769 plan, 39% in the 5773 plan and 3% in the HDHP. Current Medical Plan Enrollment for the district as of March 2019 was 10,960. The average

monthly claim payout for this period was \$7.1 M. The 2018-19 updated projections, based on the 10,890 enrollment has a surplus of almost \$2 million. Bonnie said the District has met its targeted goals.

Susan Grimm, Aon Assistant Vice President, reviewed the 12-month loss ratio and said this percentage is way lower than last year's number; so, they felt the district was moving in the right direction. Susan discussed the large claims over the \$250,000 threshold. Referring to her diagram on page 8 of their packet, she said currently there are 20 large claims totaling over \$7.8 million. She also said that of the total claims, 74% is Medical and 26% is for Rx. Sue reviewed the Legislative Updates with the Task Force and, just as last month, stated most of these will not affect the Lee County School District.

Review of 2019-20 Medical Plan: Projection Updates

Ms. McFarland wanted to preface why we were at this point prior to Amanda Brook Kross going into further detail. She stated that when we first decided on the 2019-20 plan, we had the information on page 14. In December 2018, during negotiations with the Unions, it was decided to increase the Board contribution and we brought back revisions to the document showing that change. Then in April 2019, the Unions and the District approved the removal of funding for those who waive the insurance and we are now projecting a deficit of \$4.5 million for the current plan year. Amanda referred to page 14 – 16 of their packet which outlined the projected 9/11/2018 deficit numbers, the 2/7/2019 deficit numbers, and then the 5/2/2019 deficit numbers.

Following Ms. Kross' presentation on the 2019-20 Projection Updates, Ms. McFarland stated that the ITF is going to have a lot of work to do on the 2020-21 Self Insurance Programs and will have to make some hard decisions. Ms. Jamie Michael thought the employees needed to have some education with regards to what the Board did for them this year; TALC and SPALC Employees ONLY see the bottom line on their paychecks, so them not seeing the increase to the plan, (a decrease in their bottom line), based upon the increase from the Board, they are not aware of what is going on. She suggested some type of newsletter or communication about this.

Review of 2020-21 Medical Plan

- **2020-21 Medical Plan Discussion**

Ms. McFarland said according to the current trend, we will have an estimated \$12-\$13 million shortfall for 2020-21. We need to close this gap by either increasing premiums, plan design changes, or both. She said she wants to start these conversations in June, so that in August she could bring back the proposed options. She asked the ITF if they had any items they wanted information on that she could bring back in June for discussion. She said we cannot put these items off and asked that the members start thinking of anything they would like more information on.

- **Excise Tax Update**

Amanda Brooke Kross discussed with the Task Force the Excise Tax. Original Effective Date was 2018; however, this has yet to go into effect. Even if it does, it will not start until 2031 for ONLY the 3769 Plan at the employee only tier, however we must keep it in the back of our mind, just in case. Ms. Michael asked if the District was still paying the ACA - Transitional Reinsurance Program Fee and Ms. Kross said yes, 2018 was the last year. Beginning in 2019, it will be gone.

- **Historical Fund Balance**

Ms. McFarland discussed with the Committee, the Historical Fund Balance. She said with the ideal Self-Insurance plan, you will spend the money you collect in the year collected. She said there can be no stock-piling. You can have a bit for reserves, say for like Hurricanes, however, in June 2015, when the District had a balance of over \$50 million, the Auditors were concerned. The amount of reserves will vary but CANNOT go below \$15 million for a District's self-insured plan. If we go below that \$15 million, the state can take over our insurance plans, and we do not want that to happen. She referred to Florida Statutes 112.08 - Group insurance for public officers, employees, and certain volunteers; physical examinations; the Self-Insurance regulations and stated we must stay in compliance with these Statutes.

- **Bubble Chart**

Ms. McFarland thought the bubble chart on page 23 contained useful information as we begin looking at the 2020-21 plan year. From April 2018 through March 2019, 3.2% of the total members accounted for 51.9% of all claims paid. Of the total covered population, 55.6% of claimants accounted for claims under \$1,000. Bonnie said this chart shows that most people would have \$0 out of pocket on an HSA plan, but only 3% of our enrolled population are on the HSA Plan. She felt this plan needs to have more participation. Amanda said the bubble chart shows some very good numbers with regards to percentage of total claimants by size of payment.

- **Next Steps**

Ms. McFarland referred to page 25 – Next Steps. She said for the June ITF Meeting, she wanted to review the cost containment strategies and the what ifs... for 2020-21 insurance plans. At the August Meeting, she wanted to discuss the Renewal Options (Plan Designs with the bottom line dollar amounts). She was hoping to bring to the September Meeting, the final options for the 2020-21 Plan Designs and Rates. She asked if anyone would like to see data on any items, now is the time to mention them so she can bring back all information in June. Shandra Backens would like to see what would happen if we eliminated a lot of the plans and focused mostly on the High Deductible Plan. Bonnie said she would come up with numbers on the High Deductible plus one PPO Plan, to see where that would get us. Another suggestion was to entice the High Deductible Plan by lowering the Child & Family coverage. Kevin Daly wanted to have some type of information meetings scheduled so that employees can come, hear and discuss the proposals. Bonnie asked the How, Why, and Where he would like to have these meetings? He didn't have any specifics just knows that any increases in premiums will NOT be well received by district employees. He felt the District needed some type of education/communication piece prior to raising costs. Bonnie said in the past when they have scheduled I & B Meetings for employees to come and get information, those have not been well attended. She didn't know if maybe she and the I & B Staff should attend a Union Meeting, whereas this information could be better shared. Kevin said the only thing he hears from his teachers is why do we pay so much? Both he and Ms. Jamie Michael felt that TALC and SPALC need to hear the logistics of where we are having to go and why. Jamie also felt that we should get numbers on collapsing 5 tiers into 2, to see how it affects the different levels of coverage for spouse and/or child/children/family. Bonnie said she would gather the information on 3 different options: Employee ONLY, Tier 2 Plan – Employee plus one, and Tier 3 Plan – Employee plus two and more. Bonnie will bring all this information back in June. Also, discussions should be about how to save money in the plan; members want to see spreadsheets with different options for discussion in August. We want to make sure we have the right amount of time to make proper decisions based on all information

received. Again Dr. Pruitt thought that communication is the key issue and she wants to make sure we communicate this to staff in the right manner. Bonnie again reiterated that if any committee member thinks of anything further they would like to see, to please email her so she can bring all information back in June. Next meeting is scheduled for June 6, 2019.

Ms. McFarland asked for any "Good of the Order" items. No one responded.

Jamie Michael moved to adjourn the meeting at 4:00 p.m., seconded by Jimmy Riley, motion carried unanimously.

Attachment:
2019-20 ITF Meeting Dates