

March 3, 2008

## INSURANCE TASK FORCE COMMITTEE MEETING

### Members Present

Dr. Greg Adkins  
Shandra Backens  
Steve Bowman  
Mark Castellano  
Ami Desamours  
Marcia Fain  
Ron Frazer  
Jamie Michael  
Donna Mutzenard  
Tommy O'Connell  
Bob Rushlow  
Susan Strong

### Members Absent

Leo Burt  
Dr. Jane Kuckel  
Dr. Ruthie Lohmeyer  
Shayne Murphy  
Suzan Rudd

### Others

Janice Bass  
Karen Cooley  
Barbara Crowe  
Debbie Durieux  
Robin McDonald  
Charmaine McQueen  
Joe Pescatrice,  
Retiree Liason  
Debbie Strong  
Karen Toro  
Glen Volk

The meeting was called to order at 3:30 PM.

### Approve Minutes

Ms. Susan Strong asked if there were any additions, deletions, or corrections to the Minutes from the January 28, 2008, meeting. There being no changes, Mr. Tommy O'Connell made a motion to approve the minutes; Dr. Greg Adkins seconded the motion; and the motion passed unanimously.

### Stop Loss Insurance

Mr. Glen Volk opened the discussion giving a brief explanation of stop loss insurance and the purpose of this insurance – to cover claims over \$250,000.00. Mr. Volk presented a proposal from BCBS, stating they would be willing to continue the current option (\$250,000 deductible) under the current premium (approximately \$2,000,000.00).

Mr. Volk reviewed the self-funded health plan claims experience from April, 2005 through March, 2007, to determine potential reimbursements had the District been self insured with \$250,000 stop loss limits. He also included the current plan year, in which we are self funded. By comparing the estimated stop loss recoveries to the estimated and actual premiums, he recommended the District either purchase the highest stop loss deductible policy or discontinue the purchase of stop loss insurance.

Ms. Marcia Fain asked if stop loss premiums would increase in the future if we tried to reinstate stop loss insurance after going without it.

Ms. Strong replied that stop loss premiums are a pooled product; therefore, future premiums would be determined by the insurer's full book of business; however, high

District claims could impact future premiums to some extent whether or not we had uninterrupted stop loss coverage.

Mr. Mark Castellano asked if Mr. Volk's summary included the \$18.48 per employee per month stop loss premium savings if we didn't purchase stop loss insurance.

Mr. Volk indicated it did. He also stated if future claim experience followed past experience, the District would have a net saving by not purchasing stop loss insurance.

Mr. Ron Frazer asked if we had several million in the reserve should the health plan experience an increase in large claims. Ms. Strong stated that it did.

Ms. Donna Mutzenard made the motion to drop the stop loss insurance premium for April, 2008 through March, 2009, plan year; Ms. Jamie Michael seconded the motion; and motion passed unanimously.

### **BCBS Generic Drugs**

Ms. Carmaine McQueen-Carswell, Manager of Pharmacy Operations for BCBS, presented a very thorough discussion accompanied by SDLC data comparing brand name and generic drugs.

Below are the highlights of the discussion:

- The plan paid \$13.3 million in CY 2007 for prescription drugs – a 10.5% increase over CY 2006.
- The average cost per member per month is \$100.28 – a 4.6% increase over 2006.
- 51% of prescriptions dispensed in 2007 were generic.
- There were 207,752 prescription claims in 2007 – up 4.2% from 2006.
- The top 15 drugs accounted for 22,944 claims and cost the plan \$3,432,287.
- The top 100 drugs by ingredient costs for LCSD were reviewed.
- A cost comparison of top brand vs. generic drugs was presented.

Ms. Strong asked what BCBS's average generic usage was. Ms. McQueen replied it was 55.7%.

Ms. Shandra Backens suggested sending out flyers or displaying posters on employees bulletin boards about the new free generic drug benefit. Ms. Strong stated that she was sending a letter to everyone in the District prior to April 1<sup>st</sup>. She indicated that she would look into making posters to place at work locations. Ms. Karen Toro said she would see if BCBS had posters available also.

Mr. Ron Frazer stated the hardest target to reach would be bus operators due to their lack of access to District email. Maintenance and Food Services were also mentioned.

Ms. Strong suggested having information available at future wellness fairs. Ms. McQueen offered to send someone from BCBS.

### **Health Insurance Financials**

Mr. Glen Volk reviewed the self-funded health plan's claim experience through December 31, 2007. He stated claims experienced their typical increase during the summer months, but that there was also a substantial increase in December's claims. The reason for December's spike in claims was that a significant portion of December's paid claims were claims that were filed for prior months' services. Fortunately, January claims were substantially lower.

Comparing plan experience, Mr. Volk cited the following:

- The 927 and 903 plans had similar paid loss ratios.
- The 706 plan showed a significant claim increase of 168% in January (probably due to one or two large claims).
- The 118 plan remained stable.

Mr. Volk stated that overall the self-insured health fund's claims are following his predictions.

### **Open Enrollment Update**

Ms. Strong informed the group that 1,500 of the 2,100 employees in the 927 plan migrated into other plans – most to the 903 plan. A total of 1,500 members moved into the 706 plan – most from the 903 plan.

She indicated that at the next meeting there will be a discussion of all the products and services overseen by the Task Force to determine the need to release any RFP's this year. Lisa Brown will also present an Employee Wellness Program update.

Mr. Robin McDonald presented a check from BCBS for the amount of \$75,000.00 for the District's 2008/09 Wellness Program.

### **Good of the Order**

Mr. Bob Rushlow asked if the District had received any information about the 403(b) Model Plan. The Model Plan has been recommended by a number of State organizations. He also asked if we have a tentative schedule to bring it before the Task Force.

Ms. Strong indicated that she had received and reviewed information regarding the Model Plan and would be meeting with Steve Banks from TSA Consulting Group to become better informed. She intends to place it on the agenda for the next ITF meeting, as all 403(b) compliance changes must be in place by January 1, 2009.

Ms. Fain asked if we ever contacted Minnesota Life with regard to the free on-line will preparation service. Ms. Strong apologized that she had not had the opportunity to address it due to Open Enrollment and the Navigator Project, but she would work on it this month.

The next meeting is scheduled for Monday, April 21, 2008, at 3:30 PM.

There being no further business, the meeting adjourned at 5:00 PM.