

October 29, 2008

INSURANCE TASK FORCE COMMITTEE MEETING

Members Present

Dr. Greg Adkins
Steve Bowman
Leo Burt
Mark Castellano
Karen Cooley
Marcia Fain
Ron Frazer
Jamie Michael
Donna Mutzenard
Tommy O'Connell
Bob Rushlow
Susan Strong

Members Absent

Joe Pescatrice, Retiree
Liaison
Shandra Backens
Ami Desamours
Marty Mesch
Suzan Rudd

Others

Dr. Jane Kuckel, Liaison
Board Member
Barbara Crowe
Debbie Durieux
Paul Hebert
Robin MacDonald
Debbie Strong
Karen Toro
Glen Volk

The meeting was called to order at 3:43 PM.

Approve Minutes

Ms. Susan Strong asked if there were any additions, deletions, or corrections to the Minutes of the September 29, 2008, meeting. There being no changes, Mr. Mark Castellano made a motion to approve the Minutes; Mr. Leo Burt seconded the motion; and the motion passed unanimously.

TSA (Model Plan/Adoption Agreement/Vendor List)

Mr. Paul Hebert discussed the upcoming changes in the regulations pertaining to IRS Code Section 403(b) – Tax Sheltered Accounts. Some of the major changes include the following:

- SDLC must adopt a written plan document by January 1, 2009.
- SDLC will be responsible for tracking participant accounts under the plan.
- SDLC will be responsible for:
 1. contributions
 2. distributions
 3. loans
 4. hardship distributions
 5. minimum distributions
 6. qualified domestic relations orders
 7. rollovers
 8. transfers
 9. reporting
 10. recordkeeping

The good news is that TSA Consulting Group, Inc. has agreed to assume the responsibility for the new recordkeeping and administrative requirements at no cost to the School District (Addendum Number 1 to their original contract, which was approved at the June 17, 2008, Board Action Meeting). The \$1.00 per month, per active account will be borne by the TSA vendors and this will be paid directly to TSA Consulting Group by the vendors.

Ms. Donna Mutzenard made a motion to adopt the 403(b) Plan Document and Adoption Agreement; Ms. Karen Cooley seconded the motion; and motion passed unanimously.

Mr. Paul Hebert then discussed the Independent Benefit Council's (IBC) "Model Plan" solution. The IBC is comprised of the following groups:

- Florida Education Association
- Florida School Boards Association
- Florida Association of District School Superintendents
- Florida Association of School Administrators

The IBC's goal was to identify a network of TSA providers who would agree to:

- Meet the new administrative requirements of IRS Code section 403(b);
- Improve employee retirement savings and investment choices;
- Reduce employee investment expenses; and
- Coordinate independent recordkeeping and education.

The IBC, with the assistance of Gallagher Bassett Services (consultant) and TSA Consulting Group (TSA consultant engaged by 60 of the 67 school districts in Florida), released an RFP to 90 vendors. Twenty-four vendors responded, and eleven were interviewed. Of the eleven, five model plan vendors were selected for the three investment platforms. Those selected were:

Annuity vendors (high service level): AIG Retirement/VALIC and AXA/Equitable

Mutual Fund vendors (low service level): American Century and Waddell and Reed

Multi-Product Custodial Accounts (mid-service level): PlanMember Services Corporation

AIG Retirement/VALIC had been on the District's current active list, however, when their AM Best Rating dropped from A+ to A in October, 2008, and they no longer met the District's guidelines, they were placed on the inactive list. As an inactive vendor, they are only able to service existing accounts and cannot solicit new business. If their AM Best rating is restored to A+, they will be re-instated to the active list.

Each of the Model Plan vendors has agreed to enter into a "Letter of Commitment" with the District, which states they will do the following:

- Provide the best plan available in Florida K-12;
- Give districts the ability to upgrade to newer, enhanced products;
- Sell only the products they bid under the IBC platform;
- Provide a plan to convert existing contracts to the IBC platform;
- Reduce fees to all adopting school districts as state-wide assets under IBC's platform grow; and
- Guarantee rates for three years.

Ms. Strong discussed the District's current list of TSA vendors: both active and inactive. She suggested that even if the District adopts the "Model Plan" providers, we permit our current vendors who meet the new IRS guidelines to continue to service District employees. This will avoid any adverse affects to employees who may have been with a company for years and who would not want to change vendors at this point in their careers. She explained that some companies on both the active

and inactive lists have withdrawn from the TSA business because they cannot or do not want to comply with the new IRS regulations. Those companies must be removed from the District's TSA vendor list.

Ms. Karen Cooley made the motion to add the "Model Plan" vendors to the School District's active vendor list, with the exception of AIG/VALIC, which has been moved to the District's inactive list based on their AM Best rating; however, should that rating meet the District's standard (AM Best A+ Rating) in the future, they would be added back to the active list; Ms. Jamie Michael seconded the motion; and motion passed unanimously.

Mr. Mark Castellano made the motion to keep the District's current active vendors that meet the new IRS requirements and TSACG's criteria; Mr. Leo Burt seconded the motion; and motion passed unanimously.

Ms. Donna Mutzenard made the motion to keep the current inactive vendors that meet the new IRS requirements and TSACG's criteria; Mr. Ron Frazer seconded the motion; and motion passed unanimously.

Dr. Greg Adkins made the motion to keep the current vendors that comply with the new IRS requirements, even though they may not meet all of TSACG's criteria; Ms. Donna Mutzenard seconded the motion; and motion passed unanimously.

EAP Renewal

Ms. Strong reminded the group that EAP Consultants, Inc. had requested a rate increase last year, however, because Ms. Strong opposed the request due to low utilization, EAP Consultants had agreed to renew at no rate increase.

Utilization has increased significantly (by 35%) this current year and EAP Consultants, Inc. has requested a \$.05 per employee per month (PEPM) increase. The District currently pays \$1.10 PEPM. With the increase, it would pay \$1.15 PEPM. Ms. Strong said she felt the request for the \$.05 PEPM rate increase was reasonable and justified.

Mr. Bob Rushlow made a motion to renew the service agreement with EAP Consultants, Inc. at the rate increase of \$.05 PEPM for the 2009-2010 plan year; Mr. Mark Castellano seconded the motion; and motion passed unanimously.

Voluntary Benefit Renewals

Ms. Barbara Crowe presented the voluntary benefits renewal spreadsheet.

- Cancer Insurance – current rates are guaranteed through March 31, 2009. AIG has agreed to renew at the current rates – no rate increase.

Mr. Tommy O'Connell made the motion to renew with AIG for cancer insurance for the 2009-2010 plan year at no rate increase; Ms. Jamie Michael seconded the motion; and motion passed unanimously.

- Dental Insurance – Current rates are guaranteed through March 31, 2010 – no action necessary.

- Disability Insurance – Current rates are guaranteed through March 31, 2010 – no action necessary.
- Flex Plan Administration – Current rates are guaranteed through March 31, 2010; however, Cornerstone has offered an additional three-year extension. Mr. Tommy O’Connell made the motion to extend the contract with Cornerstone to provide Flex Plan Administration at the three-year rate guarantee; Ms. Jamie Michael seconded; motion passed unanimously.
- Life Insurance – Current rates are guaranteed through March 31, 2011 – no action necessary.
- Medical Administration – Current rates are guaranteed through March 31, 2010 – no action necessary.
- Tax Sheltered Account Administrative Services – Current rates guaranteed through October 11, 2010 – no action necessary.
- Vision Insurance – Just awarded to Avesis through RFP process – no action necessary.

Gallagher Benefits Services Renewal

Ms. Strong indicated that she has been pleased with the services provided by Gallagher Benefit Services (GBS). There is no direct cost to the District for their services. GBS is the broker of record for dental and disability insurance and receives commissions on these products as compensation for their consulting services.

Mr. Bob Rushlow made a motion to renew with Gallagher Benefit Services for consulting services; Mr. Steve Bowman seconded the motion; and motion passed unanimously.

Health Plan Financials/2009-10 Medical Premiums

Mr. Glen Volk reviewed health plan claim experience with the group. September was a slightly better month for claims; however, the overall picture was still not very good. As he has previously pointed out, the District has had some very large claims this year which account for a significant portion of the increase in claims.

Mr. Volk reviewed different premium scenarios to be effective April 1, 2009. After much discussion, Mr. Mark Castellano made the motion to adopt the rates reflected in #7 of Mr. Volk’s schedule, Option A, wherein the health fund would absorb \$4/month for the employee-only rate for the 706 Plan; Ms. Marcia Fain seconded the motion; motion passed with nine voting in favor and one opposed.

Infertility Coverage

Ms. Strong reminded the group that Ms. Marcia Fain had received an anonymous letter from an employee asking ITF to look into adding coverage for infertility. The subject had been tabled until Blue Cross Blue Shield could accumulate some data and estimate the increase in cost to the Plan. Currently, the Plan covers the diagnosis, but not the treatment for infertility, which is standard in the health insurance industry.

There was discussion about the high cost of infertility treatments. Another important factor is that infertility treatments frequently result in high-cost multiple births.

While empathizing with those wanting infertility treatments, the group felt that, due to the rising cost of health insurance, it was not feasible at this time to add coverage for infertility treatments to the plan.

Dr. Greg Adkins made the motion to remain status quo regarding health plan infertility coverage; Mr. Mark Castellano seconded the motion; and motion passed unanimously.

The next meeting was scheduled for Tuesday, December 2, 2008, at 3:30 PM.

The meeting was adjourned at 5:46 PM.