

October 30, 2007

**INSURANCE TASK FORCE COMMITTEE MEETING**

**Members Present**

Dr. Greg Adkins  
Steve Bowman  
Leo Burt  
Mark Castellano  
Ami Desamours  
Marcia Fain  
Ron Frazer  
Dr. Ruthie Lohmeyer  
Jamie Michael  
Donna Mutzenard  
Tommy O'Connell  
Suzan Rudd  
Bob Rushlow  
Susan Strong

**Members Absent**

Dr. Jane Kuckel, Liaison  
Board Member  
Shandra Backens  
Shayne Murphy

**Others**

Joe Pescatrice, Retiree Liaison  
Karen Cooley  
Barbara Crowe  
Debbie Durieux  
Robin MacDonald  
Cecilia Rucker  
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 September 13, 2007, meeting. There being no changes, Ms. Donna Mutzenard made a motion to approve the Minutes; Mr. Bob Rushlow seconded the motion; and the motion passed unanimously.

**Voluntary Benefits Renewals**

Ms. Barbara Crowe reviewed the voluntary benefits renewals with the group.

**Cancer Insurance** – The old Hartford Plan would have no rate increase for the renewal period of April 1, 2008, through March 31, 2009.

AIG has requested a rate increase from the State for their cancer policies. The State has not ruled on the request at this time. It was felt that the State has been very reluctant to grant increases, therefore, if there is a rate increase, it will probably be minimal.

Mr. Bob Rushlow made a motion to renew the old Hartford Cancer Plan and the AIG Cancer Plan for the plan year April 1, 2008, through March 31, 2009; Dr. Greg Adkins seconded the motion; and the motion passed unanimously.

**Dental Insurance** – There will be no rate increase to the DHMO Plan. Delta Dental requested a 15.44% rate increase on the PPO Dental Plan. After reviewing the claims experience, Gallagher negotiated a rate increase of 13%. Delta has not increased their rates for the past four (4) years. Based on the claims experience and loss ratio, it appeared that the rate increase was justified. Delta did agree to guarantee their rates for two years (through March 31, 2010).

There was discussion about doing an RFP for the plan year April 1, 2009, through March 31, 2010.

Mr. Mark Castellano made a motion to renew with Delta Dental for the plan year April 1, 2008, through March 31, 2009; Dr. Ruthie Lohmeyer seconded the motion; motion passed unanimously.

**Disability Insurance** – Unum has agreed to no rate increase and to guarantee the rates for two (2) years through March 31, 2010.

Mr. Ron Frazer made a motion to renew with Unum for disability insurance; Ms. Donna Mutzenard seconded the motion; motion passed unanimously.

**Vision Insurance** – There will be no rate increase or benefit changes for the plan year April 1, 2007, through March 31, 2009. Mr. Mark Castellano made a motion to renew with Vision Care, Inc.; Ms. Jamie Michael seconded the motion; motion passed unanimously.

### **Gallagher Benefit Services Renewal**

Ms. Susan Strong indicated that Gallagher Benefit Services has an Evergreen Contract with the District, which is an automatic renewal and does not require Board Action to renew. She pointed out that the District does not pay anything to Gallagher for their consulting services. They are paid a commission on the dental premiums and the disability premiums by those respective companies.

Mr. Mark Castellano made a motion to continue the contract with Gallagher Benefit Services; Mr. Leo Burt seconded the motion; motion passed unanimously.

### **Life Insurance**

Mr. Glen Volk began the discussion on the life insurance renewal. When the District originally went with Minnesota Life, they gave us a three-year rate guarantee, which ends March 31, 2008. Based on the claims experience, the loss ratio has been about 96%, or 92% if you take out the AD&D. A 88% loss ratio is what they desire. They are asking for a 4.4% rate increase and they would guarantee these rates for three years (through March 31, 2011). Mr. Volk felt the rate increase was justified.

There was discussion about how the active employees subsidize the retirees. Some changes had been made in the past to offset some of the burden, however, the actives are still subsidizing the retirees. Mr. Volk presented three (3) options for the Task Force to consider. The first was a straight 4.4% rate increase across the board to both active & retirees. The second option was to rate actives & retirees separately based on their claim experience. This option actually decreased the rate on the actives, but substantially increased the retiree rates. The third option was to leave the active rates at the current rates (which would still subsidize retirees to some extent), and increase the retirees (but not a full 4.4%).

A motion was made by Ms. Donna Mutzenard to renew with Minnesota Life based on a straight 4.4% increase to all levels; Ms. Suzan Rudd seconded the motion; motion passed with Mr. Bob Rushlow being the only one who opposed.

### **Health Plan Financials**

Mr. Glen Volk quickly reviewed the health plan experience, which had no significant changes from the last month

### **Health Insurance Premiums**

Ms. Susan Strong reminded the group that during Bargaining, it was agreed on a set Benefit Bank Dollars (\$6,372 annually), for a three-year period. This upcoming year is the second year of that contract. There is a stipulation in the contract that allows this to be reopened for discussion for the third year of the contract. The Benefit Bank Dollar covered the 927 plan for an employee for the April 1, 2007, through March 31, 2008, plan year.

Mr. Glen Volk reviewed the claims versus premiums collected. He also took into account that with the rates increasing, and the benefit bank dollars no longer covering the 927 plan, many of the 927 participants would migrate to the one of the lower plans – most likely the 903 plan. If we increased the rates without adding a percentage to offset the migration, the following year the other plans would increase significantly. Based on this assumption, Mr. Volk felt that a 7.6% rate increase was justified.

He presented six scenarios – all of which had increased rates on the 927 and 903 plans, and no rate increases on the 706 and 118 plans. Based on the scenarios presented, employees who were in the 927 plan, would have to pay for a portion of the employee rate. A couple of the scenarios also had the employees paying a small portion of the employee rate for the 903 plan.

Ms. Suzan Rudd said the Union had promised their members that they would not have to pay for their coverage under the 903 plan. Some suggestions she had were to reduce the benefits in the 903 plan to offset the increase, or rework the figures & up the rates in the 706 and 118 plans to offset the rate increase on the 903 plan.

After a caucus of the Union members, Ms. Donna Mutzenard stated that their goal was to not have employees pay for their coverage under the 903 Plan. Ms. Susan Strong said Mr. Volk would rework the calculations and offer some different options to consider at the next meeting.

It being crucial to come to an agreement on the premiums, another meeting was scheduled for Thursday, November 8, 2007, at 3:30 PM. Ms. Strong pointed out that a decision would have to be made at this meeting about the rates for the health plan.

### **Generic Co-Pays**

Ms. Susan Strong presented the idea of having generic drugs cost the employees \$-0- co-pays. She pointed out that other Districts and companies were already doing this. She felt this would save the health plan money in the long run by encouraging employees to use generic drugs versus more expensive brand and/or non-formulary drugs. Mr. Robin MacDonald did not have any figures of the savings by implementing this option, but he would try to find out. He did point out that many of the brand drugs eventually lose their patent and at that point become a generic drug.

The group decided to further discuss this at the next meeting.

### **Waiver of Health Insurance**

Ms. Susan Strong reminded the group that Ms. Jamie Michael had requested in the past that the District offer something to those who waive the insurance. Her suggestion has been \$50 a month. What the group decided was to offer anyone who waives the insurance, the amount of benefit bank dollars that an employee on the 903 plan had left to use towards voluntary benefits (\$21.50 per paycheck). Now that the rates were increasing and there will be no benefit bank dollars left for those on the 903 plan, it becomes necessary to decide what amount should be given to those that waive. Ms. Strong felt that Ms. Michael's original suggestion of \$50 per month (\$25 per paycheck), was a fair amount.

The group decided to table this issue and discuss at the next meeting.

There being no good of the order, the meeting was adjourned at 5:55 PM.