

November 8, 2007

INSURANCE TASK FORCE COMMITTEE MEETING

Members Present

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

Members Absent

Dr. Jane Kuckel, Liaison
Board Member
Joe Pescatrick, Retiree
Liaison
Dr. Ruthie Lohmeyer
Shayne Murphy

Others

Karen Cooley
Debbie Durieux
Cecilia Rucker
Glen Volk

The meeting was called to order at 3:35 PM.

Approve Minutes

Ms. Susan Strong asked if there were any additions, deletions, or corrections to the Minutes of the October 30, 2007, meeting. There being no changes, Mr. Tommy O'Connell made a motion to approve the Minutes; Ms. Donna Mutzenard seconded the motion; and the motion passed unanimously.

April 1, 2008, Health Insurance Premiums

Mr. Glen Volk reviewed the funding needs of the health plan for the plan year beginning April 1, 2008. Based on the data, including expected migration from the 927 Plan to the 903 Plan, a 7.6% rate increase is needed. The 706 Plan and 118 Plan will not require a premium increase due to favorable claims experience.

As previously discussed, the annual Benefit Bank amount was set through negotiations at \$6,372 through March 31, 2010. For the plan year April 1, 2007, through March 31, 2008, the Benefit Bank was equal to the employee-only rate for the 927 Plan. Employees who chose the 903, 706, and 118 Plans had discretionary Benefit Bank dollars to apply toward dependent health insurance, dental insurance, vision insurance and/or cancer insurance.

With the initial proposed rates for the April 1, 2008, plan year, employees enrolled in the 927 and 903 Plans would be required to pay a portion of their employee-only coverage,

as the Benefit Bank would no longer cover the complete cost of the employee-only premium. SPALC and TALC members had requested at the October 30, 2007, meeting that Mr. Volk bring back revised premium options in which the Benefit Bank would cover the employee-only cost of the 903 Plan. Mr. Volk presented those scenarios. One option increased premiums for the 706 and 118 Plans to subsidize the employee-only premium for the 903 Plan. Members did not feel that was fair to employees enrolled in the 706 and 118 Plans because those plans were added to make dependent coverage more affordable for low-income employees and both had very good claims experience.

Mr. Volk suggested the group consider Option 4 from the October 30, 2007, meeting, under which employee-only coverage for the 903 Plan would be \$10 per paycheck. Mr. Volk proposed revising the employee-only premium to \$0 by using health plan reserve funds to cover the \$10 cost for employee-only coverage. He estimated that this would cost the Plan \$720,000, which included estimated migration of employees from the 927 Plan to the 903 Plan. He felt that this was the fairest option as it would not increase premiums for the 706 and 118 Plans to subsidize the 903 Plan.

Ms. Strong said she agreed the health fund could afford to subsidize the 903 employee-only rate for this one-year period.

Mr. Tommy O'Connell expressed concern about using reserves to subsidize the 903 Plan employee-only rate. He felt it could have an adverse affect for future plan years. Ms. Strong thanked him for his concern about the reserves. She pointed out that she, too, is very conservative with respect to health fund; however, she does believe the health plan can afford this one-time subsidy which meets the needs raised by the TALC and SPALC ITF members.

Mr. Mark Castellano made the motion to implement Option 4 premiums from the October 30, 2007, meeting, with the change to use health fund reserves to subsidize the employee-only rate for the 903 Plan to \$0 for the plan year April 1, 2008, through March 31, 2008; Mr. Bob Rushlow seconded the motion; motion passed with Tommy O'Connell being the only opposed vote.

\$0 Generic Co-Pays

Mr. Glen Volk presented data and projections regarding the proposed health plan change of offering \$0 co-pays for generic drugs. He anticipates a significant number of employees who currently purchase brand drugs would switch to generic drugs if generic drugs were free. Currently, 48.8% of District prescriptions are for generic drugs. If generic utilization increased by 7.5% with the change to a \$0 co-pay, the health plan would break even and there would be no additional cost to implementing the proposed change. He actually expects a higher percent shift to generic drug, which will have a favorable financial impact on the health plan.

Mr. Robin McDonald pointed out that many of the brand drugs will lose their patents soon; thereby increasing the number and choice of generic drugs.

Ms. Susan Strong presented some research she had done. One article indicated that generic drug utilization for one company that switched to generic drugs increased to 70% when it offered \$0 generic drug co-pays. Another, indicated members are more likely to be compliant with their drug regimens when generics are free and they are also more apt to follow-up with their doctors.

Mr. Volk indicated he believed this change would result in a win-win situation for both employees and the health plan. Ms. Strong said she was excited about the possibility of offering \$0 co-pays to employees. She felt that it would be a very positive benefit for employees, and it is cutting-edge as no other Florida school district is currently offering this benefit.

Mr. Volk will analyze future claim data to demonstrate the fiscal impact of offering \$0 co-pays on generic drugs. Ms. Strong indicated that she would like to survey employees after implementation of the \$0 generic co-pay to obtain information about satisfaction, use of generic drugs, etc.

Ms. Strong indicated that she would provide educational materials to employees about generic drugs prior to the April 1, 2008, implementation.

Mr. Donna Mutzenard made a motion to offer the \$0 co-pay for generic drugs for all health plans effective April 1, 2008; Mr. Mark Castellano seconded the motion; motion passed unanimously.

Waiver of Health Insurance

Waiver of health insurance was briefly discussed at the October 30, 2007, ITF Meeting and tabled for discussion at this meeting. Ms. Strong pointed out that last year, Ms. Jamie Michael requested the District offer some Benefit Bank amount to employees who waived District health insurance. Her suggestion was \$50 a month (\$25.00 per paycheck) to be used towards dental, vision or cancer insurance. The committee decided at that time to offer employees who waived health insurance the same Benefit Bank discretionary amount (\$21.25 per paycheck) employees on the 903 Plan receive. This was done to facilitate implementation.

With the April 1, 2008, plan year premium increases, there will no longer be discretionary Benefit Bank dollars for employees enrolled in the 903 Plan; therefore, it will be necessary to re-define the amount to be offered to employees who waive health insurance. Ms. Strong felt that Ms. Michael's original suggestion of \$50 per month (\$25.00 per paycheck) had been a good one that would work with the new premiums.

Ms. Jamie Michael made the motion to offer employees who waive District health insurance \$50 per month (\$25.00 per paycheck) to use towards dental, vision, or cancer insurance, effective April 1, 2008; Ms. Shandra Backens seconded the motion; motion passed unanimously.

EAP Renewal

Ms. Susan Strong reminded the group that last year, EAP Associates had asked for an increase to \$1.10 per employee per month for the plan year April 1, 2007, through March 31, 2008. Ms. Strong had pointed out utilization had been low; therefore, she didn't feel an increase was warranted. Ms. Anderson agreed to no rate increase at that time, with the understanding the District would promote the program more.

Ms. Lisa Brown, our Wellness Coordinator, has been doing an excellent job of promoting the EAP Program and, as a result, utilization increased 71% in the past six months over the same time period last year. In addition, EAP added an office in Cape Coral and a bilingual therapist for Spanish-speaking employees. With the significant increase in utilization and the service enhancements, EAP Consultants has offered its services for the April 1, 2008, through March 31, 2009, plan year at \$1.10 per employee per month.

Ms. Suzan Rudd asked about employee satisfaction with the EAP program. Ms. Strong explained employees are given a survey form when they receive counseling. Employees are able to rate their visit and counselor and send the form to Insurance & Benefits. Employees names are not on the form, nor do they sign the forms. Based on these surveys that have been returned, satisfaction has been very good. Ms. Strong offered to send the survey results to Ms. Rudd.

Ms. Strong pointed out that there is no cost to the employee for the EAP Program. It is covered by the self-insured health fund.

Ms. Strong had sent Ms. Judy Anderson an email asking if she would guarantee the rates for a two-year period. She had not received a response prior to the meeting. If Ms. Anderson agrees, she will inform the committee at the next meeting.

Ms. Suzan Rudd made a motion to renew with EAP Consultants, Inc. for \$1.10 per employee for the plan year April 1, 2008, through March 31, 2009; Mr. Leo Burt seconded the motion; motion passed unanimously.

Life Insurance Benefit Enhancement

Minnesota Life Insurance Company currently contracts with Ceridian Life to offer a Will Preparation Service. They would like to offer this free service to District employees.

Mr. Bob Rushlow said he could not support offering this service to employees. He felt that "nothing is free" and that employees would not understand it. He felt that they would end up paying for something that they thought was free.

Ms. Suzan Rudd indicated that she, too, had reservations about offering this to employees.

Ms. Shandra Backens felt that it could be a very valuable service and felt that many employees would be interested in it. She pointed out that doing things on-line had become the norm and that it was convenient for employees.

Ms. Susan Strong indicated that she appreciated their concerns. She proposed tabling the topic at this time and asked everyone to send their questions/concerns about the service to her. She would then have someone from Minnesota Life come to a future meeting and address those questions/concerns. The committee could then make an informed decision about offering or not offering the service to employees.

Mr. Bob Rushlow made a motion to reject offering this service to employees; Ms. Jamie Michael seconded the motion; motion was denied with majority opposed.

Dr. Adkins objected to blocking the opportunity to obtain more information about the service. He felt there was no harm in learning more about it before making a final decision.

Life Insurance Notification Process

Ms. Strong had reviewed notes from past bargaining sessions and stated that on May 16, 2006, everyone had come to consensus regarding the life insurance invoicing process for employees on leave of absence and cancellation for non-payment. She felt the item had, therefore, been put to rest.

The SPALC Contract contains language stating it is the responsibility of the employee to pay for his/her life insurance when on a leave of absence.

At the October 30, 2007, meeting, Ms. Strong requested that anyone with a suggestion on how to improve notification and invoicing of employees regarding life insurance send her their suggestions and/or forms.

As of this date, no suggestions and/or forms have been submitted to Ms. Strong for research and consideration; therefore, the subject will be tabled until such time someone presents a suggestion and/or example form.

Good of the Order

Dr. Adkins indicated that the \$0 generic drug co-pays and the Benefit Bank Dollars for Waivers of health insurance recommendations would require Memoranda of Agreement since they will need to be incorporated in the SPALC and TALC Contracts.

Ms. Strong informed the group that she had been notified by AIG they will not be increasing the rates for the two cancer plans for the April 1, 2008, plan year.

Ms. Strong asked if it would be possible to start the meetings earlier than 3:30 PM. Ms. Jamie Michael indicated that she could not attend any earlier than 3:30 PM; therefore, members decided to leave the meeting start time at 3:30 PM.

The next meeting was scheduled for Monday, December 10, 2007, at 3:30 PM.

There being no further business, the meeting was adjourned at 5:30 PM.