

February 12, 2009

INSURANCE TASK FORCE COMMITTEE MEETING

Members Present

Dr. Greg Adkins
Steve Bowman
Leo Burt
Mark Castellano
Karen Cooley
Marsha Fain
Ron Frazer
Marty Mesch
Jamie Michael
Donna Mutzenard
Bob Rushlow
Susan Strong

Members Absent

Joe Pescatrice, Retiree
Liaison
Shandra Backens
Amy Desamours
Tommy O'Connell
Suzan Rudd

Others

Bob Chilmonik, Liaison
Board Member
Lisa Brown
Debbie Durieux
Tim Kempf
Jeff Olsen
Jeff Ragen
Debbie Strong
Karen Toro
Glen Volk

The meeting was called to order at 3:45 PM.

Ms. Strong welcomed Mr. Chilmonik as the new Board Liaison to the Insurance Task Force.

Approve Minutes

Ms. Susan Strong asked if there were any additions, deletions, or corrections to the Minutes of the December 2, 2008, meeting. There being no changes, Ms. Donna Mutzenard made a motion to approve the Minutes; Mr. Mark Castellano seconded the motion; and the motion passed unanimously.

Cornerstone/TASC

At the October 29, 2008, meeting, the Task Force unanimously approved extending the District's contract with Cornerstone to provide Flex Plan administrative services for another three years. Since that meeting, Cornerstone was acquired by TASC (Total Administration Services Corporation), who has agreed to honor the offer made by Cornerstone. TASC has over thirty years in Benefit Administration and almost 400 employees.

Ms. Strong introduced Mr. Tim Kempf, Vice President of Operations with TASC, who assured the Task Force that the District would continue to receive all the services previously provided by Cornerstone plus many enhancements provided by TASC's updated software system.

Health Plan Financials

Mr. Glen Volk reviewed health plan claims experience with the group. At the last meeting, he indicated that Blue Cross had a glitch in their claims paying system in October, 2008, which resulted in an under-reporting of October claims and a corresponding over-reporting of November claims. His schedule showed that November was indeed a high claims-paid month, with December falling more in line with trend. He noted that the loss ratio for all plans for the 2008/09 plan year was 99.4%. That percentage needs to be 94 – 95% range for the plan to break even. Mr. Volk felt that the rates set for the April 1, 2009 Plan Year, however, were on target.

Health Insurance Comparison – Pasco/Lee

Dr. Browder had asked Ms. Strong to obtain a comparison of School District of Lee County and School District of Pasco County health claims. Mr. Glen Volk presented the comparison to the Committee.

Some highlights of his findings were:

- Average providers discounts: 53.5% Lee vs. 65.7% Pasco
- Inpatient Per Member Per Month Claims: \$95.92 Lee vs. \$69.80 Pasco
- Outpatient Per Member Per Month Claims: \$81.68 Lee vs. \$73.08 Pasco
- Physician Per Member Per Month Claims: \$180.96 Lee vs. \$127.42 Pasco
- Pharmacy Per Member Per Month Claims: \$93.56 Lee vs. \$76.24 Pasco

Factors influencing why Lee's claims are higher than Pasco's include:

- Lee's plan design is richer (11%)
- Demographics (6%)
- Pasco's provider discounts are greater (13%)

Utilization of the two groups was similar; therefore, Lee's higher claims costs were due to the three factors above and not utilization.

Generic Drug Utilization Report

At a prior Insurance Task Force Meeting, the group had discussed how drug utilization and pharmacy costs had increased since implementing the free generic drug benefit April 1, 2008, and had asked Blue Cross to perform an analysis of pharmacy claims.

Ms. Strong introduced Mr. Jeff Olsen of Blue Cross Blue Shield who distributed an analysis of District drug utilization. His analysis compared the 04/01/08 – 12/31/08 period to the 04/01/07 – 12/31/07 period. He found that total utilization had increased slightly, due primarily to a 32% increase in the number of people who had begun taking medications they had not taken previously (most likely attributable to the \$0 generic co-pay). He also noted that 38% of members had switched from costly brand drugs to less expensive generic drugs resulting in savings to the Plan.

Mr. Olsen indicated that the most significant increases in generic drug utilization were in blood pressure medications, cholesterol medications, and ulcer medications. He estimated the increase to over 75% generic utilization for blood pressure medications has saved the plan \$183,628.

Mr. Olsen felt that, although pharmacy costs did increase slightly due to the zero copay for generic drugs, the outcome was positive because people were now taking needed medications who hadn't been taking them prior to implementing the free generic drug benefit.

Impact of PeopleSoft on SPALC/TALC Contracts

Ms. Strong indicated that while the SPALC and TALC Unions had signed a Memorandum of Understanding regarding administrative changes to benefits required to meet the technical and functional specification of the PeopleSoft Human Capital Management (HCM) software system, she felt it was important to bring the following issues to the Insurance Task Force:

Issue #1: “Benefit Bank” dollars/”Flex Credits – PeopleSoft refers to Benefit Bank dollars as “Flex Credits”. This would be a language change only. Mr. Mark Castellano made a motion to permit substitution of “Benefit Bank” with “Flex Credits” in the SPALC and TALC contracts; Dr. Greg Adkins seconded the motion; motion passed unanimously.

Issue #2: Payment and effective date of all benefits – PeopleSoft aligns payment and effective date of all benefits. Health insurance and most voluntary benefits are currently prepaid, but life insurance is not. Ms. Jamie Michael made a motion to permit alignment of all benefits so they have the same pre-payment schedule and effective date; Ms. Donna Mutzenard seconded the motion; motion passed unanimously.

Issue #3: Health insurance effective date – Currently, employee health insurance is effective 30 days after date-of-hire. PeopleSoft uses a first-of-month effective date following one payroll deduction and aligns dependent coverage with that of the employee. This change would affect new employees only and would not impact current employees. Dr. Greg Adkins made a motion to make the effective date of coverage the first of the month following a 45-day waiting period; Ms. Jamie Michael seconded the motion; motion passed unanimously.

Issue #4: Board-paid health insurance for employees who miss one paycheck while on leave without pay. The District currently pays the “employee-only” health premium for employees on leave without pay who miss one paycheck. The intent of provision 9.03 in the SPALC Contract was for the District to pay for “employee-only” health insurance for employees whose 10-day Sick Leave Bank waiting period aligned with a pay period and the leave without pay days were greater than their pay-period rate. The coverage, however, has been extended to all employees who missed a paycheck and the cost to the District was approximately \$125,000 per year. Mr. Ron Frazer made a motion that Insurance and Benefits will manually track SPALC employees who apply for Sick Leave Bank to ensure those employees’ health insurance is District-paid if they meet the criteria above; Mr. Mark Castellano seconded the motion; motion passed unanimously.

Good of the Order

The next meeting was scheduled for Thursday, March 12, 2009, at 3:30 PM.

Meeting was adjourned at 5:20 PM.