

October 23, 2006

INSURANCE TASK FORCE COMMITTEE MEETING

Members Present

Dr. Greg Adkins
Pat Arner
Mark Castellano
Ron Frazer
Kelly Letcher
Jamie Michael
Shayne Murphy
Donna Mutzenard
Tommy O'Connell
Norma Perroni
Suzan Rudd
Susan Strong
Vicky Tisdale

Members Absent

Dr. Jane Kuckel, Liaison
Board Member
Leo Burt
Marty Mesch
Bob Rushlow

Others

Joe Pescatrice, Retiree
Liaison
Lisa Brown
Karen Cooley
Barbara Crowe
Debbie Durieux
Paul Hebert
Cecilia Rucker
Monica Scott
Debbie Strong
Glen Volk

Ms. Susan Strong called the meeting to order at 3:30 PM.

Ms. Strong took a moment to introduce Mr. Paul Hebert, GBS's Benefits Attorney who helped prepare the District's Flexible Benefits Plan Document.

Approve Minutes

Ms. Strong asked if there were any additions, deletions, or corrections to the Minutes from the September 14, 2006, meeting. With no changes, Ms. Vicky Tisdale made a motion to approve the Minutes; Ms. Norma Perroni seconded the motion; and the motion passed unanimously.

BCBS 706 PPO Plan

Ms. Strong briefly discussed the differences between the two options for the proposed BCBS 706 PPO plan. Ms. Donna Mutzenard indicated that the groups to whom she had shown the two options preferred Option 2 –the \$15 co-pay for office visits and the \$5,000 Lifetime Maximum substance abuse benefit. Ms. Mutzenard also indicated she had received positive feedback from those groups about offering the new BCBS 706 PPO Plan option.

Ms. Donna Mutzenard made a motion to offer the BCBS 706 PPO plan (Option 2) as a fourth health plan choice for District employees beginning with the April 1, 2007 plan year; Mr. Ron Frazer seconded the motion; and the motion passed unanimously.

EAP Renewal

Because EAP usage has been lower this past year, Ms. Strong and Mr. Volk talked with Judy Anderson, EAP Consultants, and asked that she lower her fees to reflect the decreased utilization. Ms. Anderson agreed to lower EAP fees from the current \$1.10 PEPM to \$.99 PEPM for the period April 1, 2007 – March 31, 2008.

Ms. Vicky Tisdale made a motion to renew the contract for EAP Consultants, Inc. for the April 1, 2007 – March 31, 2008 period; Ms. Norma Perroni seconded the motion; and the motion passed unanimously.

Cancer Renewal

Ms. Barbara Crowe discussed the April 1, 2007, cancer renewal. When the District initially moved to AIG, they offered a new plan with enhanced benefits. They also allowed employees the option to retain the old Hartford Plan. Since the cancer policy is actually individual policies and subject to underwriting, some employees were not able to get approved for the new AIG Plan, therefore, they kept the old Hartford Plan.

AIG indicated there would be no rate increase for the current AIG Plan; however there will be a 35% rate increase for those employees covered under the older Hartford Plan. There are currently about 550 employees on the Hartford Plan, most of who are probably employees with pre-existing conditions and not eligible for the AIG Plan.

Ms. Strong indicated that she would send a letter to the employees enrolled in the Hartford Plan to inform them of the rate increase and tell them they may wish to apply for the AIG Plan. If they are declined by AIG Plan, they can remain in the Hartford Plan.

Dr. Greg Adkins made a motion to renew cancer insurance with AIG for the April 1, 2007, Plan Year; Ms. Pat Arner seconded the motion; and the motion passed unanimously.

Vision Renewal

Ms. Barbara Crowe explained that the District's vision insurance plan has experienced a very favorable 69% loss ratio. Based on this low loss ratio, Visioncare has offered the following three options for their April 1, 2007, renewal:

1. Reduce existing rates by 7.5%
2. Increase the frame allowance from \$40 to \$55 (retail values of \$120 to \$165).
3. Increase the contact lens benefit to a \$10 co-pay for eye exam plus \$105 to apply towards materials and contact lens.

Mr. Tommy O'Connell made a motion to reduce the current rates by 7.5%; Mr. Mark Castellano seconded the motion; however, the motion failed (5 in favor, 6 against).

After further discussion, the members agreed:

- Decreasing the current rates by 7.5% would save \$4.95 per plan year for single coverage.
- Increasing the frame allowance by \$45 every other year (retail) would benefit more employees than an increase in the contact lens allowance because most employees who purchase vision insurance wear glasses

Based on this, Ms. Pat Arner made a motion to choose the option that increased the frame allowance; Ms. Vicky Tisdale seconded the motion; and the motion passed with one dissenting vote.

Health Fund Reserve

Ms. Strong informed the group that as of June 30, 2006, the health fund reserve was \$9,456,994.

Ms. Strong indicated that the group would be discussing the health plan budget and planning issues at the next ITF Meeting.

April, 2007, Premiums and Stop Loss Insurance

Mr. Glen Volk presented projected claims and premiums for the April 1, 2007, plan year for the District's four (4) health plans. Premiums are projected on claims experience, BCBS's administrative fees, and stop loss insurance. Mr. Volk indicated there were three (3) options for stop loss insurance:

\$200,000 deductible at an approximate cost of \$24 PEPM

\$250,000 deductible at an approximate cost of \$18 PEPM

\$300,000 deductible at an approximate cost of \$14 PEPM

Mr. Volk used the middle option to project premiums; however, the final decision would be up to the Task Force to decide.

Ms. Vicky Tisdale made a motion to purchase the \$250,000 stop loss option; Ms. Jamie Michael seconded the motion; and the motion passed unanimously.

Mr. Glen Volk explained how he had developed his projected rates for the four (4) health plans. According to current experience and trend, a minimum rate increase of 6.6% would be required for the April 1, 2007, plan year. He suggested an average 9.5% increase, however, as a conservative approach because this is the District's first year returning to self funding. Ms. Strong also pointed out that the State requires self-insured plans to maintain a reserve to cover two months of claims and the health plan reserve is currently short of this amount; another reason to use a conservative 9.5% increase for next plan year.

Mr. Volk also presented plan and tier experience. That experience showed that the spouse and single child tiers were slightly under-priced, the family tier was slightly overpriced, the 927 Plan was under-priced, and the 118 Plan was over-priced. His proposed premiums would address those discrepancies and keep the overall average increase at 9.5%.

Dr. Greg Adkins made a motion to accept the proposed average 9.5% rate increase for the April 1, 2007 plan year; Ms. Donna Mutzenard seconded the motion; and the motion passed unanimously.

Flex Plan Document and Summary

Ms. Strong informed the group that Mr. Hebert and Cornerstone had prepared a new Flexible Benefits Plan Document and Summary Plan Document for the District's Flex Plan. The new/revised Plan Document complies with all Federal Regulations and the new Summary Document will provide employees with an easy-to-understand explanation of the Flex Plan.

Ms. Donna Mutzenard made a motion to accept the Flexible Benefits Plan Document and Summary; Ms. Vicky Tisdale seconded the motion; and the motion passed unanimously.

HIPAA Compliance Study

Ms. Susan Strong indicated that Gallagher Benefit Services has offered to conduct a HIPAA Compliance Study for the District to ensure it is in compliance with federal requirements prior to the District's April 1, 2007, return to self insurance. The study will take approximately four (4) months to complete and will cost \$16,000.

Mr. Paul Hebert explained that, once the District becomes self-insured, it will be responsible for being HIPAA compliant. There are two major areas of HIPAA compliance: privacy requirements and security requirements. The privacy requirements ensure that employee health information is not shared with non-authorized parties. The security requirements affect the electronic transfer of information. GBS would prepare a report that looks at 21 elements and how each is dealt with by the District.

Ms. Vicky Tisdale made a motion to contract with Gallagher Benefits Services, Inc. to perform a HIPAA Compliance Study for \$16,000; Ms. Donna Mutzenard seconded the motion; and the motion passed unanimously.

MSA Debit Card

The School District contracted with Cornerstone (effective April 1, 2006) to administer its Flexible Benefits Plan, which includes a debit card option for employees enrolled in Medical Spending Accounts (MSA's). After thorough discussions last year, the Task Force decided to wait until April, 2007, to offer the debit card to employees. That would give the District time to check with other school districts to determine their satisfaction with MSA debit cards. Ms. Strong has contacted Polk County School District and was told their employees are pleased with the debit cards.

As outlined in the contract with Cornerstone, employees who chose a debit card will pay an initial fee of \$12 (to be deducted from the employee's MSA) for the card. A second card for dependents or a replacement will cost employees an additional \$5 (again to be deducted from their MSA).

Ms. Strong indicated that information will be distributed to employees in both the Benefit Revue and Open Enrollment packets listing the pros and cons of MSA debit cards. Employees will have the option of electing a debit card or continuing to turn in paper claims at no charge.

Ms. Pat Arner made a motion to offer MSA debit cards to employees; Ms. Suzan Rudd seconded the motion; and the motion passed unanimously.

There was discussion about how Cornerstone will handle non-eligible expenses that employees charge to their MSA debit cards. Ms. Strong will discuss this with Cornerstone and will report back at the next ITF Meeting.

Good of the Order

None

The next meeting is scheduled for Monday, November 13, 2006, at 3:30 PM.

The meeting was adjourned at 5:25 PM.