

**INSURANCE COMMITTEE MEETING MINUTES
YULEE MIDDLE SCHOOL – 4:30PM
TUESDAY, OCTOBER 14, 2014**

Attendees: Susan Farmer – Executive Director of Business Services
Suzanne Davis – Director of Personnel Services
Joshua Bozeman – Teacher, Yulee Elementary School
Marian O’Neal – Supervisor’s Secretary, Adult Education & Dropout Prevention
Ellen Wiggins – Paraprofessional, Yulee Elementary School

Guests: Jackie Tyson – Agent, Miller Health Group
Allison Profitt – The Bailey Group

Absent: Beverly Kurak – Teacher, Yulee Middle School
Melissa Stokes – Teacher, Yulee Elementary School
Richard Burton – Paraprofessional, Yulee Middle School

Meeting Called to Order

The meeting was called to order by Susan Farmer at 4:28 PM.

Adoption of Agenda

Review of the agenda was tabled due to a lack of a quorum.

Review of the May 6, 2014 Minutes

Review of the minutes was tabled due to a lack of a quorum.

Insurance Committee and Financial Matters *Susan Farmer*

Susan Farmer asked Marian O’Neal for clarification regarding TSA items coming before the Insurance Committee for review. During the last meeting, Marian O’Neal raised concern that items which were not insurance based should not be presented to the Insurance Committee; only items which were insurance related should be discussed. Ms. Farmer believes that there is language in the contract that requires TSAs be reviewed by the Insurance Committee. Marian advised that she will confirm there is a provision in the contract for this. Ms. Farmer advised that if the Insurance Committee did not wish to incorporate TSAs into their agenda for consideration, a separate committee would need to be formed to address these items.

Aspire Financial Offering TSAs *Suzanne Davis | Susan Farmer*

This item was tabled until the above matter is resolved.

Smoking Cessation *Jackie Tyson*

Jackie Tyson provided an overview of some of the upcoming changes which will be effective January 1, 2015. Florida Blue will provide coverage for smoking cessation. Items such as Chantix and nicotine patches will be included in the list of items available via prescription. While the coverage will be available, the prescriptions may not be classified as wellness and may require a copayment from the member.

Diabetic Supplies *Jackie Tyson*

Effective January 1st, the only glucose meters and test strips on the Preferred Medication List in the Florida Blue Medication Guide will be: CONTOUR® meter and CONTOUR® test strips, CONTOUR® NEXT meter and CONTOUR® NEXT test strips and BREEZE® 2 meter and BREEZE® 2 test strip discs. Members currently using another brand of these products should ask their doctor about switching to Contour, Contour Next or Breeze 2 meter and strips. Members will need to ask for a new prescription for these products before their next refill to ensure continuity in receiving the necessary supplies. A new Contour, Contour Next or Breeze 2 meter will be made available at no cost when a new prescription is filled at a participating pharmacy.

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COBRA Administration *Jackie Tyson*

Effective December 1, 2014, Florida Blue will replace Ceridian Benefits as the COBRA administrator. Members should not experience any changes and Laurie Robert will ensure that all new hire notifications and offers of COBRA are processed and sent to members within applicable guidelines.

Weight Loss Prescriptions/Non-Covered Items *Marian O'Neal*

Marian O'Neal asked about weight loss prescriptions. She had a member approach her with regard to a medication which his/her physician prescribed and was denied by Florida Blue. The member has high blood pressure and diabetes, both conditions which typically experience a positive change when weight is reduced. Jackie Tyson advised that items such as these are either included or excluded in the contract with the district. Even times when doctors or members follow the Florida Blue appeals process, coverage can be denied.

Medical Claims *Jackie Tyson*

Jackie Tyson provided the updated Utilization and Enrollment reports showing a recap for the period of August 2013 through July 2014 for our retiree divisions (R01, R02, R03, R05, R06 and R07). There were an average of 45 contracts with an average of 52 members for the period analyzed. Total premiums collected \$446,566.99 and claims were paid at \$736,872.94 which yields a Medical Loss Ratio (MLR) of 165.01%.

A second Utilization and Enrollment report was provided for the period of September 2013 through August 2014 for all divisions. There were an average of 1,032 contracts with an average of 1,212 members for this window of time. Total premiums collected \$9,950,863.42 and claims were paid at \$7,144,015.54 which yields a MLR of 71.79%. Claims for the month of August dropped significantly to \$405,254.75 versus our average of \$595,334.63. Claims for the month of September were not available.

It was suggested that if we could move retirees off the group plan, we should experience a reduction in our claims. Jackie Tyson researched rates for individual coverage. Blue Options plans were trending high in comparison to HMO rates, which were nearly identical to those offered by the district. November 15th will begin the Open Enrollment for the Marketplace and off-Marketplace plans were open starting October 1st.

Ellen Wiggins asked how individuals that are approaching retirement know what their options are with regard to insurance coverage. Laurie Robert advised that she contacts each employee to review the insurance plans which they maintain and provides continuation options for each policy. Suzanne Davis added that there are two meetings hosted annually for retirees, pre-retirees and spouses which offer an extensive look into alternate health insurance options. Valery Insurance is the presenter at these meetings and they provide Medicare eligible retirees with the options that are available and also provide non-Medicare eligible retirees (those under age 65) with alternate plan options, which would remove them from our group plan.

Introduction to Self-Funding *Jackie Tyson | Allison Profitt*

Jackie Tyson and Allison Profitt provided a hand-out that offered an overview of self-funding.

The Nassau County School District is currently fully-funded by Florida Blue. As such, the district does not bear any responsibility or financial risk for claims incurred by the plan; the risk lies with Florida Blue. Presently, the district benefits from the ProShare Agreement with Florida Blue, wherein the district shares 50% of Florida Blue's profits from our group. If the district were to change to a self-funded platform, we would not share the profit with Florida Blue, the profit would be 100% the district's. However, that change would also move the financial risk to the district.

Advantages

The advantages to self-funding provide the district with the flexibility to set premiums for the plans offered. An actuary from Florida Blue would furnish his/her recommendation to the group and the Bailey Group's actuary would also provide his/her recommendation. It is typical for a group to adopt premiums somewhere in the middle.

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Rates would not decrease immediately since reserves would need to be collected to pay claims and there are regulated amounts that would need to be satisfied. It could potentially take two to three years for reserves to build before the Insurance Committee could look at reducing premiums. The initial goal would be to hold rates flat so that members would not experience rate increases during the subsequent Open Enrollment.

The group would also have the right to implement plan design changes to manage costs. Jackie Tyson used Marian O'Neal's question regarding the member who was denied the weight loss prescription. In this event, the group would have the right to include this type of coverage for the plan if desired. In contrast to being fully-funded, Florida Blue drives the majority of the plan changes/restrictions. The group would also have the right to make special exceptions. However, Allison Profit and Jackie Tyson cautioned that once an exception is made, the precedent is set. As such, all exceptions should be carefully considered as they will directly impact claims.

Premiums and Fees

Premiums collected would cover:

- **Administrative Services Only (ASO) Fee:** This is paid to the carrier or a Third Party Administrator (TPA) to process claims and handle paperwork. ASO fees are typically stable and are guaranteed for multiple years. Florida Blue's ASO fees cover:
 - Administration of claims
 - Enrollment forms and identification cards
 - Summary Plan Description preparation and distribution
 - Record Maintenance and reporting
 - Discounts with providers
 - Disease management programs
 - Wellness programs
- **Stop Loss Coverage:** This is insurance which provides protection against high dollar claims. If coverage is purchased with a \$150,000 deductible, the plan would pay the first \$150,000 and the stop loss coverage would reimburse the plan for any claims for that member in excess of \$150,000. There are different types of stop loss coverages available to include Aggregate Stop Loss Coverage which is usually recommended in the first few years of a plan being self-funded. When the group's total claims reach a certain threshold, typically around 125% of estimated claims costs, the stop loss coverage would reimburse the plan for claims which exceed this limit.
- **Affordable Care Act (ACA) fees** such as:
 - Patient-Centered Outcomes Research Institute (PICORI) at \$2.00/member/year which will increase to \$2.08/member/year for 2015; and
 - Reinsurance Fees at \$63.00/member/year for 2014 which will reduce to \$44.00/member/year for 2015.
- **Reserves** to cover claims and run-out liability.

Reporting Requirements

There are several reporting requirements involved with ACA, some of which the district already manages. Other reporting items such as annual reporting to the Office of Insurance Regulation (OIR) would be new tasks. The Bailey Group would lend assistance in the preparation of several of the items required.

Disadvantages

Disadvantages to self-funding include the Nassau County School District assuming risk for claims up to a predetermined threshold. Should any legal action commence, the district's assets would potentially be exposed. Claims fluctuate monthly, therefore the monthly amount due to Florida Blue would also fluctuate. An initial deposit may be required by Florida Blue. A higher level of HIPAA training would be required of those who would be directly involved in the administration of the plan (Susan Farmer, Suzanne Davis and Laurie Robert). The district would forfeit the Pro-Share Agreement with Florida Blue, however the outcome is that we no longer share the

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profits, they would all remain with the district. In the event that the district returned to a fully-insured plan, funds would need to be held for any run-out claims. This would also hold true if the district were to change plan administrators. Approximately four (4) months of claims should be set aside as reserves to shield the district from monthly fluctuations and run out liability.

Projections

The Bailey Group provided some projected data specifically for our district. It is anticipated that the district would save approximately \$425,000 in administrative costs annually with a total projected savings of \$1,399,774.

More Discussion

Self-Funding will be discussed again at the next Insurance Committee Meeting. Allison Profitt suggested that any questions be emailed to her or written down so that they could be addressed during the following meeting. In the event that the Insurance Committee were to approve a move towards self-funding, the first step would be to gain Board approval. Allison Profitt advised that the whole process could take anywhere from 12 to 18 months.

Public Comments

None.

General Question and Answer Session

None.

Next Meeting Date

The next meeting is scheduled for November 20, 2014 at 4:30pm. Yulee Middle is the targeted location. However until confirmed, the location is to be determined.

Meeting Adjourned

Ellen Wiggins made a motion to adjourn the meeting and Joshua Bozeman seconded the motion. The meeting adjourned at 5:53 pm.

*Minutes Prepared By: Laurie Robert
Supervisor's Secretary, Personnel Services Department*