

# Employee Benefits Advisory Committee

## Minutes from the August 19, 2010 Meeting ATC, Room 116

---

### **In attendance:**

Elaine Tisdale (Acting Chairperson)	Steve Bowers (Resource)
Bill Barfield (APC)	Yvonne Horner (Resource)
Steve Kruszewski (Career Alt)	Stan Jurewicz (Resource)
Margo Martin (APC)	Janet Meigs (Minutes Recorder)
Steve Milczanowski (Faculty)	Sonya Polke (Resource)
Robert Peeples (Career)	Judy Robbins (Resource)
Jack Spears (Retirees)	Larry Snell (Resource/APC Alt)
	Dawn Swed (Resource)

### **Absent:**

Christine Arab (Chairperson)  
Belinda Potts (Career)  
Catherine Rifkin (Faculty Alt)  
Ken Whitten (Faculty)

---

The meeting commenced at approximately 2:04 p.m. A quorum was confirmed to be present. Elaine Tisdale served as Chairperson in Christine Arab's absence.

### **Introduction of New Member(s)**

Steve Kruszewski (Career) and Margo Martin (APC) were introduced to the committee.

### **Approval of Minutes (8/4/10)**

**Motion:** Approve the minutes as presented with the removal of a duplicate name in attendance (Jack Spears). The motion was approved by unanimous vote.

### **Life Insurance Renewal**

A draft of the October 5, 2010 agenda item regarding group term life insurance premiums was presented to the Committee for review. Highlights included:

- A decrease in the monthly premium for the college-paid basic coverage.
- No change in the premium for employee supplemental coverage.
- No change in the premiums for dependent supplemental coverage.
- An increase in the monthly premium for open class retired employees (those who retired or entered DROP after December 31, 2003)
- An incremental increase in the monthly premium for closed class retired employees (those who retired or entered DROP prior to December 31, 2003).

**Motion:** Approve the recommendation of group term life insurance premiums as presented. The motion was approved by unanimous vote.

### **Plan Design Changes**

Based on the presentation made by Chris Mathews with SEGAL, the subcommittee met to identify ways to effectively implement a change in philosophy by redirecting the health plan focus on wellness and prevention. By catching illness/disease in the early stages, statistics show a reduction in health claim costs.

The subcommittee compared existing health plan provisions to those of the Consortium's plan as well as to national market data provided by Al Waters.

Recommendations included:

- No change to the calendar year deductible (CYD).
- Keeping the coinsurance at current levels (10% in network; 40% out of network).
- Increase the out-of-pocket (OOP) maximum from \$2,000 / \$6,000 to \$2,500 / \$7,500 (per person / family aggregate) for in-network services.
- Differentiate the out-of-network OOP maximum from the in-network OOP to \$3,000 / \$9000 (per person / family aggregate).

Discussion points included:

- Less than 10% of employees hit their out-of-pocket maximum.
- Increasing the out-of-pocket maximum seems to be "kicking employees when they're down" and does not provide a significant cost savings.
- The proposals are intended to continue to provide market competitive benefits while keeping costs in control.
- The differentiation of the in- vs. out-of-pocket maximum should serve as an incentive for employees to stay within the network thereby reducing overall costs.
- The recommended OOPs are lower than either the Consortium's or our consultant's view of market comparables.

Continued recommendations:

- Based on the new law, the limit to total lifetime maximum benefits will be removed.
- The copay for an in-network specialist increase from \$30 to \$35 with no change to the copay for visits to the family physician.
- Remove the barrier for obtaining a physical every year by eliminating the calendar year maximum benefit and by reducing the copay to \$0. This would apply to in-network only.
- Apply a \$0 copay to routine ovarian cancer screenings and to prostate specific antigen testing.

Discussion points:

- Several services/exams are required by law to have a \$0 copay as long as the employee stays within the network.
- The list of services was found on the federal government's website.

- BCBS has not developed an official plan list. While the law has been passed, the rules have yet to be clarified.
- Employees will need to be notified prior to the implementation of changes.
- The inclusion of \$0 copays for routine ovarian cancer screening and the prostate specific antigen testing was not required by law but believed to be a good focus on prevention.
- Of course, actual copays will depend on how a physician codes their services.
- If the employee is referred to Mayo, the out-of-network provision prevails.
- Approximately 88% of the Jacksonville metro area physicians are in the BCBS network.
- Preventative services will be covered in accordance with prevailing medical standards (i.e., colon screen available every five (5) years).
- Most of the recommended changes are better than the prevailing market.

Recommendations continued:

- No change to the inpatient hospital copay, prescription copays or urgent care center copays.
- The copay for emergency room facility services will increase from \$100 to \$150 to again encourage employees to see their family physician versus going to the emergency room.
- Increase the daily maximum benefit for ground transportation (ambulance services) to \$500. NOTE: The maximum is what the insurance will pay.

Discussion points:

- Copays for ambulance services will be applied towards CYD and OOP.
- Calling 911 for an ambulance will result in transportation by an out-of-network provider (Jacksonville Fire and Rescue Department).
- The Consortium and moved towards reducing the plan costs by shifting more expenses to employees. The subcommittee's recommendations are better in almost every area.

Recommendations continued:

- Increase the lifetime Hospice benefit from \$7,500 to \$10,000.
- Implement a \$0 copay for diabetes screening for persons with hypertension as well as for hemoglobin A1C and nephropathy monitoring when in-network providers are used.

Discussion points:

- The three highest claims cost areas are associated with diabetes, hypertension, and asthma.
- The recommendations are aimed at attacking compliance issues by removing all barriers.
- The College's employee population is less healthy than the population at large. If more employees comply with good medical practices, they may have a better life style and the College will see a reduction in claims.

Recommendations continued:

- Lower the generic copy for target prescriptions associated with the three major illnesses reflected in the claims experience.
- Include wellness components/events for employees throughout the year.
- One option would be to add additional dollars to the FSA when certain criteria are met.

The information presented today is just the recommendations of the subcommittee. They are not all-inclusive; other options may be considered. It is uncertain at this time how many, if any, of the recommendations could be implemented for 2011. However, implementing a focus on wellness and prevention cannot wait until next year. This is only the first step and the hiring of a Wellness Coordinator will help facilitate the cultural change.

### ***Initial Projections – 2011 Premiums***

Most consultants say that the Affordable Care Act will increase costs in the short term anywhere from 13% to 15%. The information being presented is based on the “low end” (13%). These are only initial projections with the most recent claims data being from June 2010; actuals could be lower/higher.

Points of Discussion:

- 2010 is looking good. The net cost is \$7 million coming after very bad year. Last year the College had a high cost year.
- While the data from BCBS last year had dollars in the “wrong bucket”, the total dollars presented was correct.
- Costs have been increasing by double digits every year since the data has been tracked.
- The \$8.874 million projected for 2011 is almost \$1 million higher than what was projected for 2010. When the budget exercise is conducted with the Board, \$900,000 is added in for additional costs.
- A 12 month running spreadsheet is kept which shows a 7% increase in employee claims for December from 2008/09 and a 10% increase in dependent claims for the same period.
- There were 14 fewer dependents but the average cost was up.
- The projection for the increase in claims is 13%. BCBS indicated they will hold their costs flat.
- Based on the projection, the 2011 premiums are being recommended with a slightly less than 13% increase.
- It is also being proposed that the dependent premium tiers shift upwards by \$4,000 allowing more employees to pay the lower premiums.
- Employees with annual salaries of \$70,000 or more will pay the full price of dependent premiums.
- “Full price” does not equal “full cost”. Full cost would be 23% higher.
- The proposals have not been priced out through BCBS.
- Retirees will see a reduction in monthly premiums from \$517 to \$510.

- Actual premium calculations will be based on the July 2010 data.
- 2011 premium income is anticipated to be \$2,086,437.
- Between now and the next EBAC meeting, BCBS will be asked to price out the plan to see whether the anticipated 13% increase holds.

***Wellness Update***

A Wellness Coordinator will be coming onboard soon, hopefully by the new year. The Coordinator will be someone with proven experience to help coordinate with our consultant and BCBS in achieving our goals. Wellness equates to productivity and healthy/happy employees.

***Convocation Update***

The benefits vendors will once again be at the College's Convocation event. This year ElderSource has also been invited. Many of our employees are part of the "sandwich generation" by caring for both their children and their parents. ElderSource is an excellent resource for these employees.

There being no further business meeting adjourned at 3:08 p.m.