

# Employee Benefits Advisory Committee

## Minutes from the August 28, 2008 Meeting MCC, Room 462

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### In attendance:

Christine Arab (Chairperson)	Yvonne Horner (Resource)
Bill Barfield (APC)	Stan Jurewicz (Resource)
Steve Milczanowski (Faculty)	Janet Meigs (Minutes Recorder)
Robert Peeples (Career)	Sonya Polke (Resource)
Belinda Potts (Career)	Judy Robbins (Resource)
Larry Snell (APC)	Dawn Swed (Resource)
Jack Spears (Retirees)	Elaine Tisdale (Resource)

### Absent:

Steve Bowers (Resource)	Ron Allen (APC)
Kenneth Whitten (Faculty)	

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The meeting commenced at approximately 2:05 p.m. Chris Arab confirmed a quorum was present. The agenda was reviewed with the Committee.

### **Approval of Minutes (03/13/08)**

Minutes of the last meeting were distributed and approved via email on May 13, 2008.

### **Benefits Contracts Renewal Discussion**

- Vision, PPO dental and DHMO dental contract renewal discussions indicate no increase in cost to the College for the 2009 benefit year.
- Medcom (FSA) contract renewal also represents a 0% increase.
- BCBSFL contract anticipates an administration fee increase of 5% for 2009, 0% for 2010, 3% for 2011, and 0% for 2012.
  - ❖ A request was made to review the growth in administration fees over the past 5 years as well as Dr. Arab requested for a copy of the BCBS admin. contract that identifies what the agreement defines as to what administration includes. Need to understand the basis for this 4 year request.

### **Part-time Employee Benefits Subcommittee Update**

- The EBAC subcommittee research helped define Health insurance companies view coverage for part-time employees as individual policies versus as part of the group plan.
- The College does not have the resources (monetarily or human) to manage a discount program for part-time employees.
- Discounts may be available at urgent care centers (i.e., Solantic) through a pre-paid card arrangement.

- The suggestion was made for the EBAC subcommittee to develop an RFI which could provide content for an informational Web page for PT employees that would identify discounted services, etc. that they could pursue on their own. (Example: George Mason University). The EBAC seemed to support such a benefit.

### **Health Plan Design and Dependent Premium Discussions**

- Discussion was held regarding adding a smoking cessation drug/treatment (i.e., Chantix) to the plan's prescription drug formulary.
- Wellness programs emphasize the benefits of not smoking.
- BCBSFL advises they are considering the addition to the formulary for 2009.
- Agencies in town offer smoking cessation assistance but the determination of the how much of a medication is provided is income based.
- Modification to our current prescription drug plan could result in a 2% increase in claims costs (need the basis for this assessment and potential cost impact).

**Motion:** Explore with BCBSFL the specifics of adding smoking cessation drugs to our formulary to include limited benefit periods. The motion was approved by unanimous vote. **Larry Snell** will follow-through with BCBSFL.

The discussion turned to the topic of diabetic strips with the following points made:

- Some employees who previously had HMO health insurance are now paying for diabetic strips for the first time.
- Under the StarHealth Advantage plan, diabetic strips are part of the prescription formulary, requiring a \$30 copay.
- The plan allows for a maximum of a 90 day supply to be prescribed at one time.
- The physician determines how many strips constitute a 30 day supply.
- To cover the cost of diabetic strips under the health insurance would result in an increase of approximately 2% in claims (again, need the basis for this projection and costs).
- This is an educational/awareness issue for employees who previously had the HMO health insurance.

The topic of physical therapy was added to the discussion with the following points made:

- Some employees who previously had the HMO health insurance are realizing a 600% increase to their out-of-pocket (OOP) expense for physical therapy under the new plan.
- The concern is that with the increase in OOP costs, employees will not continue with their therapy which may have a residual deleterious effect on the health insurance claims.

**Motion:** Explore with BCBSFL the specifics of adding physical therapy into the plan to reduce out-of-pocket costs to employees. The motion was approved by unanimous vote. **Larry Snell** will follow-through with BCBSFL.

At this time the point was made that the EBAC needs to be very careful when considering making exceptions to the plan. This is one of the reasons the current plan

was selected as an “off the shelf” product. While exploratory work can be helpful, a hard and fast decision rule will need to be developed and applied to any plan exceptions, especially those based on “the way it was under the HMO”.

### **403(b) Plan Changes**

- New IRS regulations will become effective January 1, 2009 which will place the responsibility of administering all 403(b) transactions with the plan sponsor (i.e., FCCJ).
- FCCJ currently has over 900 employees participating with approximately 26 different 403(b) vendors.
- The State of Florida 28 community colleges through the Human Resources Council is working with TSA Consulting and the FCCJ Purchasing Department to solicit proposals in an effort to reduce the number of 403(b) vendors.
- Effective January 1, 2009, all 403(b) participants will be required to contribute only to the awarded 403(b) vendors selected by their College.
- The intent is to take the recommended vendors to the October Board to allow time to properly educate employees on the changes.

### **Roth 403(b)**

Interest continues to be expressed for the ability to participate in a Roth 403(b) plan.

- With a presumption that taxes will only be going up in the future, a Roth 403(b) allows employees to pay taxes at the current rate.
- TSA Consulting should be consulted to explore any stipulations imposed by the IRS in administering such contributions. Larry Snell will share same with TSA consulting to obtain their observations and recommendations.

### **Dental Implants as a Function of Health Insurance**

- Currently, dental implants are not part of either dental insurance offering (PPO or DHMO).
- Discounts are offered by both dental plans as the plans view implants as cosmetic procedures.
- Implants are being discussed with employees by physicians as a valid option both economically and for health reasons.
- Implants are estimated to last 30+ years while bridges are estimated to last 8-10 years.
- Employees with PPO dental are being advised by Florida Combined Life that the actual dental portion of the procedure may be processed when appealed.
- **Larry Snell** will ask the dental providers what impact the addition of implants would have on the claims costs/premiums to both plans.

### **Health Insurance Premiums – 2009**

- We have experienced a reduction in participation levels in all levels (i.e., single, spouse, child(ren), family) and an increase in the number of employees who declined the health insurance since the move to StarHealth Advantage.

- Claims for August 2007 through July 2008 are at \$8,642,000 which is an increase over claims for the same period for 2006-07 (\$8,331,000) with less members enrolled.
- For 2008, employees in the lower level salary grouping are paying 60% of the full cost for dependent premiums while employees in the highest salary grouping are paying 100% of the cost for dependent premiums.
- For 2007-08, premiums resulted in \$1.6 million while claims costs were \$2.7 million.
- For 2009, the BCBSFL trend indicates an 11.5% increase in dependent premiums will be needed to fund the anticipated claims.
- Yvonne Horner shared the subsidy level is still around \$1 million but needs to come down to around \$500,000 due to continued funding constraints.
- The initial proposal presented for 2009 would be for the employees in the various salary groups to pay the indicated percentage of their dependent premiums.

	<\$26,000	\$26,000 - \$35,999	\$36,000 - \$45,999	\$46,000 - \$55,999	\$56,000 - \$64,999	>\$65,000	Retirees
2008	60.0%	66.6%	75.0%	82.5%	90.0%	100%	100%
2009	62.5%	70.0%	77.5%	85.0%	92.5%	100%	100%

A question was asked by Belinda Potts about the drop in the subsidy level from \$1 million to \$500,000 with concern expressed that the March EBAC meeting was the first time that number had been discussed with the group yet it was stated as a “goal” that had been agreed upon. The response was this action is needed based on the reduced State funding and to allow the College to continue to fully pay for employee premiums. Regardless, the member who raised the question is seeking to ensure that any and all proposals are first discussed with EBAC and consensus sought before information is presented to other entities.

A brief discussion was held regarding the option and benefits of Healthy Kids for eligible employees with dependent children.

2009 health insurance premiums discussion continued:

- Employees in the first income group paying for full family coverage will spend their raise in the first two months of the year.
- A different way to calculate dependent premiums may need to be explored to allow for a cost shift to higher salaried employees.
- Employees cannot be required to pay more than 100% of the premiums. A question was asked if our premium structure was accurate?
- Our external consultant Al Waters will be contacted to confirm the 11.5% trend increase to be accurate (**Snell**). Other sources (i.e., Insurance Institute of America) will be contacted as well (**Barfield**).
- It is difficult for the EBAC to understand how we can have a 12% decrease in employee participation and still see such an increase in costs. Additional information will be brought to the next meeting including a report of monthly or quarterly claims experience (**Horner**).
- The premium recommendations need to go to the October Board to allow time for education of employees before Open Enrollment commences.

- A meeting will be scheduled for September 11 beginning at 2 p.m. Anyone with additional information should forward it to Chris Arab, Yvonne Horner, Larry Snell and Elaine Tisdale.

**Other Items for Discussion**

Yvonne Horner shared that this is the first year the College had to submit a GASB 45 report. In this actuarial report the College anticipates our liability to insure retirees and those soon to retire. During the course of the report review, surprise was expressed that we are allowing retired employees to stay in our health plan versus going on Medicare. If the College paid for Part B of Medicare we would save money. **Yvonne Horner** will draft a proposal to that affect which will then be filtered through our retired employee association.

Currently, we have 70 employees on Medicare Part A of whom 47 are also on Medicare Part B.

The meeting formally adjourned at 3:55 p.m.