Employee Benefits Advisory Committee

Minutes from the August 6, 2012 Meeting
AO, Room 403A

In attendance:

Christine Arab (Chairperson)
Bill Barfield (APC)
Yvonne Horner (Retirees)
Steve Milczanowski (Faculty)
Gerald Orso (Career)
Belinda Potts (Career)

Peggy Boord (Resource)
Steve Bowers (Resource)
Stan Jurewicz (Resource)
Janet Meigs (Minutes Recorder)
Sonya Polke (Resource)
Dan Richardson (Resource)
John Robinson (Resource)
Larry Snell (Resource/APC Alt)

Absent:

Catherine Rifkin (Faculty Alt)
Steve Stanford (APC)
Dawn Swed (Resource/Career Alt)
Ken Whitten (Faculty)

The meeting commenced at approximately 1:37 p.m. A quorum was confirmed to be present.

<u>Introduction of New Participants</u>

Members of the Committee introduced themselves to new Career Rep Gerald Orso and to new Resource member Dan Richardson.

<u>Approval of Minutes (10/27/11)</u> (Arab)

Motion: Approve the minutes as presented and amended through email prior to the meeting. The motion was approved by unanimous vote. (Moved by Barfield; seconded by Snell.)

<u>Reports and Discussion</u>

<u>Update on Wellness</u> (Jurewicz/Snell)
The EBAC discussion last October was to issue a solicitation and explore contracting with U.S. Preventative Medicine regarding the management of a wellness program for the college. The EBAC solicitation sub-committee did their due diligence through interviews, follow-up discussions, etc. The final proposed cost was higher than the College could afford. Therefore, no contract was entered into due to budget constraints. The sub-committee was comprised of Margo Martin, Elaine Tisdale, Steve

Milczanowski, Stan Jurewicz, Judy Robbins, Jack Spears with Larry Snell as a resource/facilitator.
Additional conversation points included:

- The process got the positive attention of Blue Cross and Blue Shield of Florida.
- During the attempts to negotiate a contact, multiple meetings were held. After each meeting the sub-committee came away with more questions.
- Even with money available in the budget, the sub-committee would want to revisit the selection determination as this was a good learning experience.

<u>RFQ – Independent Health Insurance Consultant / Introduction of John Robinson (RobinsonBush, Inc.)</u> (Snell)
A Request for Proposal was publically issued for the identification of an independent health insurance consultant (IHIC). After going through the formal process, the sub-committee selected RobinsonBush, Inc. as the top ranked firm and entered into a contract with them. The sub-committee was comprised of Chris Arab, Bill Barfield, Peggy Boord, Stan Jurewicz with Larry Snell as a resource/facilitator.

At this point in the meeting, John Robinson was introduced with a brief synopsis of his business background provided to include the following:

- RobinsonBush is an independent consulting firm; they do not represent any insurance companies.
- The company does a great deal of public sector consulting (Duval County Public Schools, Valencia State College, Seminole State College, etc.) as well as private sector consulting (i.e., Universal Studios).
- The firm has been in business 11 years. Prior to forming the company, John worked for a regional consulting firm.

RobinsonBush assisted the subcommittee with the development and execution of two RFPs: 1) an employee enrollment management system; and 2) group health insurance.

<u>RFP – "Employee Benefits Enrollment Management Services" - 2012/2013 Recommendation</u> (Snell/Richardson/Robinson)

A subcommittee comprised of Dan Richardson, Janet Meigs and Sonya Polke facilitated by Dennis Blank and Larry Snell with the assistance of John Robinson pursued a provider to:

- Provide an online benefit enrollment portal for all FSCJ core benefits.
- Provide FSA (Flexible Spending Account) services. (These services could be provided by a second organization or as part of an all-in-one package by a single organization.)
- Benefits phone support/customer service assistance (help desk triage services).

Eleven companies responded to the RFP with the top five companies being interviewed by the subcommittee. Based on preliminary information received, the subcommittee was expanded to include members of the IT Department as well as Peggy Boord to ensure College computer system constraints were considered as part of the decision making process.

Benefits Express was ranked as the top proposer although FBMC (aka, Fringe Benefits) submitted a proposal that was less expensive. One way for FBMC to keep their costs down is to be allowed to offer (sell) other products to our employees (i.e., a cancer insurance policy.) Benefits Express is not a Jacksonville company; therefore, the marketing of their additional products would be predominately done online. FBMC is local and would have easier access to College employees with the potential of greater sales resulting in a lower cost.

John Robinson explained that a number of services were sought in the RFP to include FSA, COBRA, and coverage for College retirees. One key element sought was an online enrollment providing full service for employees as well as the ability to interface back with the Payroll and Benefits systems used throughout the year for billing and collections. Although FBMC was less expensive, their system was not a match to the College systems. Therefore, it was not conducive to move them forward.

After further review against system requirements combined with budget constraints, an employee benefits enrollment management system contract has not been entered into. However, negotiations are being conducted with the College's current provider (Florida Blue) to explore implementing their online enrollment module.

RFP – Group Health Insurance – Recommendation (Snell/Robinson)
A subcommittee comprised of Dan Richardson, Peggy Boord, Stan Jurewicz facilitated by Dennis Blank and Larry Snell with the assistance of John Robinson pursued a provider to provide a group health self-insured insurance plan as well as a pharmaceutical (Rx) plan. (Rx services could be provided by a second organization or as part of an all-in-one package by a single organization.)

Proposals were received from four organizations as well as multiple pharmaceutical providers. Three finalist providers were interviewed who could provide both health and Rx services: Aetna, United Healthcare and Florida Blue (aka, BCBS of Florida).

The staff of RobinsonBush conducted a claims re-pricing exercise as part as an in-depth analysis of the multiple proposals submitted. Part of the review was to look at the projected claims discounts the College would get back for having a self-funded plan. This was challenging as it involved working in an "open environment" while working with confidential information.

The RobinsonBush team first looked at a representative sample of actual claims. (It should be noted that no member names were provided with the information.) The claims data included information from hospital stays, outpatient services, providers, etc. Each company was asked to price the sample claims as they would normally process it under their provider contract proposal. Network discounts were then examined as well contracted hospital facilities charges. The professional/provider piece was the third component of the analysis.

After completing the analysis, Florida Blue clearly has the best provider discounts as well as the best re-pricing of claims by several million dollars to their competitors and they had the lowest administrative service fees. Therefore, the sub-committee recommended Florida Blue as the top ranked company from a financial perspective.

The next step in the review process was to examine administrative services, plan design, plan management and cost of services. Again, Florida Blue came out on top as they have an experienced service team headquartered in Jacksonville. Florida Blue is also the claims decision maker, a valuable service. They are not part of the appeals process so they aren't in a position to "second guess" themselves. This is in accordance with the Affordable Care Act which requires an independent review. Florida Blue will also pay for the third party appeals review. Overall, a new contract with Florida Blue will result in a significant savings to the College.

Additionally, under the new contract Florida Blue will make available contributions of $95,000 the first year ($75,000 every year thereafter) for the purpose of funding wellness initiatives.

Included in planned contract negotiations are improvements in online benefit communication systems. As part of the plan design, the same PPO plan will be provided as well as a high deductible plan. Regarding emergency coverage while traveling, a previously encountered issue was resolved in negotiations. In addition to the annual contributions for wellness, plan management assistance will include the allowance of biometric screenings onside, onsite health coaches, etc. Florida Blue has also offered to provide assistance with onsite programs such as diabetes and weight management.

Being negotiated into the contract are performance measurements (service levels, deliverables, etc.). A concern in the past was focused on accuracy of service and information.

In response to the question of whether paying more in administrative fees would result in improved services, the subcommittee looked at a range of administrative services offered by the three finalists. Aetna and United Health charge significantly more administrative service fees without providing significantly more services. Also, under the re-pricing review, RobinsonBush could not validate that the projected savings identified by Aetna and United Health would be realized. This isn't to say that these two organizations didn't provide services that the subcommittee found preferable. If using customer service, communications and other direct services provided to employees as the basis for selection, Florida Blue would not have been ranked as the top provider. When all of the components, however, are brought together, Florida Blue was deemed to be the top ranked proposer and best value for the College.

Again, accountability guarantees are being negotiated into the contract. There is also the option of having a satisfaction survey conducted annually. It is recognized, however, that the College needs to be able to analyze the data, not just receive it. Additionally, historically Florida Blue has not been the easiest group to work with. Efforts are being made to build in more accountability.

<u>Overview of 2013 FSA Provider / IRS Lower 2013 Maximum FSA Contribution Limits</u> (Snell/Jurewicz)
As previously mentioned, part of the benefits management RFP included an element for an FSA service provider. As the FSA provider is linked to a benefits management company, the decision was made to stop the review process based on technology and budget constraints. Therefore, the intention is to stay with our current provider, Medcom, for one year.

Medcom has made enhancements to their Web portals. Hopefully, their new system will help alleviate the need to substantiate many of the FSA expenditures. However, it should be noted that services that are off schedule will continue to need to be substantiated. These are typically services where benefits are provided on a percentage basis versus a copay basis (i.e., PPO dental charges).

Based on the ACA, the Flexible Spending Account (FSA) maximum for medical expenses will be $2,500 in 2013. This is quite a change from the current maximum of $8,400. Child care FSA limits are not impacted by the Affordable Care Act (ACA).

<u>Smoke and Tobacco Free Environment Implementation</u> (Richardson/Arab)
In April the Board approved the smoke and tobacco free policy (6Hx7-2.19) effective March 1, 2013. There has been a lot of activity related to organizing policy implementation. Included in the efforts is the submission for and awarding of a $15,000 grant to the College which will be used to help set up smoking cessation on each campus.

The premise behind the support of smoking secession is to focus on reducing health risks. The grant money awarded will allow us to set up programs on each campus. Signage is out already on some campuses with enough signs for all locations on order. Materials have been received from the Duval County Health Department as well as some State assistance. Assistance from the American Lung Society has also been solicited.

The next step is to form a collegewide committee with representatives from the various employee groups to include representatives from the Student Government Association (SGA) on each campus. Efforts are being made to get a Wellness Coordinator position funded which will help coordinate implementation efforts.

As can be imagined, the delay in finalizing the full implementation plan is due in large part to the unavailability of SGA representatives as they stopped meeting in May to resume again in late August. This was compounded by the retirement of the previous initiative coordinator. However, all of the pre-work has been done. The advisory committee will draft the APM which, hopefully, will be able to be taken to the EOV's in September. The expectation is that all employees and students will be expected to comply with the policy. It is understood that a soft implementation of such a program is needed for it to be successful. This will probably mean that there will be a period of time when no penalty for non-compliance will be imposed.

The following concerns were expressed:

- Employees will take more time from their work to walk down a sidewalk to an "off property" location to have a cigarette.
- With only six months before the policy goes into effect, this doesn't allow people much time to stop smoking gradually.
- The stress of stopping smoking coupled with the added demands of work may be more than some employees can handle.

At this point Steve Milczanowski volunteered to serve on the advisory committee.

Plan Design Market Comparison (Jurewicz/Robinson)

Health Plan Offerings – Options
With regards to a PPO health insurance plan, a preliminary market analysis was conducted through retrieving information off of various web sites (handout distributed). The analysis includes the two plans offered through the Risk Management Consortium (FCSRMC), the Duval County public school system (DCPS), St. John's County school system and Jacksonville University (JU). It should be noted this means it is publically available information, not from official plan documents.

The University of North Florida (UNF) was not included in the analysis as they are part of the State University Plan. This statewide plan is huge and FSCJ is prohibited from joining them. This plan is heavily subsidized by the State and is currently before the legislature for review. The DCPS is a K-12 organization which is not a direct competitor. However, they mirror FSCJ as they are a self-funded organization, also is unable to join the State University Plan, and have a high subsidy on benefits with no increases for the employees. For comparison purposes, it may be helpful to include the State University plan information.

The Consortium offers a low dollar plan that doesn't have a high level of participation. The Duval County Public School system has both a contributory and non-contributory plan. The best offering for each benefit is displayed in bold type on the handout.

As can be seen, there are substantial differences between the plans. For example, the out-of-pocket maximum, which is very important to FSCJ employees, is noticeably higher in the other plans. When an employee gets seriously ill, this can really hurt them financially. Coinsurance is pretty consistent among the plans. Most PPO plans have a 20% coinsurance level while FSCJ has a 10% coinsurance level. The intent is for the

College to remain at this level for at least one more year. As this analysis shows, FSCJ has a richer plan design than our competition.

High Deductible Health Plan (HDHP) Overview (handout distributed)
One thing that it may be time to look at is a high deductible health plan (HDHP). Typically, this is considered to be a Health Savings Account (HSA) plan. HSAs are similar to Flexible Spending Accounts (FSAs). There are restrictions on what an HDHP must look like. Points include:

- Initially, it is a comprehensive PPO plan using the same provider network and discounts.
- The deductible has to be met before benefits are applied.
- The deductible includes pharmacy.
- The deductible is not applied to preventive care.
- HSAs are bank accounts for members; they are tax favored with pretax contributions made and are interest-bearing accounts.
- Contributions can be made by both the employee and the employer.
- Funds can be distributed for health care use tax free.
- Funds can be used for medical deductions as well as for dental and vision.
- Unlike an FSA, the actual HSA fund belongs to the employee. It's portable; if an employee leaves the College for any reason (including retirement), they take the funds with them.
- If the employee/retiree is Medicare eligible, no additional contributions can be made to the HSA account but the employee/retiree may still access the account for eligible funds.
- The account rolls over year to year. It is not a "use it or lose it" plan. Funds can be saved to be applied toward unexpected expenses.
- Unlike an FSA, the only monies available are monies that have been deposited in the account (not front loaded).
- Unlike an FSA, an HSA does not require a substantiation of claims. It becomes the individual's responsibility to report/substantiate the expenses when filing their tax return.

When asked whether employer contributions impact the taxation status, the response is that an HSA plan is tax favored both in an out even though the employer contributed to the plan. The employee can certainly put more than the deductible into the account. If the employee is of age 55 or over, another $1,000 may be deposited. The maximum annual HSA contributions listed on the attachment are for employee and employer contributions combined.

To have an HSA, the employee must be a participant in an HDHP. An employee may not participate in both an FSA and an HSA for medical expenses. However, an employee can have a limited purpose FSA to be used for eligible dental and vision expenses.

When asked what happens to the funds in the event of an employee's death, the response was that the funds would go to the surviving spouse tax free. If the estate or other dependent were the identified beneficiary, they would have to pay federal income tax on the funds. The funds can also be rolled over into an IRA.

Although an HSA plan is usually seen as most beneficial to the young and healthy, it can also be beneficial to the very ill. This is seen primarily in the application of pharmacy expenses being included in the deductible. The benefit to the very ill would also be impacted on where the out-of-pocket maximum was set.

A recommendation on the offering of an HDHP plan is not being sought. Employees used to have a choice between health insurance plans; the intentions of exploring an HDHP are to once again offer a choice. Employees could choose between the traditional PPO plan and a plan with lower premiums. Should two plans be offered, the premiums would be priced to be neutral in that one choice would not be more or less costly to the College to offer. It should be noted that there are no participation levels required to offer an HDHP plan.

It was suggested that the employee group representatives discuss the proposition with their respective groups before any decision to act is made.

<u>Tentative 2013 Premium Structure</u> (Bowers)
At the present time, no increase in premiums is being proposed. (At this time a handout was distributed).

The first chart on the handout shows claims costs. Incorporated is the projection for about an 11% increase next year. However, the premiums in place now should suffice because the actual experience this year is lower than what was projected. While the information on the third page of the handout showing normalization for participation to be favorable, the premiums cannot be lowered the 1% due to allowing for an estimating error. Page 4 of the handout serves to show that the College is getting more favorable costs with the plan design implemented in 2008. Some of it has to do with a shifting of costs. The trend line shown on Page 5 of the handout depicts a 4% increase in the average monthly dependent premium. The trend line for the full-family premium for the higher income group (Page 6 of the handout) moves from $600 in 2008 to over $800 in 2013, about a 6.5% trend line. The last page of the handout displays all of the numbers. Employee premium collections saw an increase in 2011 of 10% while the College saw an increase of 17.5% for the same period.

<u>Other Items</u> (All)
The EBAC should meet in September and October but not in November and December. January through April will then be a planning period with a retreat being scheduled in February.

There being no other business, the meeting adjourned at approximately 3:09 p.m.

Reports and Discussion

Subcommittee Report (Jurewicz/Snell)
A high level discussion was held with U.S. Preventative Medicine regarding the management of a wellness program.

- There are certain services available to the College and to employees through BCBS that are contemplated in the current contract that would be a duplication of services with U.S. Preventive Medicine.
- There needs to be a coordination of services meeting with U.S. Preventive Medicine to help them understand how to maximize BCBS offerings as part of the wellness plan.
- BCBS has agreed to fund us for $75,000 a year for a College wellness program requiring the College submit back to BCBS confirmation the money was spent on wellness.
- U.S. Preventive Medicine provided a draft executive summary document to Chris Arab that is intended to be used at a Cabinet meeting to help gain senior level management commitment for a Collegewide wellness program. Dr. Arab provided USPM feedback as to requested revisions to their draft document. A return response has not been received from USPM.
- Before a wellness contract is entered into, senior level cabinet member support for such a program will be sought.