

Employee Benefits Advisory Committee

Minutes from the September 1, 2011 Meeting
AO, Room 403A

In attendance:

Christine Arab (Chairperson)	Steve Bowers (Resource)
Bill Barfield (APC)	Peggy Boord (Resource)
Yvonne Horner (Retirees)	Stan Jurewicz (Resource)
Steve Milczanowski (Faculty)	Janet Meigs (Minutes Recorder)
Belinda Potts (Career)	Sonya Polke (Resource)
Ken Whitten (Faculty)	Larry Snell (Resource/APC Alt)
	Dawn Swed (Resource)
	Elaine Tisdale (Resource)

Absent:

Robbie Peeples (Career)
Catherine Rifkin (Faculty Alt)
Judy Robbins (Resource)
Steve Stanford (APC Alt)

The meeting commenced at approximately 3:03 p.m. A quorum was confirmed to be present.

Introduction of New Members (Arab)

Peggy Boord, in her role as AVP of Financial Services, will serve as a resource to the Committee. Dawn Swed, currently serving as a resource will hold the dual role of also serving as the Career Alternate. Yvonne Horner joined the EBAC representing the retired employees.

Approval of Minutes (5/10/11) (Arab)

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

Reports and Discussion

DHMO Follow-up (Snell)

- The College anticipated a significant increase in the cost for DHMO dental.
- Purchasing was authorized to negotiate an increase up to a maximum of 10%.
- The actual increase negotiated by Dennis Blank was only 4%.

- This will be going to the October Board with a 1 year renewal and no plan changes.

Short-term Disability (Market Practice) (Tisdale)

- Newly hired employees or employees who have had major medical issues don't have enough leave to allow for any compensation should an issue arise.
- Long-term disability benefit has a waiting period of 6 months before an employee is eligible for benefits.
- The sick leave pool is only for catastrophic or life threatening illness or injury.
- Short-term disability would be fully paid by the employee but done via payroll deduction.
- The Consortium has a contract with Unum, our long-term care provider.
- There are many vendors offering the product including one who offers to automate all benefits enrollment if their product is selected.

Before doing extensive work on the offering of this benefit, an employee short-term disability survey needs to be conducted to determine the level of interest in the offering of the benefit. Elaine Tisdale will gather enough information to develop a survey draft for the Committee's review. Stan Jurewicz and Larry Snell will provide Elaine additional information about the Risk Management Consortium short-term disability benefit offering.

Subcommittee Report (Health & Wellness Update) (Jurewicz/Snell)

- The College is looking for a more robust wellness program than it's had in the past with one of the goals being to achieve sustainable medical cost reduction.
- A request for information (RFI) was published to which six companies responded.
- Of the six responses, three companies were invited in for an interview.
- Of the two companies interviewed (one didn't show up), the subcommittee identified U.S. Preventative Medicine that warrants further investigation.
- Retirees would be taken into account in the plan design.
- The cost of the plan would depend on the options chosen.

The subcommittee will continue their efforts on this initiative.

Cost Trends/Projections/Pooling Concept (Bowers)

- The Consortium has one big risk pool and uses actuarial ratings in their cost analysis.
- In checking with Al Waters (independent consultant with Siver) and BCBS (handout distributed), this seems to be the standard practice for fully insured employers.
- For self-insured employers, this practice is very common for those offering more than a single plan.
- Under the plan's separate risk pool (current) structure, dependent claims costs and resultant premiums each year are volatile. If the risk pools were combined, there would more predictability in the overall projected costs and premiums.

- A solid starting point would need to be established should we switch to a single risk pool.
- The practice would be to maximize the size of the pool and establish initial rates. In the following years, only one claims pool would have to be analyzed versus attempting to adjust rates based on the volatile costs of several pools.
- Having one risk pool with a tiered premium relationship should help contain spikes in relative rates for 3-4 years. Every 3-4 years the data would be analyzed to make sure the tiered premium relationship assumptions are still valid.

At this point a handout was distributed.

- The first slide shows the total costs of the College's health insurance plan. The blue line is the latest set of projections and includes actual numbers for a full year (2009-10) up through June 2011 and projections forward.
- Our actual claims were more favorable than expected.
- The industry projections are for an 11-12% increase.
- Premiums are based on the claims projections.
- The second slide shows the costs for just employees. These costs are more stable.
- The third slide shows the costs for dependents. There is greater variability in the costs which came in under the projections for 2010. However, for 2011 the costs match the projections.
- Page 4 shows a 10-12 year history of changes in health care costs. Reflected are the change percentages for employees (9% - blue), dependents (29% - red) and a total weighted average (15% - green). A single pool would allow for premiums to be set against the more stable total weighted average.
- If premiums are calculated against the dependent costs, there is a potential for a significant increase.
- Premiums charged for dependent coverage exceeded actual costs in 2010 but came in on target for 2011. With the great variability, it is difficult to get the premiums right on target.

Two questions were asked: 1) How was the 29% for 2011 dependent premiums arrived at as we're not through the full year? 2) What happened with the excess premiums collected for dependent coverage?

Responses: 1) The 29% reflects the data for a rolling 12 months. This is the same practice as previously followed. 2) These funds covered the under collection of 2009 premiums.

- If the College goes to a blended risk pool it will include employees, dependents and retirees and their dependents.
- Page five of the handout shows the health insurance rates if unitized (normalized). Looking at the 2011 population, everything is moving the same in this equation.

- The College currently allocates \$517 per employee per month to cover the cost of health insurance.
- Looking at the unitized costs per month in 2011, the valid number would be \$517 per month x 12 months to equal the gross costs. Factoring in dependent costs, the projection is that the \$517 will grow \$570 next year.
- The green line is what we did last year. If we do the same thing the single employee rate would be \$548.
- Last year's forecast to this year's forecast only moved 4%. Therefore, by using one risk pool everyone's premium could be raised 4% versus imposing a 29% increase for dependent premiums.
- The only time the single employee cost comes into consideration would be for retirees and if the employee is in a non-pay status and, therefore, have to pay their own premium. The calculations just determine the base line costs.
- Page 6 shows the proposed 2012 premiums if they are calculated the standard way (2 claims risk pools). For 2012, single employee projected costs would go up 2% and the premiums would be raised accordingly. The same is true for dependent costs and premiums at 10.3%.
- Page 7 shows the tiered premium proposals for both scenarios (a single pool [4%] and two pools [2%/10.3%]).
- In determining whether the rates were set correctly initially, BCBS provided the COBRA equivalent rates effective January 1, 2011. Our rates are less than BCBS's which was our intent.
- Our rates are set according to our costs and based on the impact we want to have on our employees.
- If the single pool concept were implemented as a pilot program, an actuarial study could be done to confirm whether the rates are being set correctly.

A consensus was reached by the EBAC for recommending to the College Administration to implement in 2012 a single claims risk pooling concept pilot.

Committee Action Items

Smoke Free College Policy (Tisdale)

- For a period of time the subcommittee has worked with consultants on ways to improve the College's health related costs.
- One major recommendation was to evolve to a completely tobacco free institution.
- Many large employers are taking this step (UNF, JU, Baptist Medical Center).
- Members of 2-3 student government associations have come forward asking their campus presidents to consider this step.
- A change to a College Board Rule is being developed for consideration that would allow the process to move toward a completely tobacco free property.
- The process would be to draft the rule itself; begin to move it through EBAC, then Cabinet, then to the employee group EOVs and student government associations.

- In checking with the other community colleges in the state, 4 are tobacco free and 5-6 others are moving to that effective January 1, 2012.
- Implementation has to do with signage, education, support groups, brochures, etc.
- This is not just eliminating designated areas; contractors/vendors/visitors must adhere to the policy.

While the enforcement piece still needs to be worked through as part of the procedures, the following discussion ensued.

- The current policy of only smoking in designated areas is not enforced at all, especially with students.
- Security personnel have not received written direction nor support for enforcement.
- The College APM and the security officers' desk procedures are written to be direct officers to only confront a person in a life threatening situation. To have security enforce the policy would require training and a rewrite of the desktop procedures.
- Current security rules are to not confront a student unless in imminent danger. That's one of the reasons why the College has off duty JSO officers on campus.
- Another enforcement issue to be considered regarding a tobacco free campus pertains to the use of tobacco products in both personally and College owned vehicles.
- A concern was raised regarding students forced to leave campus to smoke in that they may not return.
- Another concern discussed was if the policy passed and was not enforced, it could potentially create an increased liability to the College.

Dr. Arab indicated that a summary of this discussion will be reviewed with Cabinet.

2012 Premiums (Bowers)

- The proposal is to use the single risk pool approach with a 4% increase in premiums.
- The income categories would remain the same.
- When asked why 2009 (the year with the highest increase in premiums) was being used as the base, the response was that 2009 was on the chart to show the disparity between the green and blue lines. The lines for other years would be identical.
- When asked whether any group would be disadvantaged by this (are there costs down this year compared to others), the response was that sometimes it would be greater, sometimes less. However, over time the impact is lessened. Additionally, the premium increase is not always fully reflective of the increase in costs. There have been times when the cost increase is higher (and lower).
- The College has a one year contract with BCBS with the option to renew every year (no maximum).

- The EBAC discussed the potential of the College going out for a complete benefits vendor scan in 2012 and consider adding additional health insurance options for employees to select from such as a lower cost/high deductible Health Savings Account (HSA) plan as well as an HMO plan. The single claims risk pooling concept will help with this.

Motion: Recommend going to a single claims risk pool concept in 2012 with a 4% increase resulting in the premiums listed in the middle column of page 7 of the handout. (Moved by Snell; seconded by Potts.)

The discussion continued.

- Yvonne Horner shared that the retirees are being charged the full cost.
- The majority are not making over \$70,000 when they retire but still have to pay that rate.
- Some retirees have dependents, especially spouses.
- The College is subsidizing the rate for retirees to some degree the same as for active employees in the \$70,000+ earnings category.
- A person may retire making \$30,000 and still has to pay the full premium.
- There are approximately 160 retirees participating in the plan.
- Mr. Bowers and Dr. Arab acknowledged the observations and concerns and offered it would not be addressed in the 2012 plan year but could be a carryover EBAC meeting agenda item for 2013.

The motion was approved by unanimous vote.

Other Items

- Employee premiums may be tiered by things such as undergoing a thorough wellness screening, smoking, etc.
- The next EBAC meeting will be held in October.

Adjournment

There being for further business, the meeting adjourned at 4:34 p.m.