Employee Benefits Advisory Committee

Minutes from the September 11, 2008 Meeting
MCC, Room 462

In attendance:

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

Absent:

Kenneth Whitten (Faculty)	Steve Bowers (Resource)
Troianne Grayson (Faculty Alt.)	

The meeting commenced at approximately 2:08 p.m. Chris Arab confirmed a quorum was present. The agenda was reviewed with the Committee.

Approval of Minutes (08/28/08)

Motion: Approve the minutes as presented with noted corrections. The motion was approved by unanimous vote.

Introduction of New Members

Jerry Lewis was introduced as the new CEC Alternate to the committee.
Troianne Grayson was not present but will be the new Faculty Alternate to the committee.

403(b) Update

- IRS regulations regarding the administration of 403(b) accounts will change effective January 1, 2009.
- The 28 Florida community colleges are joining together to develop a list of 403(b) vendors that TSA Consulting will work with as the administrative agent.
- FCCJ through Larry Snell is taking the lead by initiating the Invitation to Negotiate (ITN) process for presentation to the October Board.
- 54 companies were invited to respond of which 22 companies were determined to be responsive.
- With the guidance of Larry Snell, a subcommittee of the HR Council will evaluate the proposals, interview the company representatives, and negotiate for a best and final offer.

Roth 403(b) Update

- Some of the companies we contract with for 403(b) contributions will also be able to assist with Roth 403(b) contributions.
- A standard 403(b) has the taxes deferred now; a Roth 403(b) is not tax deferred.
- There are no costs to the College to allow employees to contribute to a Roth 403(b).

Motion: Allow the offering of Roth 403(b) contributions. The motion was approved by unanimous vote.

Diabetic Supplies, Smoking Cessation Rx, Physical Therapy Copays, Dental Implants (PPO/DHMO)

Diabetic Supplies

- Adding diabetic supplies to the formulary as a preferred drug ($30 copay) would increase costs by approximately $22,000 per year.
- Diabetic strips are currently part of the formulary.
- It will not make a significant difference to change the copay.
- A focus on diabetes will be part of the wellness program.

Smoking Cessation

- Smoking cessation drug variables can't be administered by BCBSFL. They can administer a maximum of 12 months of a prescription in a lifetime.
- It takes approximately 6 months for the drug to be effective for the employee.
- If a smoking cessation drug is added to the formulary as a preferred drug ($30 copay), it would cost the College approximately $30,132 per year.
- Trend data can be explored to help identify the impact of smoking (or stopping) to our claims experience.
- Smoking cessation will be an element of the wellness program.
- Belinda Potts will research other available programs/resources.

Physical Therapy

- To change physical therapy copays from $30 for a specialist to $5 would result in a 0.47% increase in costs, to $10 would result in a 0.37% increase in costs to the College, and to $15 would result in a 0.28% increase in costs.

Dental Implants

- Dental implants cannot be added to the DHMO plan. However, a 25% discount for certain procedures is available.
- Dental implants for PPO are not market practice. It could be added to the plan as a major service which would increase claims costs 3-5% (≈$14,000 annually).
- PPO plan has a $1500 annual benefit and the cost of an implant is around $3000.

Motion: Allow the offering of dental implants to the PPO dental plan. The vote on the motion was split: 3 yes; 3 no. Chairperson Arab voted no which defeated the motion.

History of BCBSFL Administration Fees/Medical Trend

At the last meeting the request was made to review the history of administrative costs in light of the proposed increase for BCBSFL.

- A review of administrative costs for BCBS shows a slight increase over the last 4 years. CompBenefits (DHMO/Vision) and Medcom (FSA) administrative fees for the same period remained flat.
- A review of Waters Risk Mgmt. national and local markets confirmed trends in Florida are slightly higher than the national trends.
- At the last Council of Business Affairs (COBA) meeting, the trends discussed were a rate increase of 8-12% and a move of the out-of-pocket maximum to $3000 for an individual and $9000 for a family of three or more.
- Price Waterhouse estimates costs of PPO plans to rise 11.9%

Action on Recommended 2009 Rates for Health/Dental/Vision

- A comparison of January through July (2007) and same period in 2008 shows an increase in employee claims costs of $261,983 (9.5%).
- The number of participants in the plan has dropped, in part due to smaller workforce and also 16 additional employees who "opted out".
- Claims for retired employees for the same period shows a decrease of $3,000 (-0.7%). The number of participants has also declined.
- Claims for dependents for the same period show an increase of $358,704 (25.0%) although there were fewer participants.
- At plan inception we were advised we would see a 6% decline in claims which makes the real percentages even higher.
- When the demographics of those who left the plan are analyzed, it might appear that there is adverse impact.
- A comparison of the last two fiscal years' (7/06 – 6/07 and 7/07 – 6/08) claims statistics is provided as well as the calendar year data comparisons.
- The administrative costs went down about $100,000 as we pay on the number of participants in the plan.
- In looking at the total number of individuals (employees and dependents) who carry the health insurance, there are 144 fewer as of May 2008 than there were in May 2007.
- Claims costs for 2009 are projected to be $10,118,550.
- The cost of dependent premium subsidies for 2009 is projected to be $579,166.
- Trend line data is used with the knowledge that costs could actually go up or down next year.
- State of Florida general revenue projections show a continuing and increasing deficit. A current year revenue reduction is anticipated in November and probably again in the spring based on the expected November and March Revenue Estimating Conference projections.
- Based on all data, an increase of 11.5% in premium costs is deemed appropriate. This would actually result in a $922,000 dependent premium subsidy.

- The display shows the increase spread among the annual income groups recognizing that the highest end salaried employees will be paying 100% of dependent premiums.
- With the exception of the highest salaried employee group, all premium tiers will see a 2.5% increase in the percentage of the dependent premium employees pay. For example, the lowest salaried employee group paid 60% of the 2008 dependent premium and will be paying 62.5% of the 2009 premium. The highest salaried group will continue to pay 100% of their selected dependent premium.
- Per EBAC request, Yvonne Horner will provide the percentage of change for each group which is not shown in the draft of the Board Agenda item presented.
- For long term disability and vision, the College expense for 2007-08 was $218,000.
- Duval County School board went to DHMO plan only for employees. However, they can choose to purchase a PPO dental plan if desired.

Motion: Support the Board Agenda items as modified to reflect an equitable distribution of the percentage of increased share of dependent premiums (2.5% across the board). Four voted in favor of the motion; two abstained. The motion was then supported by consensus conditioned on a review of the percentages of increase for each income range being provided by Ms. Horner.

Other Items for Discussion

FSA Cap

- With the increase in employee out of pocket expenses, employees may need to set aside more than the $5,000 allowed by the FSA plan.
- HSA's could help with this issue. A subcommittee should examine this issue.
- A disadvantage of raising the FSA cap is the potential for an employee to use the full amount and leave the College.
- A review of employees who have left the College after spending their full allocation needs to be conducted but we believe that the excess/unspent funds have helped to offset for "overspending".
- We will receive the recommendation to raise the cap or maintain at the October EBAC meeting.

Future Work

For the future (2010 and forward) a new approach may be needed since we completed the plan design change last year but we are still experiencing higher costs and asking employees to pay a greater share of dependent premiums. Perhaps we need to take a look at reducing benefits to address the greatest need among the greatest group of employees (core benefits trending approach). Then look at an approach where employees help pay their own premium costs. Also need to revisit the HSA and HRA methods and the merits of a true cafeteria plan. Chris Arab suggested that a sub-committee of EBAC may want to do this work together early in 2009. While the College administration is not supporting asking for employees to contribute to their own premiums at this time, which is a generous approach in the face of the national/state economy, the economic reality is that it may be necessary in the future.

The meeting formally adjourned at 3:35 p.m.