

# Employee Benefits Advisory Committee

Minutes from the September 16, 2010 Meeting  
ATC, Room 116

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## In attendance:

Christine Arab (Chairperson)	Steve Bowers (Resource)
Bill Barfield (APC)	Stan Jurewicz (Resource)
Steve Kruszewski (Career Alt)	Janet Meigs (Minutes Recorder)
Steve Milczanowski (Faculty)	Sonya Polke (Resource)
Robert Peeples (Career)	Larry Snell (Resource/APC Alt)
Belinda Potts (Career)	Dawn Swed (Resource)
Jack Spears (Retirees)	Elaine Tisdale (Resource)
Ken Whitten (Faculty)	

## Absent:

Yvonne Horner (Resource)  
Margo Martin (APC)  
Catherine Rifkin (Faculty Alt)  
Judy Robbins (Resource)

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The meeting commenced at approximately 2:06 p.m. A quorum was confirmed to be present.

### **Approval of Minutes (8/19/10)**

**Motion:** Approve the minutes as presented with a modification to Page 2, fifth discussion point under “Plan Design Changes”. (The point is to reflect that the out-of-pocket maximums are lower than either the Consortium’s or our consultant’s view of market comparables.) The motion was approved by unanimous vote.

### **2011 Benefits**

A draft of the Board Agenda Item on employee medical insurance benefit premiums was presented for review and discussion. Discussion points included:

#### StarHealth Advantage

- Because of the changes brought about by the new legislation, the Agenda item has been expanded to reflect changes in our plan design.
- The salary ranges for the determination of dependent premiums were changed in favor of employees. If employees were on the border and their raise would move them to the next range, they would end up taking home less money than before the raise was implemented.

- There are 32 employees in the “less than \$26,000” range receiving the highest subsidy. The shift in the ranges will mean that 60 employees will receive the maximum subsidy.
- The proposed increase in premiums, even with the adjusted ranges, will be difficult for lower salaried employees. Family coverage for an employee making \$25,000 costs approximately 20% of their gross income. The proposed increase will mean family coverage will cost approximately 22% of their gross income. Family coverage for an employee making \$65,000 currently costs 12.5% of their gross income. The proposed increase will increase that to 14% of their gross income. The lowest bracket will realize a 2% increase and the highest bracket will realize a 1.5% increase.
- If the converse perspective is examined, an employee making \$24,000 per year is realizing a 25% of gross salary benefit through College-paid health insurance (\$6,000 per year) where a person making \$100,000 per year is only realizing a 6% of gross salary benefit.
- The paramount focus needs to be not placing employees in a position to choose to not to insure their children because is it cost prohibitive.
- Children coverage is subsidized slightly more than spouse coverage.
- The proposed rates are based on market trend data which projects an 11.6% increase for comparable plans within the College Consortium. Our consultant estimates a 13-15% increase in Florida.
- A benefit offering comparison was included in the market trend data research.
- Emphasizing preventive care benefits may be more costly initially but the return on investment will be much greater.
- The health care reform is not anticipated to have a large impact on our claims experience.
- Universities (i.e., UNF) were not included in the market research as they are heavily subsidized by state government and have little input on their plan design. They are, however, a competitor as an employer to our employees.
- Our consultant looked at Duval County data.
- In examining ways to increase the subsidy level of premiums with the dramatic cuts in State funding, additional funds have been asked for from the Board through an increase in the budget. Tuition income is helping to offset the cost of benefits.
- No benefits have been cut since 2007.
- It is still important to the College President and his Cabinet to be able to provide employee benefits at no cost to employees as part of their total compensation package.
- Of the 1300 full-time employees, 1240 are participating in our insurance plans. Of those 1240, 402 have chosen some level of dependent coverage (172 with spouse only, 106 with children only, 125 with family coverage).
- While children usually have the lowest claims experience, dependents are viewed as one pool, not three separate pools.

- No matter how the ranges are shifted, the same discussion will ensue. It is difficult to tell employees that costs will once again be increasing. However, FSCJ still has one of the better insurance package offerings.
- As noted in the fiscal notes of the Board Agenda item, the College is picking up more of the increases than employees. Additionally, there was no increase in 2010 for dependent premiums which should be added to the Agenda item.
- It should also be noted that the College negotiated for no increase in the cost of administration.

**Motion:** Approve the presentation of the Employee Medical Insurance Benefit Premiums Board Agenda item with the clarifying points in the fiscal notes and the change in the reference of Blue Options to StarHealth Advantage. The motion was approved by unanimous vote.

The discussion continued with regard to future actions.

- Bolder actions need to be taken next year to help employees focus on improving and maintaining their own health.
- It may be necessary to shift from a “carrot” offering to a “sticks” (punitive) approach or combination.
- The DHMO dental plan will be rebid next year.
- During the next meeting considering adding to the agenda the value of keeping the DHMO dental plan.

**Motion:** The EBAC should meet in January to work on the whole concept of wellness to include sticks and carrots to incentivize wellness, including a smoke-free college. The motion was approved by unanimous vote.

#### Dental Plans and Vision Plan

Drafts of the Board Agenda items for Group Dental Insurance Premiums and Vision Insurance Premiums were presented for review. It is recommended that there be no change in premiums.

**Motion:** Approve the presentation of the Group Dental Insurance Premiums and Vision Insurance Premiums Agenda items as presented. The motion was approved by unanimous vote noting that the name for the DHMO dental plan and the vision plan should reflect “Humana/CompBenefits”.

#### Flexible Spending Account (FSA)

A draft of the Board Agenda item for Flexible Benefits Plan for 2011 was presented for review. It is being recommended that the College continue with the current plan to include the \$720 for opting out of the health insurance plan. It was noted that a change in the 2011 plan will eliminate the ability to purchase over-the-counter drugs under an FSA plan without a prescription.

**Motion:** Approve the presentation of the Flexible Benefits Plan for 2011 Agenda item as presented. The motion was approved by unanimous vote.

#### Life Insurance Update

A draft of the Board Agenda item for Group Term Life Insurance Premiums was presented for review. Discussion points included:

- Rates are being proposed for two years versus only one year.
- The difference between the two years is seen in the retirees closed class division.
- By proposing a two year plan, this allows the phasing in on the increased premium for the closed class whose losses last year were 229% of the premiums.
- The plan is written to extend to a third year if desired.

**Motion:** Approve the presentation of the Group Term Life Insurance Premiums Agenda item as presented. The motion was approved by unanimous vote.

#### **FRS vs. CCORP**

This agenda item was included for discussion purposes only with the following points made:

- Concern was expressed about whether employees are being appropriately guided in making a retirement plan decision that best protects them.
- Employees who want to switch plans from the CCORP to the FRS Pension Plan can use 403b monies to complete the buy-back.
- One initial decision maker for employees is the vesting period for each plan. If the employee is not certain how long they will remain with the College, they will choose a plan with immediate vesting (CCORP).
- The investment plans (to include CCORP) have been hit hard the last couple of years.
- The FRS Pension Plan has been reported to be one of the best funded retirement plans in the country.
- The legislature will continue their review of the FRS Pension Plan next year.
- Newly hired employees have 90 days to decide to participate in the CCORP and five months to decide on participation in the FRS Investment Plan.
- Education on plan offerings is provided during the benefits orientation sessions. The FRS sends out information to employees as well and decision making tools are available on the FRS Web site.
- With the OPAGA study and the forthcoming changes to the FRS Pension Plan, the College needs to think about an education strategy to make sure employees are well informed.

## **Other Discussion Items**

### **403(b) Matching**

The College used the “prime the pump” strategy in 2005 and 2006 to increase participation levels. At that time, the participation rate went to about 70%. Participation began declining in 2007, 2008 and 2009 when the “prime the pump” strategy ended and the participation rate is now down to 43%.

Based on this information, a discussion ensued with the following points included:

- The College is currently contracted with nine vendors, eight of whom employees can sign a new contract with.
- A return to 403(b) matching is a big interest of the Career employees EOY committee.
- While increased participation is a “win-win” for the College and for employees, a matching of funds needs to be discussed further so a solid presentation can be made to the Board.
- A matching funds campaign does not need to be tied into the benefits open enrollment period. An appropriate time may be in July to coincide with salary increases (if any).
- Our third party administrator (specifically, Robert Ard with TSA Consulting Group) is willing to hold additional education sessions on the benefits of 403(b) investing.
- The eight vendors are all anxious to come on campus to make presentations as well.

There being no further business meeting adjourned at 3:36 p.m.