

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Insurance Committee Minutes

Minutes of April 1, 2014

**Opening:** A regular meeting of the Insurance Committee was called to order at 2:00 p.m. on Tuesday, April 1, 2014, in the District Board and Training Center by Superintendent Jerry Roth.

**Present:** Jerry Roth, Kelly Mosher, Deb Fritz, Jolene Hammond, Bill Hartje, Ivy Otto, Kathi Swanson, Doreen Treuden, and Greg Kuelz. **Absent:** Mason Braunschweig, Deb Arnold, and Penny Messling.

**Appoint Note Taker:** Jolene Hammond volunteered to take notes for this meeting.

**Approve February 18, 2014, Minutes:** Jerry Roth made a motion to approve the February 18 minutes and Bill Hartje seconded the motion. The motion was approved with a 9-0 voice vote.

**Review Draft HRA Fund Policy:** Two policies were prepared by Doreen Treuden and presented to the group. Both policies have been sent to the District auditors.

Policy 662.3, General Fund Balance, is a current board policy. The District will need to change this current general fund balance policy so that there is distinction between different categories of fund balances. The definitions presented in the policy were generated by an outside source and were simply copied by our District when modifying this policy.

Policy 662.31, Committed Fund Balance, is a brand new policy. This policy defines what a committed fund balance is and how our District will handle a committed HRA fund balance. This policy states that the District will set up a committed HRA fund balance that will cover 10% of the possible HRA payout to employees. The District budgeted for an 80% payout this year and the additional 10% that is possible with the committed fund balance will total a maximum of 90%. The fund balance would protect the District in the event that the District needed to pay out more than the 80% that was budgeted for. Paragraph 3 of the document states that the Board resolution will be made in June before an exact number will be known. The District audit for that year will not be complete until late fall.

There were no questions or concerns with the two documents that were presented.

**Discuss Proposed Insurance Rate Increases for 2014-2015:** Greg Kuelz presented a Renewal Rate Calculation summary to the group. This summary shows that our rates are based 80% on 2012-2013 claims and 20% on 2011-2012 claims. This calculation once again shows that claims really matter. If 80% of our renewal rate is based on current claims, we really need to begin to look at wellness and try to find ways to reduce claims in the long term.

Our District had about \$1,000,000 more in claims in 2012-2013 than in 2011-2012. We had around \$1,645,000 in catastrophic claims (claims over \$100,000). Dean has a system where catastrophic claims are pulled out when calculating the group renewal and with these claims pulled out, our District claims were actually a little below the claims from the previous year.

Taking out the catastrophic claims is a huge safety net for our District this year. Other groups in the Dean plan are essentially subsidizing our catastrophic claims.

Dean actually lost money on our group this year. They paid out around \$3,600,000 and collected around \$2,100,000 from us. The proposed rate increase for next year is 7.9%. Taxes and fees make up 3.43% of this increase.

The projected extra cost to the District for next year will be \$144,742 with the 7.9% rate increase. This initial figure is true if the District contribution to premium remained the same and no plan design changes were made. Doreen Treuden created a spreadsheet that the group could use to help make decisions about how to reduce the potential extra cost to the District. The Committee was directed in a previous meeting to make a recommendation to the Board of Education (BOE) that did not exceed a 2% increase.

**Review Dean Decrement Chart:** Greg Kuelz presented the group with an e-mail from John Cashman of Dean that gave two possible plan design changes that could reduce our premium. The District could change our RX card to \$10/30/50. This would save about 2.5%. We could also change our ER copay to \$150, and this would save about 0.5%. If the District made both changes, it would save a bit more than 3%.

The group all agreed that these plan design changes would be a good way to save 3% of the premium. The group voted 7-0 in favor of recommending plan design changes to the BOE. Kathi Swanson and Greg Kuelz did not vote.

Deb Fritz brought up the possibility of adding an office visit copay to the plan in order to reduce premium. Greg Kuelz advised that this copy could reduce premium by as much as 2.5%. Jolene Hammond stated that in the past, we have really shied away from adding a per visit copay because it could significantly impact some families.

Discussion switched to the possibility of changing the District's contribution to premium. Employees currently contribute around 9.6% to their premium and the District contributes the rest. If the employee contribution was changed to 11.75% and we made the above plan design changes, the extra cost to the District would be \$39,756 rather than the \$144,742 that was stated earlier. With this change, each employee on the family plan would have an extra cost of \$416.36 (not including pre-tax savings).

Doreen Treuden presented a scenario where the employee contribution would be 12.6%. This would mean that the employee would have an extra cost of \$551.70 (not including pre-tax savings), and the District would have an extra cost of \$21,725 for next year.

The Committee decided to vote on a possible increase in employee contribution. The vote to increase employee contribution to 11.75% resulted in 6 people for and 1 person against. Kathi Swanson and Greg Kuelz did not vote.

**Discuss Proposed Dental Insurance Rate Increase:** Greg Kuelz presented an e-mail to the group from Sunshine Mikulak of Delta Dental. The e-mail stated that the District will have an 8% increase in premium for next school year. This increase would mean that the District would

have an extra cost of \$27,554 next school year if no changes to employee contribution were made. Sunshine Mikulak did state that the District could save 1% in premium if we added a voluntary \$20 per month vision plan.

Doreen Treuden used her spreadsheet to show the group that if we added voluntary vision coverage and increased the employee contribution to premium to 11.75%, the District would actually see a decrease of \$1,954 in the contribution to dental for next year. This overage would be used to offset the increase in health insurance costs.

An 11.75% contribution to premium would mean that employees would be paying \$19.59 a month for dental coverage rather than the \$7 a month they currently pay. This would mean that employees would see an increase of \$141.55 annually.

The Committee voted on a possible increase in contribution and adding voluntary vision coverage. The vote resulted in 6 people for and none against. Kathi Swanson and Greg Kuelz did not vote.

**Next Meeting:** Greg Kuelz will try to get Kelly from Dean in to talk with the group about possible wellness initiatives. He will also try to arrange for Sunshine from Delta to come and talk with the group about the voluntary vision plan. No date for the next meeting will be set until Greg can arrange a date with these two presenters.

**Adjourn:** Jerry Roth made a motion to adjourn at 3:42 p.m. Ivy Otto seconded the motion. Motion carried 8-0.

Submitted by Jolene Hammond, TRIS Teacher

Approved: 5/5/14