

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Insurance Committee Meeting District Board and Training Center

Minutes

Opening: A regular monthly meeting of the Insurance Committee was called to order at 5:30 p.m. on Tuesday, January 14, 2014, in the District Board and Training Center by Superintendent Jerry Roth.

Present: Jerry Roth, Kelly Mosher, Doreen Treuden, Kathi Swanson, Mason Braunschweig, Deb Arnold, Jolene Hammond, Bill Hartje, Penny Messling, Greg Kuelz (teleconference) and Deb Fritz (recorder). Ivy Otto arrived at 5:49 pm.

Minutes from November 19th Meeting: Bill Hartje made a motion to approve, and Jerry Roth seconded the motion. Motion carried 9-0.

On January 4th, there was a School Board Retreat, and Jerry Roth shared the direction of potential targets with the insurance benefits:

1. Freeze the current insurance cost to the District.
2. Increase the insurance cost to the District by 2% (\$50,000).
3. At this point, the School Board plans to hold steady on cash in lieu.

Greg Kuelz looked at the aggregate claims of the District for the last 6 months and for those that are close to being processed. The overall claims usage is higher than the targeted loss ratio (target is low to mid 90's). Dean weights some claims differently, so the loss ratio appears to actually be better than targeted. Greg is not sure if there will be a good or a bad renewal at this point. He will know more of the final rates mid to late March.

Discussion of Possible Changes to Current Health Insurance Plan Design (led by Greg Kuelz via teleconference):

Review of Four (4) Options

1) Plan Design

- a. Emergency Room Co-Pay (\$125-\$150 norm for school districts in the area)
 - The District is presently at a \$75 co-pay.
 - This is a real balancing act. (The District does not want the ER used for primary care, but it does not want people to avoid going to the ER in an emergency situation either.)
 - The District could save a decent amount of money by increasing the ER co-pay.
 - If an insured is admitted, the co-pay is waived. (Observation room is not the same as being admitted.)

b. **Modify Drug Card**

- The District presently has a 10-20-30 co-pay (10-generic, 20-preferred brand, and 30-nonpreferred brand).
- In the past, 50% of the drugs dispensed were generic.
- Now, the average generic dispensing rate is 75%.
- Ed Heckman from PAAS (Pharmacy Audit Assistance Service) National has offered to look at the District's drug usage at no cost, if needed (608-334-2915).
- There is less overhead with mail order drugs. There are fewer co-pays, because the prescriptions can be filled for longer periods of time. This could save some insured employees money.
- Moving to mandatory mail order drugs is unpopular during a transition period (might not arrive on time, time-sensitive drugs, and temperature-sensitive drugs).

c. **Office Visit Co-Pay**

- 90% of school districts have this.
- Year 1: The average co-pay is \$10-\$25 per office visit.
- Year 2: If necessary, some districts increase the co-pay (Ex: \$20 to \$30).
- There is a little more financial responsibility for plan users.
- Co-pay users can use their flex plans.
- The downside to office visit co-pays is that each physical therapy session, chiropractic session, etc., counts as a visit.
- It is possible to set up a maximum out-of-pocket co-pay, but there is nothing specific in place about that right now.

2) Change Provider (particularly, Mercy)

- a. Last year, the group did not want this option, because a lot of people did not want to change their doctors, and a significant number of employees do not live in the Janesville area and most district employees already use the Dean System.

3) Employee Contribution

- a. Presently, the District has a 9.6% employee contribution.
b. Greg has some districts that contribute 15%.
c. 12.6% is the norm in the State (75% of school districts).

4) Way HRA is Set Up

- a. Last year, the \$200/\$400 employee responsibility did not change.
b. Majority of schools: Employee pays 50% of the overall deductible.
c. Most area districts with an HRA have a \$2000/\$4000 deductible.
d. Some school districts: Employee pays first 50%; district pays second 50%, but a few have 50% responsibility beginning with the first dollar of the deductible.
e. Typically, an HRA increase is a dollar amount versus a percentage increase.

Each member of the Committee rank ordered the four (4) options giving four (4) points to his/her preferred option, with one (1) point given for the least preferred. Each member raised a hand to assign points for each option.

The following results (recommendations) will be presented to the School Board:

#1 Plan Design (33 Points)

#2 Employee Contribution (23 Points)

#3 Way HRA is Set Up (18 Points)

#4 Change Provider to Mercy (16 Points)

Greg suggested that we might want to pursue Wellness Participation in the District (Biometric Screenings and Health Risk Assessments), because this can have a positive influence on future health care costs.

Potential Impact for the District:

- For every dollar invested, the District could save \$6.00.
- Half of the wellness savings come from absenteeism savings, the other half from claims savings.
- There also is a proven relationship between teacher absenteeism reduction and improved student performance.
- Some employers charge a higher premium contribution for those who do not participate in offered wellness activities, but the ACA law is complicated in these scenarios.
- If an employee has regular checkups, these could be substituted for the biometrics screenings.
- The District tried to initiate a wellness program several years ago.
- Staff members in the District could form a committee and address such things as removing soda from the schools, etc., and involve food service employees, physical education teachers, etc.
- Greg mentioned that increasing the employee's percentage of contribution too much could potentially impact an affordability penalty of \$3000 (or several penalties) that could ultimately cost the District a lot more money.

Greg discussed what would have happened when we implemented the HRA last year if we would have had the worst case scenario:

- The District did not budget the entire \$486,000, but budgeted 80% of the full amount.
- Info from EBC, and so far, from HRA: Since typically, the dollars come out of the HRA Fund earlier in the year, Greg is somewhat optimistic that there might be money left over.
- What is the School Board policy for an HRA Fund balance left over for future years?

- Also, if there is too much money in the HRA Fund, where should it go? (The District needs simple *worst case* and *best case* language for this.)
- The District budgeted \$389,000 this year; the worst case scenario would have been \$486,000 (\$97,000 difference).
- The District should keep \$97,000 for a potential worst case scenario in the future.
- Best Practice: Build up the excess HRA Fund to the worst case scenario.

Next Meeting: Tuesday, February 18, at 5:30 p.m.

February 18 Agenda:

- Drafting of HRA Fund management language (policy)
- Further discussion of Wellness Program

Future Meeting: Tuesday, April 8, at 5:30 p.m. (This meeting could go later than 7:00 p.m.)

- Determine other recommendations that will be presented to the School Board once the Insurance Committee has *reality* numbers (real data and numbers from this year).
- Combine these recommendations along with the HRA Fund management (policy) recommendation.

Bill Hartje made a motion to adjourn the meeting, and Mason Braunschweig seconded the motion. Motion carried 9-0. The meeting adjourned shortly after 7:00 p.m.

Submitted by Deb Fritz, K-2 Reading Specialist