

The District School Board of Indian River County met on March 29, 2016, at 9:00 a.m. The workshop was held in the Teacher Education Center located in the School District Office at the J.A. Thompson Administrative Center located at 6500 – 57th Street, Vero Beach, Florida 32967. District School Board Members attending were: Chairman Dale Simchick, Vice Chairman Shawn R. Frost, and Board Members: Matthew McCain and Claudia Jiménez. Dr. Mark J. Rendell, Superintendent of Schools; and Suzanne D’Agresta, School Board Attorney, were also present. Board Member, Charles G. Searcy, was not present.

Employee Insurance Workshop Minutes

- I. Workshop was called to order by Chairman Simchick.
- II. Purpose of the Workshop
Dr. Rendell stated that the purpose of the workshop was to give the Board an update on where the District was presently and information on where to go in the future.
- III. Employee Insurance Presentation
Dr. Fritz said that there was a lot of technical information that was quite complex. He asked Board Members to hold their questions until the end. Dr. Fritz introduced Ann Gebhard, Aon Hewitt, Vice President; Jeff Jinks, Aon Hewitt, Vice President; and Amanda Brook Kross, Aon Hewitt, Lead Actuary. Brandon Schultz, Account Management Specialist, with Florida Blue was also present. Dr. Fritz stated that the HIATF (Health Insurance Advisory Task Force) met every month to go over the plan.

Topics covered during the workshop were:

- Summary of Medical and Pharmacy Claims Costs
- Summary of Health and Wellness Center Costs
- Premiums versus Expenditures
- Status of Insurance Fund
- Safe Harbor Discussion
- Recommended Premiums
- Additional Actions

Board Members were given an opportunity ask questions. Board Member requested to see how much the employees were paying versus how much the District was paying for health insurance. It was noted that this year’s employee paid premiums would be significantly higher because past years’ premiums did not keep up with the increase in actual costs for the plan and for Safe Harbor.

It was noted that, in part, the Communication Workers of America Union contract negotiations had not been reached that would have included an increase in premiums, similarly paid by other groups, that would have offset the deficit of the plan. Instead of having a \$3.39 million projected deficit for 2016-2017, it would have been a \$3.0 million deficit.

A Board Member stated that the District should shelter the deficit, not the employees, for, at least, this year. She said that the District made the error and the District should pay for the error. Board Members discussed whether or not the District should be self-insured. Board Members were interested in having all options discussed, including fully insured plans. Staff noted that the plans available on the market would increase premiums by approximately 98%.

Staff presented three options to correct the deficit. Plan A included a 51.4% premium increase to employees, Plan B included a 58.1% increase to employees, and Plan C included a 45% increase to employees. Plans B and C also included in the premium the amount needed for Safe Harbor replenishment. Dr. Fritz brought up his research regarding how other Districts were handling their insurance costs. Board Members and staff discussed the District's Health Clinic's benefits and costs. Dr. Fritz did not recommend closing the Clinic.

Mr. Jinks noted that the medical expenses were flat, as compared to other years. He said that the premiums were not there to support the plan. It was noted by Aon Hewitt staff that, in the past, Florida School Districts were 60% fully insured and now only 40% were fully insured. The trend was toward self-insured plans, as they were not as expensive as fully insured plans and the benefits were much better.

A Board Member made a recommendation to consider bringing everyone down to the lowest plan and offer the Clinic option. Ms. Gebhard noted that when comparing your District with other School Districts in Florida, your premiums were much lower, as well as your deductibles and out of pocket expenses. She also noted that there was a \$3,000 penalty per year, per employee, if you no longer offer insurance. Dr. Fritz said that he agreed with the majority of the Committee that Option A was a good option.

Dr. Suit reviewed additional considerations listed on slide 24 that included:

- Procuring Retiree Premiums
 - ✓ Automatic Deduction from FRS contributions
 - ✓ Automatic Draft from checking account
- OTC Medications at Clinic

- Non-smoker premium discount
 - ✓ Testing for new employees
 - ✓ Estimated cost to medical plan of smoker \$2,056 (Source: Tobacco Free Florida)

Review of additional strategies from slide 25 included:

- Increase use of Wellness Clinic through marketing
- Increasing number of available appointments and adjust staffing
- Rate differential for smoking
- Add smoking cessation medications to medical plan
- Institution of building-based wellness committees
- Continued wellness services provided by CareHere
- Explore initiation of a Health Savings Account (HAS) Plan

In closing, Dr. Rendell summarized that the Board wanted to further explore Option C and have more options to consider. He also noted from the discussion that Board Members were not interested in having employees premiums increased to fund the past/current deficit and/or Safe Harbor deficit. A Board Member noted that another workshop was needed. She also said that she wanted to see the pros and cons and cost benefits for all options. A Board Member said that he wanted to see how the District came about being in this multi-million dollar deficit. Dr. Rendell said that he had Board direction and would schedule another workshop to bring back further information.

- III. ADJOURNMENT – Chairman Simchick
Workshop adjourned at approximately 11:14 a.m.