

**Benefits Focus Group
(2/20/02)**

Committee members, alternates and staff advisors present:

John Agen
Benita Saldutti
Bill Campbell
Pat Horan
Neal Elliott
Ed Whitehead
Gil Fernandez
Casey Humpert
Stacey Monroe
Joyce Dolan
Kevin Stiff
Jim Godshall
Joe Munyak
Janice Cox
Rick Winters
KayKae Thomas
Karen Lusk
Dick Minster
Mark Trefethen

Meeting began at 2:00 p.m., February 20, 2002, in City Commission Chambers.

Minutes of February 13, meeting were corrected with corrections. Copies of corrected minutes will be distributed to all committee members.

Bill Campbell said that there were ideas brought out last week that should be documented and discussed.

Benita Saldutti passed out copies of an article about controlling prescription costs. The article discussed implementing a plan where the insured paid a percentage of the drug costs rather than a co pay as a way to control costs.

Bill said that the costs for prescription drugs for the City have only increased about 5% over the past year. He said that this type of change could cause a considerable cost increase to the employee especially on maintenance type drugs. The City's use of Care Mark, with co pays of \$10, \$20 & \$30 and requiring mandatory mail-order maintenance medications, saved the City about \$400,000 in 2000. There is also a penalty if the generic equivalent of a drug is available and is not used. At this point, design changes to the health plan will probably be a more effective way to cut costs.

John Agen introduced Mark Trefethen, representing the Active County Firefighters, as a new committee member.

Committee continued discussion of previous meeting regarding deductibles and out of pocket maximums.

Benita said she would like to hear Kevin Stiff address some of the issues, because the changes in the PPO were very objectionable to a lot of the members in the PBA. Kevin said that the PBA's biggest issues were the exorbitant weekly rate increase for the cost of the coverage and the out of network maximum costs for a family. That amount is \$10,800 and seems extremely high.

There was a discussion about the possibility of offering the EPO to retirees who reside out of state. Bill said that the EPO applies only to doctors and services in a five county area. The City could design a plan for those people requiring them to stay in the Beech Street Network, but the discounts would not be as much as they are with the agreements with local doctors. HealthCare Sarasota receives approximately a 50% discount in the hospitals and around a 35% discount from the doctors. The Beech Street network discounts are only about 12-14%.

Question was asked if there was any possibility of getting a rider for those family members who reside out of state. A concern of many people is having a child living out of state at college or with an ex spouse, or retirees who have dual residence. Bill pointed out that the City is self-insured and the reason the EPO has such a discount is because people have agreed to stay in the network and have given up the right to go outside of network. That is really what the difference is in the cost of the two plans. It really is not feasible to give everyone the option to go out of network out of state when the plan is built around the local health provider, Sarasota Memorial Hospital. Not every eventuality can be covered without driving up the cost. Some type of supplemental policy purchased by the employee may be an option for those situations. John Agen said he would still like to have Kurt Gehring address the issue and tell us if it was possible to offer something like that. He felt that if a supplemental policy was offered that people would transfer out of the PPO to the EPO. Bill said he would check on the supplemental coverage, but he did not think there was any restriction on that by Healthcare Sarasota.

John asked if it would it be cost beneficial for the City to figure out a method of providing some sort of supplemental policy rather than having an outside company provide it. Bill said that it was a possibility, but thought the committee was getting off onto long-term matters and should really try to stay focused on short-term recommendations – namely looking at changes that need to be made to the fundamental structure of the plan. Structuring additional plans can be considered later.

Neal said that since the choices are minimal for the short-term; therefore, the recommendations are probably going to be minimal for the short-term. The more discussion there is about structuring the plan and changing behavior makes it clear that the solution is going to have to be long-term.

Bill said the committee needed to decide what options for the PPO would be agreeable to everyone and that people could afford to live with. The committee needs to decide what the max out of pocket and the deductibles should be.

He said that in his notes from the last meeting he had written down \$1500/single & \$4500/family for the in network out of pocket max and \$3000/single & \$7000/family for the out of network. The consensus of the committee was that those amounts were a little high, that \$1000/single and \$3000/family for in network would be better. This would be an increase from the current plan, which is \$750/single and \$2250/family for in network. Currently the out of network is \$2500/single and \$7500/family.

Ed Whitehead made a motion to have the new out of pocket maximum for in network be \$1000/single and \$3000/family.

Neal expressed concern about making motions and approving individual changes before looking at how they all fit together in the plan. John Agen suggested that the committee stay away from making motions until all the recommendations are written down and discussed. Then the committee can go back, discuss the individual recommendations, and get the group's consensus.

The committee decided on \$2500/single and \$7500/family for out of network out of pocket maximum.

Next item discussed was the amount of the deductibles. Currently they are \$100/single and \$300/family for in network. The committee decided on \$200/single and \$600/family for in network. For out of network, the amounts will be \$400/single and \$1200/family.

Next item discussed was the wellness benefit. Suggestion was made to increase it from \$300 to \$350.

Neal said that when the committee gets to the point of discussing long term options, possibly an employee could be offered a lower deductible if they took advantage of the wellness benefit by getting an annual physical. Bill said that would be hard to administer by the TPA, but that is one of the features of Team Health – that you have to get a complete physical within 60 or 90 days of entering the program. Since the EPO and PPO are not managed care programs, it would be impossible to enforce that. Bill said that the City has just started voluntary health screenings of employees on site.

Committee decided to accept the proposed changes to Physician Services as written.

	<u>In Network</u>	<u>Out of Network</u>
Primary Care Office Visit	\$15	60% after deductible
Specialist Office Visit	\$25	60% after deductible
Office Surgery	\$15/\$25	60% after deductible
Prenatal Visits	\$15	60% after deductible

There was a discussion about prescription drugs and ways to save money by using generic and formulary drugs.

Kevin Stiff said that there should be more education for employees so they can understand ways they can keep their medical and prescription costs down.

The committee decided to accept the proposed changes to the prescription costs which is \$10/\$20/\$30 for 30-day supply and \$15/\$30/\$45 for 90-day supply.

Next item discussed was Hospital Services. The committee agreed on the proposed changes as written:

	<u>In Network</u>	<u>Out of Network</u>
Inpatient Surgery	80% after deductible	60% after deductible + \$500 deductible
Outpatient Surgery	80% after deductible	60% after deductible
Obstetrical Care & Delivery	100%	100%
Emergency Room	\$100	60% after deductible

Next items discussed were the Mental & Nervous Benefits. Committee recommends 90% after deductible for in network and 60% after deductible out of network.

Next item was the Alcohol & Drug Abuse Benefit. Bill Campbell said that the use of this benefit was minimal. Since the City is a drug free workplace, it was proposed to cover in network costs for treatment in these two areas at 100% to encourage those who need it to seek treatment. The committee decided on the following changes:

	<u>In Network</u>	<u>Out of Network</u>
Outpatient	100% 40 visits/CY	60% after deductible 40 visits/CY
Inpatient	100% 30 days/CY	60% after deductible 30 days/CY

Next item to be discussed was the EPO. The TeamHealth plan cannot be changed because it is administered by the hospital. The committee decided to change the Mental & Nervous Benefit and the Alcohol & Drug Abuse Benefit to 100% for in network treatment. The committee agreed on all other proposed changes to Physician Services, Physical Exam Benefit and Hospital Services as written.

Bill said that he would get the changes written up and send them to Kurt Gehring. The next thing that needs to be addressed is the premium structure. Bill suggested that he and Benita put some numbers together showing a four-tier plan as a model just to start the discussion for Friday's meeting. Kurt will be at the Wednesday meeting and should be able to provide some figures of savings by making these changes.

John Agen said he had spoken with Mr. McNees. After the recommendations are agreed upon and put in writing, the committee can either send a presenter to Mr. McNees or he can come to the committee to meet before he goes to the Commission. He is also entertaining the idea of having a member of the committee go along with him to the Commission.

Meeting was adjourned at 4:30 p.m.

Next meeting is Friday, February 22, 2002, 10:30 a.m. in the City Commission Chambers.

Minutes Approved: February 27, 2002

John Agen, Chairperson