

Benefits Focus Group Minutes (8/7/02)

Committee members, alternates and staff advisors present:

John Agen
Janice Cox
John Glanden
Gil Fernandez
Pat Horan
Casey Humpert
Karen Lusk
Dick Minster
Stacey Monroe
Andy St. John
KayKae Thomas
Rick Winters
Joyce Dolan
William Tatum
Jim Godshall
Veda Mahadi
Robert Blinch-Edwards
Linda McKinney
April Bryan

John Agen called meeting to order at 1:10 p.m., August 7, 2002. Roll was called.

During the next phase of meetings, the Group will be reviewing the status of benefits, looking toward education of employees and retirees, and offering suggestions for the upcoming signup for benefits to be effective January 1, 2003. Mr. Agen reminded everyone that their job is in no way complete. For the Group to continue to make recommendations that will be received by the City Manager and the Commission, everyone needs to make a strong effort to be present, or make sure their alternate will be present, at all meetings.

The Commission accepted the recommendations the Group presented to the City Manager in June.

Minutes of meetings for 5/15, 5/22, 5/29, 6/3, 6/5, 6/10, 6/12, 6/14/02 were approved as written. The minutes will be posted to the City web site.

Mr. Agen asked Linda McKinney for an update on the status of benefits and what has occurred with the City Commission regarding insurance benefits. Ms. McKinney reported that during the budget hearings, the Commission did ask about the benefits and their status. The City Manager informed them that the Group had made a presentation that he was including in the budget and that it did cause a financial impact on the budget. He also stated he was confident that the recommendations were going to make the fund turn around. However, even though we have seen initial control of the

medical costs, we are always only one or two large claims away from having a major problem. He wanted the Commission to know that while we are doing very well presently, we are not out of the woods, and therefore, he would not recommend any reduction from the recommendation that went into the budget. The object is to get the fund healthy again so if there are a couple of catastrophic claims or issues, the fund will be strong enough to handle them. The Commissioners agreed with that. There was no formal presentation by Ms. McKinney. Gib Mitchell did go over all the particulars because he had to respond for the medical fund balance, and he wanted to let the Commissioners see what the Group had done.

Ms. McKinney said she received the detail from March 2002. Through that month, we are running 16% to the good from the previous year, but that was a catastrophic year. If you go back another year, we have held our own. Out of the consortium (HealthCare Sarasota), we are the only organization that has any sort of negative number. She expects to get the April detail by August 15. This will be the first month reflecting the new plan design for active employees. The numbers reflect the actual claims compared to our contributions. Reinsurance premiums have gone down slightly - from \$36 to \$24 for family and \$10 for employee.

Ms. McKinney said the education process of employees and retirees before the signup is the next task. KayKae Thomas has developed a program called "For Your Eyes Only" which gives active employees and retirees who want more information on an individual basis the opportunity to have a one on one session to ask questions. John Glanden asked if there will be written documents showing the costs of each plan as well as the plan details. Ms. Thomas is in the process of writing descriptions of each plan showing the advantages of that plan and how each works with a little more detail. She will be mailing those out with the enrollment forms. This information is also available online. She has received a lot of emails and calls from retirees about EPO and EPO2.

Mr. Agen said the information he received was put together well and was very informative. SMREA will be sending out information before the end of the month, with the help of Ms. Thomas, to aid in the education process for the retirees. He wants to make sure they have the best information available for them to make their decisions.

Ms. Thomas said the Summary Plan Document (SPD) is currently being updated to include all the new changes. It will be distributed to everyone, and hopefully be put online. An SPD is also being written for Varsity Health (formerly TeamHealth - name was changed on August 1).

There was some discussion about developing Frequently Asked Questions (FAQ) regarding benefits to be posted on the City web site. Ms. McKinney asked Group members to gather questions from coworkers, etc. and bring them to the next meeting.

Participation level is still low in the Varsity Health (29 actives and 1 retiree). Ms. McKinney said that whenever a new vendor is offered, there is a normal startup period. It probably will be another year before startup/administrative issues are worked out and the participation level increases. The coverage is good, but there are still some issues being worked out with the program and the providers. It is a much more restrictive plan, but it provides a very good quality of care. This plan requires the participant to have a

primary care physician that is either an internist or a GP. A physical is required within the first 90 days of coverage. The primary care physician can be changed during the plan year. It operates more like an HMO. It is an option that it makes sense to offer to our employees, because it is a low cost option.

Ms. McKinney said she thinks we are seeing the benefit of active employees changing from PPO to EPO. She would expect similar savings if the same percentage of retirees switch.

Mr. Agen asked how soon Ms. Thomas could come up with a rough draft of the plans so the Group could look at it and decide on a plan for education. Ms. Thomas said the information describing each plan is ready and she plans to send it with the open enrolment forms the first part of September. The deadline to have them returned is October 28. That will give her enough time to have everything ready to go by January 1. People will be able to either send the form back in or signup online. All rates will be on the form. Mr. Glanden suggested that a recommendation be included with the information that is mailed out. Ms. Thomas said she really can't tell people what to do, but when they call or come in she is going over the plans in more detail and helping them decide which would work better for their situation.

Pat Horan asked about people signing up for EPO2 when they are not eligible. Ms. McKinney said that part of the verification and auditing process will be determining that people are in the correct plan. The education process should take care of most of that type of problem. Right now, the concern is the Flexible Spending Accounts. This was a huge problem last year. If this plan is not handled correctly, then the program could be discontinued for everyone. When dealing with the federal government there is a thin line between being accommodating and losing an option. The City came very close to that line for active employees last year. This option is offered once annually and cannot be changed until the next year.

Mr. Agen asked for copies of what Ms. Thomas had put together in order for the Group to consider and possibly make recommendations before the education sessions begin. He would like to see it before his meeting at the end of the August.

Ms. McKinney asked how often the Group would like to meet. Mr. Agen asked if they would like to meet once a week. Ms. McKinney said that she could get a draft of the SPDs to the Group within two weeks. Mr. Blinch-Edwards said they were almost finished, except for clarifying up the section on the disease management program. Ms. McKinney asked the Group if it was their intention to charge a \$15 copay for each visit if a person is required to attend a disease management course. Reference was made to the minutes of the June 5 meeting where the Group approved a \$15/copay per visit for the disease management benefit.

Mr. Agen said he would like to get back to the discussion on education. It is important to get people educated so they can pick the plan that is most beneficial to them before signup. After signup, the Group can start working on more long-term issues.

Consensus of the Group was that it is not necessary to meet weekly. Ms. McKinney said that none of the recommendations are being changed. All the changes are locked in. The SPDs are being updated to reflect those changes.

Stacey Monroe said this group was charged to come up with changes to the plan to increase savings and create revenue. The Group has already done their job. The training and education part is the responsibility of Human Resources. This group needs to start working on the plan changes for 2004.

Ms. McKinney said they could schedule a time to show the presentation to the Group for comment and input. Mr. Agen said that education is a part of the cost reduction the Group was charged with. It has an effect on who is going to sign up for what plan. He thinks a big effect on the signup is going to come from the Group. There is a certain amount of trust that has been developed in the Group and he would like to see it continue working hand in hand with the City. Ms. Monroe suggested not meeting until the Group receives the draft of the SPD.

Ms. McKinney said we might have to delay the send out of information until after September 1 because the City is in negotiations with the two unions. She is looking for input and participation from the Group but is not transferring responsibility for the education to them. Before the next meeting, she will get out the draft of the SPDs and the draft of what Ms. Thomas is sending out. At that meeting, she will have a PowerPoint presentation ready for the Group's review. It will be a dry run of an education session to determine what will work and what won't work.

Mr. Glanden brought up Medicare coverage and that it involves a different plan - different copays and deductibles. Ms. McKinney said the City does not administer Medicare. His point is that during the educational sessions, you can explain how that works for those affected. Ms. Thomas said anyone with questions about Medicare is referred to the Medicare office. Ms. McKinney said she would try to coordinate with Medicare to get a representative to come to speak to the Group. She suggested tabling the subject until it is known whether it is possible to get a representative or not.

The meeting schedule was the next topic of discussion. Ms. McKinney asked if they could tentatively schedule a meeting for two weeks from today.

Next meeting is August 21, 2002, at 1:00 p.m., location to be determined.

Meeting adjourned at 2:20 p.m.

Minutes Approved: August 21, 2002

John Agen, Chairperson