

INSURANCE ADVISORY BOARD MINUTES
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Thursday, April 20, 2006 – 8:00 a.m.

<u>Board Members</u>	Meeting Attendance	(1/06 to 12/06) Cumulative Attendance	
Joseph Cobo, Chair	P	P-3	A-0
Mark Schwartz, Vice Chair	P	P-3	A-0
Randy Swensen	A	P-2	A-1
Ted Hess	P	P-3	A-0
Christopher Prestera	A	P-2	A-1
Roger Bond	P	P-3	A-0
Joe Piechura, Sr.	A	P-2	A-0

Staff and Guest

Daniel Jilek, Risk Manager
Marilyn Mullen, Employee Benefits Coordinator
Dave Fortune, Fortune Consulting

1. Roll Call

The meeting was called to order by Chair Cobo at 8:01 a.m.

2. Approval of Minutes of the March 23, 2006 Meeting

Motion made by Mr. Bond and seconded by Mr. Hess to approve the minutes of the March 23, 2006 Board Meeting. Motion passed unanimously.

3. Airport Renewal Policy

Mr. Jilek stated that they received some verbal quotes. Last year they paid \$28,770 which was down from the previous year. This year the same policy is being priced at \$25,100. The Regional Airport is leading the southeast region in the safest operation of any airport in the area. The market is also flat, and therefore, they have a positive renewal with Ace. Commissions were also taken out since Thomas Rutherford is on a flat service fee.

Motion made by Mr. Hess and seconded by Mr. Swenson to approve the purchase of the airport insurance. Board unanimously approved.

Mr. Jilek stated that the broker has moved their office to Chicago, but the coverage has not changed.

4. Review of Monthly Workers' Compensation

Mr. Jilek advised that he did not have this information available. The matter was tabled until the Board's next meeting. Mr. Jilek stated that things were looking good across the board. He advised that there had been a small fire with less than \$100,000 damage in one of the community centers on the northwest side of town. The fire had been in a drum on the outside of the building, which scorched the wood rafting. More information would be supplied at the next meeting once information was received from the Insurance Adjustor.

5. Report on Health and Benefit Programs

Ms. Mullen stated that information has been distributed regarding the health plan strategy for 2007, along with the six-month update. A presentation was made by Ms. Mullen. The first slide addressed the number of individuals in each option. As of January, 2006, there were 140 individuals in the PPO Plan. Their biggest concern was that the PPO network and TPA contract would be expiring at year's end. The total health plan cost revenue for April, 2005 to March, 2006 was explained on slide #2. The biggest expenditure was for medical and drug claims. In January, there was one claim for \$111,000, but she reminded everyone that due to the holiday at the end of the year, claims were not processed during the first two weeks of January. She stated that employee contributions had been reduced at the beginning of the year. All reserve requirements have been met and the fund is healthy.

Ms. Mullen stated that the PPO network is operating at a bare minimum or at a short loss. The AVMED Program subsidizes the PPO Plan. Revenue and expenses were shown on another slide from October, 2005 through March, 2006. The loss ratio is at 68%, and there is a surplus at this time of \$1.9 Million. The components of their health plan expenses have net health claims at 67%, prescription drugs at 17%, and the national trend was at 21% to 22%. The re-insurance premium is at 6%, and AVMED expenses are at 10%. The network discount comparison speaks to the discounts being received through the contracts. Total paid by plan sponsor was indicative of what was paid after co-insurance deductibles.

The PPO discount is at 22% and they feel these fees could be improved upon. The PPO contracts expire at year end, along with the re-insurance contract, but the AVMED HMO contract would not expire until March, 2008. Language has been included in the contract to terminate prior to that date without cause if significant notice is provided. AVMED was aware that a medical RFP would be conducted.

Ms. Mullen explained that the recommendation for this year was to develop an RFP for a self-funded single-source managed health care plan with re-insurance. They are attempting to move the 140 individuals in the PPO Plan under one umbrella with the HMO individuals. She further explained they were not looking to disrupt the HMO network and product and wanted the products to be similar, but they wanted some economies of scale by having another network folded under one carrier.

Ms. Mullen stated that another slide showed the planned options of a PPO or open access (POS) for the freedom of choice piece that the North Broward Hospital and PPO Next did serve before, as well as the open access HMO which means that individuals can refer themselves to a specialist without prior authorization from their primary care coordinator which is the plan that currently exists.

Ms. Mullen further stated that the next step involves approval of the medical benefit plan strategy. There would be two agenda items presented to the Commission at the May 2, 2006 meeting. One was that they were attempting to have the contracts at year-end so they would coincide with the benefit plan year. Consequently, they are extending the voluntary benefit contract to the end of the year. The voluntary benefit program would be put out in an RFP, and they would also extend the Group Life contract from June 30th to the end of the year, along with putting out an RFP as well. They will also write the comprehensive medical benefit plan RFP to be distributed during the summer in hope that responses on all three RFPs would be received by September. Their goal was to have this all completed before open enrollment begins.

Mr. Jilek stated that the new Finance Director, Betty Burrell, was unable to attend today's meeting, but would attend future meetings.

6. Schedule May Meeting

The next meeting would be held on May 18, 2006 at 8:00 a.m. in the Conference Room on the 8th floor of City Hall.

Motion made by Mr. Swenson and seconded by Mr. Bond to adjourn the meeting.

There being no other business to come before the Board, the meeting was adjourned at approximately 8:16 a.m.