

INSURANCE ADVISORY BOARD MINUTES
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Thursday, October 19, 2006

| Board Members | Meeting Attendance | Cumulative Attendance (1/06 to 12/06) | |
|--------------------------|---------------------------|--|-----|
| Joseph Cobo, Chair | P | P-7 | A-1 |
| Mark Schwarz, Vice Chair | P | P-8 | A-0 |
| Randy Swenson | A | P-4 | A-4 |
| Ted Hess | P | P-6 | A-2 |
| Christopher Prestera | P | P-7 | A-1 |
| Roger Bond | A | P-6 | A-2 |
| Joe Piechura, Sr. | P | P-7 | A-0 |

Staff and Guests

Marilyn Mullen, Employee Benefits Coordinator
David Fortune, Fortune Consulting
Betty Burrell, Director of Finance
Kathleen Thorpe, Risk Management – Workers Compensation

1. ROLL CALL

The meeting was called to order at 8:06 a.m. with all Board members present with the exception of Randy Swenson and Roger Bond.

2. APPROVAL OF MINUTES FOR SEPTEMBER 21, 2006 AND OCTOBER 6, 2006.

Motion made by Joe Piechura and seconded by Ted Hess to approve the minutes of the September 21, 2006 and October 6, 2006 meetings. In a voice vote, the motion passed unanimously.

3. WORKERS COMPENSATION QUARTERLY LOSS RUN

Kathleen Thorpe referred members to the quarterly report for July, August and September.

A Board member questioned whether it was statutory to claim for high blood pressure. Ms. Thorpe responded affirmatively. Ms. Thorpe advised she could provide additional information with regard to this particular claim.

A Board member questioned whether a growth under the arm would typically be considered work related. Ms. Thorpe stated she would need to pull particular claims to better respond.

Ms. Burrell indicated that one of her goals for the new risk manager is a better safety program as there was currently no universal safety program in the City. These measures would hopefully reduce claims.

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A Board member asked about a claim filed by a retired staff member. Ms. Thorpe explained that this claim had been denied as the individual currently worked for Davie.

A Board member agreed that it was a good idea to address these concerns with the new risk manager as he felt some of the claims appeared questionable.

Dave Fortune asked where the safety management function that would have the ability to speak with authority to other department managers. Ms. Burrell stated that based on her prior experience, the Safety Manager was able to advise the City Manager where things were going wrong. She pointed out that this might not happen right away in the City but was a goal to be pursued. She advised that this would save both in the area of workers compensation and property casualties due to better safety training.

Mr. Piechura asked whether some injuries were sustained on Monday mornings or Friday afternoons as these were critical time periods.

4. WORKERS COMPENSATION EXCESS POLICY RENEWAL

Staff attempted to contact Jennifer Lindsey by telephone. As staff was unsuccessful, Mr. Cobo advised that this item would be deferred to the next meeting.

5. UPDATE ON GROUP HEALTH RFP

Ms. Mullen spoke of the PPO plan that was going to expire in December. She stated that this plan was not well supported as revenues were not meeting expenses. She explained that the entire Group Health Plan had to be re-bid as the PPO could not be bid in isolation. She stated that the City wanted to have one managed care organization to administer all products, keep its two HMO options, and also have a PPO product.

She advised that the RFP Evaluation Committee had included representation from both unions, the Office of Management and Budget and the Insurance Advisory Board along with Betty Burrell, and herself. The RFP was released on August 3 and was due on September 1. The City had received proposals from Accordia, Aetna US Health Care, Av-Med, Blue Cross/Blue Shield, Cigna, Humana and United Health Care. However of these proposals, Accordia and United were deemed non-responsive.

Ms. Mullen advised that the Evaluation Committee had met on four occasions to review and discuss the remaining proposals. Final rankings had selected Cigna, Av-Med, Humana and Aetna for additional review and presentations. However, Blue Cross/Blue Shield was not included due to its small provider network. Finalists were given the opportunity to present best and final costs based on current enrollment.

Ms. Mullen advised that final cost estimates submitted were as follows: Av-Med - \$1,082,000 million; Humana - \$1,197,000; Aetna - \$1,282,000; and Cigna - \$1,326,000.

Results of the final evaluation and scoring were as follows:

- Av-Med Total of 595 points
- Humana Total of 551 points
- Aetna Total of 530 points
- Cigna Total of 467 points

As a result of further discussion with the City, Av-Med had agreed to the following concessions:

1. Av-Med had agreed a 3% increase in fees for years 2 and 3 of the contract;
2. Av-Med agreed to aggressively market key providers who were currently members of the PPO network;
3. Combined* Insurance Company agreed to deliver final Jan 1 renewal rates no later than September 1.

Ms. Mullen advised that the final Av-Med combined proposal provided annual savings over current costs of \$262,000. She added that selection of this plan would minimize provider disruption.

Ms. Mullen stated that at the November 7, 2006 City Commission meeting, staff would request approval for the following:

1. A five-year contract with Av-Med for administrative services with the right to renew for five additional one-year periods. The first year annual cost would be \$578,000.
2. A 12-month agreement with **Combined*** Insurance Company of America, for the specific insurance of \$165,000 with a maximum payout of \$2 million. The first year annual cost was estimated at \$504,000*.

6. NEW BUSINESS

Dave Fortune advised of an email he had received from Don Dresbeck with **Beacon*** Insurance Agency regarding the City's property insurance. He read aloud the contents of this letter wherein Mr. Dresbeck offered the City \$50 million or more of wind coverage along with services on a commission basis.

Mr. Fortune stated that he had spoken with Mr. Dresbeck who was interested in acting as an intermediary on a commission basis. Mr. Fortune stated he had also spoken with Jennifer about the possibility of using Mr. Dresbeck as a resource. He felt this was an option for the City to consider.

Mr. Schwartz stated that Mr. Dresbeck's idea was one the out-of-state broker would not come up with. He felt it was too late to wait for FM's renewal rates as these would not be submitted with enough time to consider other options.

The Board briefly discussed how this could be coordinated or managed by Jennifer. A Board member questioned whether they would "trip over each other" in the insurance market environment. Ms. Burrell voiced her concern about several claims that were not yet settled with FM.

Mr. Schwartz felt that Mr. Dresbeck was trying to work within the deductible while offering an alternative source to work in conjunction with FM's policy. He did not believe that Mr. Dresbeck was looking to replace FM.

Motion made by Joe Cobo, "to instruct Jennifer to coordinate this effort and contact Ms. Burrell immediately if there were any questions to see if there was something better out there for the City." The motion was seconded by Mark Schwartz. In a voice vote, the motion passed unanimously.

Status of Dental Insurance.

Ms. Burrell advised that the City's dental insurance policy expires on December 31. Currently, staff was in the process of putting out the RFP for dental insurance, which would have a four-week deadline to respond. She advised that at the December 12 Commission meeting, staff would ask the Commission to approve the contract with the provider selected. However, this might shorten the period for open enrollment. In light of this, staff might have to ask the Commission to extend the current contract for an additional thirty days to get through open enrollment if a new vendor was chosen.

Ms. Burrell added that based on the calendar, staff may need to request that the Board schedule another meeting between its November meeting and the Commission's December 12 meeting to consider the dental insurance proposal. There were no objections from the Board.

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A Board member asked about the prohibition of meetings via conference call. Ms. Burrell stated that per the City Attorney, advisory boards may not have tele-conference meetings as a quorum must be physically present to conduct a meeting.

7. SCHEDULE FOR NOVEMBER MEETING.

Mr. Cobo announced that the next meeting would be held on Thursday, November 16, 2006 at 8 a.m.

With no other business to come before the Board, Chairman Cobo made a motion, seconded by Mark Schwarz, to adjourn the meeting at 8:45 a.m. In a voice vote, the motion passed unanimously.