

INSURANCE ADVISORY BOARD MINUTES
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, July 2, 2008– 8:00 a.m.

Board Members	Meeting Attendance	1/08 – 12/08 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	P	6	1
Mark Schwartz, Vice Chair	P	5	2
Randy Swensen	P	5	2
Ted Hess	P	7	0
Christopher Prestera	P	4	3
Roger Bond	A	6	1
Joe Piechura, Sr.	A	5	2

Staff and Guest

Denny Stone, Employee Benefits Coordinator
 Guy Hine, Risk Manager

Roll Call

The meeting was called to order by Chair Joseph Cobo at approximately 8:00 a.m.

Approval of Minutes – June 2, 2008

Motion made by Mr. Prestera and seconded by Mr. Schwartz to approve the minutes of the June 2, 2008 Board Meeting. Motion passed unanimously.

Unfinished Business

Purchase of Insurance – Final Draft of Ordinance

Guy Hine stated that the City Auditor would be more comfortable if they added Section H to the document. This matter would be scheduled before the City Commission either the last meeting in July or the first meeting in September, since the City Commission did not meet in August.

Motion made by Mr. Prestera and seconded by Mr. Hess to approve the ordinance as presented. Board approved unanimously.

Renewal of Rutherford's Contract

Guy Hine stated that the first two years' hard costs comparison shows a savings, and the contract could be continued as long as they wish. He said the Board had stated they did not want to continue the contract indefinitely and wanted to go out to market after a certain period of time. They are in the third year and the contract would expire as of

December 19, 2008. He asked if this Board would consider extending this contract for at least one more year because he would like to work with the same broker for another year and felt that he could make substantial progress. He asked for this Board's support.

Motion made by Mr. Prestera and seconded by Mr. Bond for the Rutherford contract to be extended for one additional year. Board unanimously approved.

New Business

Firefighters Healthcare Status

Denny Stone stated that the City Commission last night approved the administrative portion of the Firefighters coming into the City's plan. There were two separate proposals presented. One was for dental and the other was for medical. This would entail bringing in 450 firefighters into the plan as of September 1, 2008 and the administration would begin at that point. There would then be a total from 1500 up to about 2000 participants into the health and dental plan. Their claims' history was reviewed and they are locked into a rate until the end of the year. They presently have an AvMed plan similar to the City's, and it would be self-insured instead of being insured. There would be a savings in cost, and they are taking them to a 4-tier status which would save those individuals about 25% to 30% on premium costs if they stay in the HMO.

Mr. Stone stated that he also met with Local 765 and Chief Eddy and beginning on July 14, 2008, they would have trained representatives meeting one-on-one with each firefighter. He advised that it would take less time to have an individual meeting consisting of about 15-30 minutes, than to bring everyone into a group meeting for about 45 minutes. He proceeded to show a new benefit brochure that would be distributed.

Mr. Stone proceeded to explain the procedure that would be followed. He stated that in the past there had been a very rigid policy regarding dependents, and every October AvMed sends letters to dependents requesting letters from colleges and other information to be verified. He explained that he would prefer a less rigid system in regard to the firefighters. Proof of dependents would only be requested in certain instances.

Mr. Stone explained that there was a section within the City known as FYI where things were done electronically, and documents could be scanned. Mr. Cobo stated that he believed scanning files and being paperless would be a cost savings for the City. Mr. Schwartz asked if the Fire Department had the information in regard to the firefighters. Mr. Stone stated that they had some information, and the firefighters coming into the plan did not want their personal information released under HIPPA and that was part of the actual contract.

Mr. Cobo asked how the firefighters could plead HIPPA in regard to health insurance. Mr. Stone stated that he did not know the reason why they did not want to share their personal information. It was stated that not sharing insurance appeared to raise a red flag.

Mr. Hine explained that before they were the administrator of the plan, the HIPPA issue was raised, but after that he did not see why that would be an issue. He stated that the City was just trying to be proactive.

Mr. Stone stated they reviewed all the numbers regarding eligibility and the claims were received from AvMed as a composite and the information checked out. He stated further that they were locked in for the next four months of the contract so our rate would combine, which is the re-insured which begins at \$165,000.00 and that rate will remain the same for four months. Now, if rates go up for any reason next year we do have the right to raise their premiums.

Mr. Cobo stated that he knew what they were saying, but he wouldn't lower the standards, if we had it from other people, marriage certificate, date of birth, and so forth, I know it is a pain, but I would not lower the standards.

Mr. Stone stated that every person could bring such items to the meetings.

Mr. Hine stated that they did not have scanning capabilities in the past, but they had it now and possibly a program could be set up. Mr. Cobo stated that the City should scan the documents because it would save money down the road.

Mr. Stone clarified that the City could not create a Safeguard Plan that mirrored the firefighters' plan because it would be a separate plan and they had not gone to bid on it. Therefore, they took the firefighters' old self-insured plan and assigned it to the City for four months. The self-insurance would save about \$10,000 to \$15,000 in the four months.

Mr. Stone further explained that two types of life insurance would be offered. One was term insurance and the other was permanent life insurance. He stated that they would not make a big push on Section 125, but they would be able to change their account since the plan was being changed. They are also going to offer cancer, disability, and accident insurance. He explained further that due to the Colonial system they were using, they were able to provide it at no charge a benefit statement since they were offering some of their products.

Workers' Compensation Insurance Renewal

Guy Hine stated that the expiration date is October 1st, and advised that they were trying to move away from the bid method. He asked the Board if they wanted to use the negotiation method. He advised that over the last two years their retention level was \$2 Million, and they were trying to get this back on a 10/1 rotation so it would be even with the City's payroll, but with the audit premium that recently came in the total premium was over \$500,000. The premium last year was slightly over \$500,000. He was not sure how much the payroll would increase, but he believes the audit premium would be a substantial figure..

Mr. Hine further stated that he wanted to go before the City Commission as to whether they wanted to use the negotiation method in the ordinance. He advised that Jennifer Lindsay believed they should not go out for bid on this. He stated they still had a lot of work to do on this.

Mr. Prestera asked what carriers Ms. Lindsay thought they should approach. He added that he had reviewed the past history and there had been an open bid process.

It was stated that Workers Compensation had been competitive, and they did not know of the experiences of the excess carrier.

Mr. Hine stated that the negotiation method was set up in a certain way, and last time the City Manager or his designee did the negotiating. It sounds like they want some other brokers to make a presentation. If that is the case, it sounded as if the Board might be suggesting they use the bid method.

It was stated that they did not have a large window in order to prepare the RFP.

Mr. Presterer stated that he believed they should have Ms. Lindsay put in writing where she wants to go with this.

It was stated that it was worth exploring all options available. It was further stated that the compensation market was very competitive at this time. The Board decided that they should pursue the negotiation method.

Next Meeting

The next Board meeting would be scheduled for September 3, 2008 at 8:00 a.m. There would be no meeting in August.

Motion made by Mr. Presterer and seconded by Mr. Hess to adjourn the meeting. The Board unanimously approved.

There being no other business to come before the Board, the meeting was adjourned at approximately 9:00 a.m.

Respectfully submitted,

Margaret A. Muhl