

INSURANCE ADVISORY BOARD SPECIAL MINUTES

**City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room**

Wednesday, October 21, 2009– 8:00 a.m.

1/09 – 12/09

Board Members	Meeting Attendance	Cumulative Attendance	
		P	A
Joseph Cobo, Chair	A	7	3
Mark Schwartz, Vice Chair	P	9	1
Christopher Prestera	P	7	3
Joe Piechura, Sr.	P	7	3
Jim Drake	P	8	2
Charles Grimsley	P	8	2
Steve Botkin	A	4	2

Staff and Guest

Denny Stone, Employee Benefits Coordinator
Guy Hine, Risk Manager
Michael Walker, Procurement & Contracts Manager
Matthew Cobb, Risk Management Coordinator

As of this date, there are 7 members of this Board, and all 7 are appointed, which means that 4 would constitute a quorum.

Roll Call

The meeting was called to order by Vice Chair Schwartz at approximately 8:03 a.m.

Communications to City Commission

Nothing to report.

Approval of Minutes – October 7, 2009

The minutes would be approved at the next scheduled meeting.

Unfinished Business

Approval of AvMed Administration Fee Renewal

Mr. Stone stated that this item had been discussed at the previous meeting, and the matter was voted on, but it had not been listed officially on the agenda. He proceeded to highlight the item so another vote could be obtained.

Mr. Stone explained that AvMed originally proposed a 15% increase, but had reduced the increase back to 5%. This is the third year of a multi-year contract, and they had

been locked in for two years at 5%. The rationale was that their disease management (managed by Healthways) had been added, along with Care Core that manages nuclear medicine such as thallium stress tests and MRIs. These are cost containment issues, but the City is not prepared and will not accept such an increase. A motion is needed to accept the 5% increase.

Mr. Hine stated the City Commission is questioning all increases. Further research is being done to justify the 5% increase.

Mr. Piechura asked if the 5% includes additional benefits. Mr. Stone confirmed it included Healthways and Care Core.

It was asked if such outside vendors were considered because of efficiency. Mr. Stone said yes and stated a lot of stress tests and MRIs were being done in doctors' offices since these facilities had invested in equipment to perform such functions AvMed has issued many turndowns and denials of procedures.

It was asked if statistics were available regarding how many turndowns had been reversed. Mr. Stone stated that about one-half had been reversed due to appeals. He explained the procedure followed in that regard.

Mr. Grimsley entered the meeting at this time.

Mr. Stone explained that more stringent managed care was being done. He explained that Care Core's program has been revised. Mr. Hine stated that it appears they have adjusted their criteria.

Motion made by Mr. Piechura and seconded by Mr. Drake to accept AvMed's increase of 5%, and that Healthways and Care Core be monitored closely. Board unanimously approved.

Approval of Voluntary Benefits RFP Vendor Selection

Mr. Stone stated a public Evaluation Committee meeting was held, and he proceeded to list the members of that Committee as Guy Hine, Risk Manager; Elizabeth Morandi-Martacaria, Insurance Benefit Specialist; and Barbara Stanley, FOP Insurance Trust Fund. He explained it would be a three-year contract. The recommendation is G Financial who came in with Aflac, Allstate, and US Legal as their carriers. Many voluntary carriers are offering internet enrollment systems, and are involved with Section 125 administration systems. Systems are provided either at a discounted fee or at no cost. He proceeded to walk through the comparison of the four proposers laid out in a spreadsheet provided to the Board.

Mr. Stone explained that Aflac and Colonial are both incumbent carriers. He explained that Colonial came in with two different agents with separate proposals but with the same references, and each came in with separate legal plans. He stated that FBMC is a firm out of Tallahassee which is a TPA, and they run Section 125 plans. FBMC has many public entity clients and work a lot with school boards in Florida. The recommended proposal is G Financial and is run by a former City firefighter.

Mr. Stone stated that strong firms are needed, along with good local representation. He explained some of the background information that had been obtained regarding the companies, and the work that would be done in connection with the internet service.

Mr. Stone stated that some carriers did not bid, and stated the City had 868 people with deductions having pass-through premiums of \$560,000 per year. There is probably another \$250,000 the carriers are looking at enrolling. Some carriers asked for the 868 to be removed from payroll deductions. He stated that would create a lot of cancellations. The carriers would then bid because it would be more worthwhile for them. The City refused and stated they would grandfather the 868 policyholders. Otherwise, there could be higher premiums, and it would not be fair to the employees. Therefore, all Colonial and Aflac products in place will be grandfathered as payroll deductions.

Mr. Stone stated they asked for three things for their system. One consisted of one-on-one meetings with enrollers, self-enrollment for employees, and elections to be provided on line for employees (a read only system). G Financial was the only one to provide all three services. He listed benefits other carriers were willing to provide. Many of the systems are alike.

Mr. Stone stated that Section 125 provided a new advance with the use of Debit Cards. He explained that presently 100 paper reimbursements are being done monthly. With the use of debit cards, such volume would be reduced, and participation could double with such a benefit. He proceeded to provide information regarding the various bids.

Mr. Stone stated staff is suggesting outside companies be used. Monies are being taken out of payroll and put into a separate fund. Currently, there is \$565,000 in the fund, and the City would save 7.65%, along with the employees. Currently, the City is saving \$42,000 by not paying FICA on such funds. By using the debit cards, the City could save up to \$80,000 based on increased participation.

Mr. Stone stated he had not yet met with the Finance Department on capturing the FICA savings. The only possible down side is that Aflac runs all paper refunds through a toll free fax. Ultimately, the companies were equal, except for cost.

Mr. Stone explained that the products had been reviewed, and long-term care researched. He stated there is no disability plan with the City, it is within the pension plan. He provided information regarding the carriers in regard to disability and prices. He provided information received regarding pre-paid legal issues. He stated the accident policies provide similar coverage and cost about \$30. These are highly used by firefighters and policemen. A grid was done on cost and each evaluator provided input on the proposals. Scoring was very close.

The Board felt a thorough analysis had been provided by staff.

G Financial was scored at 92.8.

Motion made by Mr. Schwartz and seconded by Mr. Drake to recommend that G Financial be obtained for voluntary benefits, including Section 125 and pre-paid legal. Board unanimously approved.

New Business

None.

Schedule Next Meeting

The next meeting of this Board would be held on November 4, 2009 at 8:00 a.m.

Motion was made and seconded to adjourn the meeting. Board unanimously agreed.

There being no other business to come before the Board, the meeting was adjourned at approximately 8:50 a.m.

Respectfully submitted,

Margaret A. Muhl
Recording Secretary