

**INSURANCE ADVISORY BOARD MINUTES**  
**City of Fort Lauderdale**  
**100 North Andrews Avenue**  
**8<sup>th</sup> Floor Conference Room**  
**Wednesday, February 10, 2010– 8:00 a.m.**

<b>Board Members</b>	<b>Meeting Attendance</b>	<b>1/10 – 12/10 Cumulative Attendance</b>	
		<b>P</b>	<b>A</b>
Joseph Cobo, Chair	P	2	0
Mark Schwartz, Vice Chair	P	2	0
Joe Piechura, Sr.	P	2	0
Jim Drake	P	1	1
Charles Grimsley	P	2	0
Steve Botkin	A	1	1
Stephen Estler	P	2	0

**Staff and Guest**

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

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 Chair Joseph Cobo at approximately 8:00 a.m.

**Communications to City Commission**

Nothing to report.

**Approval of Minutes – January 13, 2010**

**Motion** made by Mr. Piechura and seconded by Mr. Grimsley to approve the minutes of the January 13, 2010 Board Meeting. Motion passed unanimously.

**Unfinished Business**

**Update On Prescription Drug Program**

Denny Stone proceeded to highlight healthcare changes that are going to be made during the next 60 days. The first pertained to communications to employees regarding prescription drug management becoming effective March 1, 2010. Letters would be sent to employees that might have formulary coverage changes. Co-pays will remain the same - generic drugs cost \$10, tier two \$20, tier three \$35. At the beginning of each year, these formularies change and there will be approximately a 1% to 2% change

affecting approximately 500 individuals. He advised that the remaining employees would be communicated to within the next two weeks.

Mr. Stone advised that co-pays would remain the same because they are saving by changing carriers.

Mr. Estler asked if the increase in co-pays could negatively impact some employees. Mr. Stone stated that retirees might have some concern over the increase for maintenance drugs, but replacements would be available.

Mr. Stone advised that there would be an across-the-board 10% increase in premiums. He stated that retirees would be affected the most. He proceeded to provide some examples of increases for various groups of employees. He advised further that the City would be paying 90% of the cost. He stated that for the past four years, they have not increased the cost of premiums. Co-pays for emergency services were increased by \$100 to \$200. They are hoping this will encourage individuals to use Urgent Care facilities. A list will be provided of such facilities encompassing three counties.

Jim Drake entered the meeting at this time.

Mr. Stone stated there was an increase in specialized testing, and such issues were being addressed.

Mr. Cobo stated that such testing should be documented as a medical necessity and not done randomly.

Mr. Stone advised that authorizations were received for most of those types of tests once they are turned down, and then are reviewed by the AvMed medical directors.

Mr. Cobo asked if such tests could be performed on a yearly basis, unless medical necessity dictated otherwise. Mr. Stone stated there were pre-authorizations and certain criteria had to be met.

It was asked if employees realize that dependents are often not paid for by other employers at this point in time.

Mr. Stone stated employees are beginning to realize these things. During the last enrollment, there had been a major shift to add dependents to the City's plan. Alternative plans would be researched.

Mr. Schwartz asked if at the end of the year, employees were provided information regarding benefits paid for by the City. Mr. Stone explained they are beginning to implement a module whereby such information would be provided in the future. He explained that in some cases depending on the type of job performed, it was difficult to provide such information since the total compensation value of the job is based on actual activities performed.

Guy Hine entered the meeting at this time.

Mr. Stone advised that as of March 1, 2010 Express Scripts becomes effective, and April 1, 2010 increased premiums and changes to co-pays would be effective.

Mr. Stone further stated they were seeing a 10% increase in medical claims and were watching this situation closely. Many cities were initiating aggressive wellness programs, along with disease management programs, that would help reduce the 10% increase. They have received quotes from AvMed and Healthways, the vendor who runs disease management for AvMed. They are looking to expand the activities of Healthways under AvMed.

Mr. Stone stated AvMed had a recent security breach of data that is becoming common among providers and administrators. This affected about two-thirds of the City's employees. They are following HIPPA guidelines and offering, through AvMed, identity theft protection for 24 months for affected participants.

#### Status of Property Insurance and NFIP Proceedings

Guy Hine stated they were to present the property insurance quote at this meeting, but they were still exploring the NFIP policies. The broker could not provide an estimate without knowing the elevations. The challenge is that more time is needed to acquire such information. He further explained that the elevations would dictate the rates for the policies.

Mr. Hine stated that Option #2 involved splitting the utilities, and appears to be the better option for a rate reduction. There is a challenge with Lexington who decided to cut back on their capacity while increasing their rates.

Mr. Grimsley asked if elevation certificates would be provided for all policies or only those in the A and V categories. Mr. Hine stated only those marked A and V, and it appears the costs would be offset for the policies by the savings from the property policy. The broker advised that it appears offsets would be substantial.

Mr. Schwartz asked if the surveys were classified under professional services. Mr. Walker explained that the City's Engineering Department had a contract with three vendors which had been approved by the City Commission. Pricing was negotiated with two of the vendors, and one vendor did not have the ability to do the work at this time. Quotes were received and purchase orders were issued.

Mr. Schwartz asked what the average was per building. Mr. Hine stated he believed one came in at about \$250, and another at \$175. He stated that one vendor explained that due to the down turn in the economy and lack of employees, there was less staff to do such work. Mr. Walker stated the challenge was to have the work done within 30 days.

Mr. Grimsley asked if such quotes would be presented to this Board at their March meeting. Mr. Hine confirmed, and added that a presentation would be given to the Commission at their March 16<sup>th</sup> meeting.

#### New Business

##### Renewal Options For Airport Liability Insurance Policy

Mr. Hine stated staff is requesting a motion from this Board to proceed and purchase the insurance using the negotiation method.

Mr. Hine proceeded to review the claims history. He explained that a bid was put out two years ago, and Arch Insurance came in with an acceptable quote. He asked if a reduction would be possible, but the current premium was reasonable and lower than in past years.

Mr. Estler asked if the broker was changing. Mr. Hine explained that Alexander Aviation has been involved and were a specialty agency. Mr. Estler asked about the rating for Arch Insurance. Mr. Hine stated they had a good rating.

Mr. Schwartz asked about the zero deductible. It was explained that such deductible was for garage keepers.

**Motion** made by Mr. Piechura and seconded by Mr. Schwartz to approve that the negotiation method be used to purchase Airport liability insurance. The Board approved unanimously.

### **Old/New Business**

It was asked if the Board would meet prior to the scheduled meeting in March to discuss property insurance.

Mr. Hine stated the surveys had to be done before the end of the month so the broker could obtain the elevations.

### **Scheduled Board Meetings**

The next scheduled meeting is March 3, 2010 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 8:40 a.m.

Respectfully submitted,

Margaret A. Muhl  
Recording Secretary