

## INSURANCE ADVISORY BOARD MINUTES

City of Fort Lauderdale  
100 North Andrews Avenue  
8<sup>th</sup> Floor Conference Room  
Wednesday, May 5, 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	5	0
Mark Schwartz, Vice Chair	A	3	2
Joe Piechura, Sr.	A	4	1
Jim Drake	A	3	2
Charles Grimsley	P	5	0
Steve Botkin	P	3	2
Stephen Estler	A	2	3

### **Staff and Guest**

Matthew Cobb, Risk Management Coordinator  
Guy Hine, Risk Manager  
Denny Stone, Employee Benefits Coordinator  
Lloyd Rhodes, Benefit Consultant

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**

The April minutes could not be approved due to the fact there was not a quorum.

### **Unfinished Business**

#### **WC/TPA RFP**

Mr. Hine stated that information had been provided to the Board regarding this matter, and he had highlighted some important areas for the members to review. He explained this pertains to claims administration services, fee scheduling, network aspects, and telephonic and field case management aspects. This would also include the prescription drug aspect.

Mr. Hine clarified that some of the services would not be provided by employees of the proposers, and would be contracted out. The specifics of the contracts would be explained. He mentioned a company that recently started in the TPA business. Before that, they were in the nursing aspect. In order to get bids from several companies, he believed subcontracting had to be allowed. The companies would have to state what contracts they had, along with the pricing.

Mr. Hine explained that it was also required that claim data associated with claims occurring prior to October 1<sup>st</sup> would be transferred to the proposer's computer information system so there would be a complete history. The transfer of all claims data must be completed by December 31<sup>st</sup>.

Mr. Grimsley asked if the 2600 employees listed included firefighters and police. Mr. Hine confirmed.

Mr. Hine stated that the proposer agreed that the City would have access to claim files. He believes that dedicated, lost time, adjusters is the key to the entire package. It was his understanding that adjusters usually manage about 150 to 160 files each, but believes that file counts of 115 to 120 would be much more manageable and allow the adjusters to be more proactive. This has to be set up so the TPA would work in conjunction with managed care. This is why he believed there had to be a package deal. He added that the claims administrator needs to have a full service operation located within the greater Fort Lauderdale area. He believes they need to meet with the administrator on a quarterly basis. He explained that at such meetings experts were present from legal, medical, and City staff, along with TPA staff.

Mr. Grimsley asked if they would be unduly restricting potential candidates. Mr. Hine confirmed, and stated he did not like doing that but he was concerned about not being able to meet face-to-face. Mr. Cobo agreed and stated he did not feel it was unreasonable to state they need to be in the South Florida area.

Mr. Stone asked if Tri-County would be a better term to use. Mr. Cobo agreed. Mr. Hine confirmed that it might be better to say Tri-County.

Mr. Grimsley stated that the proposers need to understand that meetings would be held and their attendance would be required.

Mr. Hine explained that he wanted to keep the adjusters' caseloads down. Mr. Grimsley explained how they had attorneys handling 200 cases, and reiterated that the attorneys had been totally reactive.

Mr. Hine stated that claims personnel must be employees of the claims administrator. The use of independent adjusters, subcontractors and the like would not be acceptable.

Mr. Hine further stated that similar verbiage was used in these types of contracts all over. He stated the City would require full and total transparency, and therefore, any commission or form of remuneration paid to any third party must be identified throughout the term of the contract. Proposers must also identify all subcontractors used to provide services outlined in the RFP. The flat fee paid by the City must be the only remuneration to the proposer for services provided to the City, and must receive no revenue for such services from subcontractors.

Mr. Hine explained that the City had contracts with outside attorneys. He referred to the subrogation language, and added that no subrogation file could be closed without City approval, along with settlements. He reiterated that adjusters needed to do whatever they could in a matter so outside counsel would not have to be used (i.e. paid) unless absolutely necessary.

Mr. Hine proceeded to read parts of the document regarding field case management, and other aspects of the contract.

Mr. Hine stated that proposers need to interact with network access and development services.

The Board Members who were present agreed with the document.

Mr. Hine stated that he asked Mr. Grimsley to sit on the approval panel.

Mr. Hine stated that this would be going out later this month. Anything over \$100,000 has to go for City Commission review.

### **New Business**

#### **Dental RFP**

Mr. Stone advised that a dental RFP would go out in June. The current carrier, MetLife had requested a 29% increase, and was not willing to negotiate a reduction. He stated that \$976,000 was spent annually on dental coverages with MetLife between employees and the City. The City funds 100% for management employees, while Teamsters cover 100% of their costs. He advised that 462 management employees chose the plan, and 383 of that number choose the PPO option which is three times as expensive as the HMO option. The City presently has one of the richest dental plans in Southeast Florida. He referred to a comparative analysis that was done in Southeast Florida.

Mr. Rhodes stated the initial renewal from MetLife could have expired January 1, 2010, but he stated that Mr. Stone was able to get an extension to January 1, 2011. He stated they are heavily involved in doing dental RFPs. The City's rates have been competitive for a long time, but now they are beginning to see cost increases. The bottom line is that they have to do an RFP, and they need to look at ways to minimize the impact of cost increases. This could be done through an increase in employee contributions on the management side or a reduction in benefits. He explained a lot of plans when using out-of-network providers are based on a schedule. He stated he did not like schedules because of the balance billing issue, but prefers using a clearly defined percentage change for out-of-network utilization. He stated that MetLife has one of the largest PPO networks next to Humana or CIGNA.

Mr. Rhodes stated that the employees in a DHMO would only have an 18% increase which is not that much when comparing it with the alternatives regarding benefit plans.

Mr. Stone advised that teamsters paid 100% of the cost, and stated they wanted to make sure that alternatives were available in order to keep their costs to a minimum.

Mr. Rhodes further stated that his group is paid on an hourly basis, and if an RFP is to be prepared, an allowance is granted.

Mr. Grimsley asked about the level of transparency in regard to utilization. Mr. Rhodes stated they provide detailed claim information that was broken down into the various types of claims.

Chair Joseph Cobo asked about maximum annuals, and whether they were at \$1500. Mr. Rhodes confirmed. Chair Joseph Cobo stated if fair compensation was paid, there would be less fraud and fewer problems.

Mr. Stone warned that in regard to dental coverages, the premiums could not be increased too much, nor could benefits be reduced too much or it wouldn't be worth it for an employee to participate. Mr. Stone stated it was important to keep at least \$1,500 of coverage.

Mr. Rhodes explained that the majority of the encounters were in the area of preventative maintenance and routine work. The maximum problems involved major work. He stated that dental plans have never been meant to cover everything.

Mr. Rhodes stated the PPO could be maximized if everyone would begin using the network.

Mr. Grimsley asked how many people were using the network. Mr. Stone stated that only about half of the City's employees were using network dentists.

Mr. Rhodes stated the network discounts ranged from 25% to 50% off the charges.

Mr. Stone stated they pulled the providers that were being used, and a displacement analysis would be done.

Mr. Grimsley asked if the City was soliciting lower benefits in the RFP in order to control costs. Mr. Rhodes stated that was done with the alternatives, but they had to go out with the same plan that exists as a starting point, and then make some reductions.

Mr. Stone explained they were using the existing plan as a base, and would look at both an insured plan and an ASO with a self-funded plan. They would also look at various other alternatives.

Mr. Rhodes explained that an initial draft of the RFP had been done.

Mr. Grimsley asked about the timeline for the RFP. Mr. Rhodes explained it typically took 30 days, and that there was critical mass in the PPO for self-funding.

### **Scheduled Board Meetings**

The next scheduled meeting is June 2, 2010 at 8:00 a.m.

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  
Recording Secretary