

INSURANCE ADVISORY BOARD MINUTES

**City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, June 2, 2010– 8:00 a.m.**

Board Members	Meeting Attendance	1/10 – 12/10 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	P	6	0
Mark Schwartz, Vice Chair	A	3	3
Joe Piechura, Sr.	P	5	1
Jim Drake	P	4	2
Charles Grimsley	P	6	0
Steve Botkin	P	4	2

Staff and Guest

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

As of this date, there are 6 members of this Board, and all 6 are appointed, which means that 4 would constitute a quorum.

Mr. Piechura stated that as of this date the Board consists of six members. Mr. Estler is no longer a member of this Board.

Roll Call

The meeting was called to order by Mr. Piechura at approximately 8:10 a.m.

Communications to City Commission

Nothing to report.

Approval of Minutes

Motion made by Mr. Grimsley and seconded by Mr. Botkin to approve the minutes of the May 5, 2010 meeting. Board unanimously approved.

Motion made by Mr. Grimsley and seconded by Mr. Botkin to approve the minutes of the April 2, 2010 meeting. Board unanimously approved.

Unfinished Business

WC/TPA RFP

Mr. Hine stated the RFP would be released either today or tomorrow. There was not a quorum at the last meeting, and therefore, a motion could not be made regarding the RFP. There would be a pre-bid meeting scheduled after one week. Presentations would be made and recommendations made to this Board at the August 4, 2010 meeting. Staff would then be able to present the item to the City Commission at the August 17, 2010 meeting.

Mr. Cobb stated that feedback from this Board was incorporated into the RFP. The area was expanded to include the complete Tri-County area so as to foster more competition.

Mr. Hine stated the adjusters needed to get to know the local players, and nurses would be brought in during the claim review.

Mr. Cobo entered the meeting at this time.

Dental RFP

Mr. Stone stated that MetLife wanted to increase overall dental rates by 29%. There would be a 31% increase on the PPO side, and the HMO would have an 18% increase.

Mr. Stone stated that the Teamsters pay for their dental coverage, while 500 management/confidential supervisors have their benefits entirely paid for by the City. Most of these individuals have chosen the PPO Plan. Only about 50% of the members go to network providers in the PPO. He provided some comparison information to the Board which showed the richness of the City's plan. There has been an additional allotment of \$9,000 in Mr. Rhodes contract to conduct a dental RFP. Coverage for the PPO is \$1,500, and most services do not have deductibles. They are considering inclusion of deductibles if a member goes out of network, and coverages could be lowered.

Mr. Stone stated that the RFP is ready. There are three areas to compare. The first is to compare all vendor pricing for the different ADA codes. The second major area is the providers. MetLife appears to have one of the biggest networks locally. Staff created a list of the providers being used by the employees which will be provided to the vendors so they can state whether their providers are being used. The displacement analysis is important.

Another factor in going out to bid is to look at an ASO pricing model, along with an insured plan. The final area is co-pays. He referred to page 5 of the RFP where he highlighted the premium costs. He explained they were trying to replicate the current plan while reviewing all the available options.

Chair Joseph Cobo asked about writing out cosmetic orthodontia. Mr. Stone stated that cosmetic work was not covered.

Motion made by Mr. Drake and seconded by Mr. Botkin to have the RFP issued. Board unanimously approved.

Update/City Health Plan

Mr. Stone stated that negotiations were scheduled to begin with the Federation and Teamsters, and background meetings would be scheduled with the City Commission. He explained that co-pays were recently increased, along with a 10% increase for all premiums. There was also a change to the drug plan and the City is now using Express Scripts. The savings total about \$500,000. In regard to claims, 2009 was a rough year where they had gone from 15 to 30 large claims totaling over \$50,000. Currently, 25 of these claims are remaining, and AvMed is projecting \$1.2 million to cover these remaining claims. They are looking at expenses exceeding revenues at the end of this year by about \$2 million. The actuaries are reviewing the figures and are projecting that expenses will exceed revenues by \$3 million for next year.

Mr. Stone advised that changes need to be made. They will look at increasing premiums across the board. Another option would be to increase co-pays and co-insurance.

Chair Joseph Cobo asked if the plan was based on age and sex. Mr. Stone advised it was not.

There is some relief from the Federal Government's new trillion dollar health plan. The feds will reimburse 80% of claims between \$15,000 and \$90,000 for individuals in the 55-65 age group. Wellness initiatives began which is a long-term fix. We have also reviewed consumer driven plans that offer an alternative to higher premiums.

Mr. Grimsley asked for some additional feedback regarding the increase in claims. He wanted to know how many of those individuals had been in the wellness program, and whether the program had an effect on the discovery of the disease. He did not want the information used as a scare tactic, but early detection is an important part of successful treatment.

Chair Joseph Cobo asked if it would be more successful to increase the premium for the consumer or tweaking co-pays and deductibles. Mr. Stone explained that both would probably be considered, and they would ask for input from some of the union groups. Mr. Hine stated there was still a gap between revenues and expenses. Mr. Stone explained that a normal reserve surplus is for six to eight months of revenues. However, the State only requires 60 to 90 days. Projections will be brought back to this Board at a later date.

New Business

Mr. Hine stated that information had previously been provided to the Board regarding savings, and recently such information was also provided to the City Manager. He proceeded to show a chart of this information to the Board. He explained that there had been some savings in every insurance policy over the past 12 months.

Mr. Hine stated that he was concerned about the Workers' Compensation total incurred because claims have risen. He proceeded to provide further information regarding savings.

Scheduled Board Meetings

The Academy for Better Meetings would be held on June 7, 2010 at 5:45 p.m.

The next scheduled Board meeting is August 4, 2010 at 8:00 a.m.

Mr. Hine stated there is no need to have a July meeting.

Absences were discussed.

There being no other business to come before the Board, the meeting was adjourned at approximately 8:52 a.m.

Respectfully submitted,

Margaret A. Muhl
Recording Secretary