

July 27th 2009

Minutes of Insurance Committee Meeting

See sign in log for attendees.

Please note on your calendars that the second meeting with the unions will occur on Aug 25th

Reviewed the Health Ins Renewal Proposal by HF&C by Jeff Biesiadi – Excellus is looking for an 18.5% increase from the past year's premium. Over a year ago Bville's loss ratio was 85% and what followed was 0% increase; for 08-09 we had a loss ratio of over 90%. History shows you can have good years and bad years. The rate increase follows these bad years.

Some things that affect the rate: NYS taxes health insurance 2.5%; we had 44 claims over \$25,000 for 08-09 one claim over \$300,000. A number of good sized claims are causing this increase.

See page 14 of the Claims Utilization Report. Excellus wants you to be at 85%. Bville is over 90%

The number probably will come down to the 14 or 15% range without changing anything during negotiations.

Problem is that Excellus knows we can't go anywhere unless we do self funding. This might be a realistic option for Oct 2010.

Reviewed current utilization reports compared to prior year (07-08 versus 08-09). Stop loss wouldn't have helped us. There was a slight increase in use of generics. The issue for Excellus is High Cost Payments are 56% higher than last year.

Reviewed pharmacy benefit mgmt RFP by HF&C by Dennis Cleary

Does Bville want to be part of the interview process? Bill said he would be willing to go to the meetings. It would show that the District is serious about a possible change. This will be a competition between two vendors to manage our pharmacy benefits: ProAct (Kenny) vs FLRX (Excellus). Looked at CVS, Informed RX, CareMart and several others. Those were cut out because their networks did not equal Excellus or Kenny when costs and/or networks are considered. Question by Mr. Jenkins: How much would it save us by switching pharmacy managers? HF&C should be \$300-\$500K. The exact amount is unknown at this point. If you got to 65 or 70% utilization of generics you would see the \$300-\$500K savings

Excellus may not reduce the premium even if we use the pharmacy as leverage.

Reviewed Dental Insurance by HF&C

Employees would be saving \$70,000 as it stands now – Excellus lowered the premium.

Self funding would save an additional \$90,000 for a total savings of \$160,000. You could keep the premium the same or you could go self-funded and place the savings into a reserve to fund the plan. Discussion ensued.

Discussion of POS going away by HF&C

Per Excellus this will not occur 1 January 2010 but now will be 1 January 2011 or would we be changing in Oct? On Sept 14th at 4 pm there will be a meeting with the unions to discuss the PPO changes. The Insurance Committee should be represented there per Mr. Jenkins.

By August 17th HF&C will come up with final medical renewal (includes or doesn't include drugs). By that point we need to agree on PPO or POS plan or both. PPO is 3-5% lower. It was agreed that HF&C will test self-funding for dental renewal. With a 7% discount premium and keep benefits the same.

Mr. Jenkins asked if HF&C are getting paid yet by Excellus as our broker of record. HF&C is waiting to get paid by Excellus beginning in October 2009 as broker of record for Baldwinsville CSD. They stated they were ok with this schedule for payment.

Meeting ended at 6:15.