

CORAL GABLES INSURANCE ADVISORY COMMITTEE
 Minutes of June 26, 2018
 2801 Salzedo Street – Human Resources Conference Room
 Coral Gables, Florida

| MEMBERS | O | N | D | J | F | M | A | M | J | J | A | S | APPOINTED BY |
|---------------------|----|----|----|----|----|----|----|----|----------|----|----|----|---------------------------|
| | 17 | 17 | 17 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | |
| Gary Reshefsky | | | | | | | | | P | | | | Mayor Raul Valdes-Fauli |
| Jose Soto | | | | | | | | | P | | | | Vice-Mayor Frank Quesada |
| James Blough | | | | | | | | | P | | | | Commissioner Pat Keon |
| Juan C. Diaz Padron | | | | | | | | | P | | | | Commissioner Vincent Lago |
| Patricia Fuller | | | | | | | | | E | | | | Commissioner Michael Mena |

STAFF:

Karla Green, Human Resources
 Maria Milian, Human Resources Assistant Human
 Kenneth Ingersoll, Compensation Manager
 Lisa Blackburn, Benefit and Wellness Coordinator

A = Absent
 E = Excused Absence
 P = Present
 - = No meeting
 * = New Board Member

CONSULTANT:

Bob Shafer, Senior Consultant

RECORDING SECRETARY:

Tatiana Mendez, Administrative Assistant

The meeting was called to order by the Chairman of Insurance Advisory Committee, Juan Carlos Diaz-Padron at approximately 8:11 a.m. A quorum was reached.

The following represents a summary of the items discussed during the Committee meeting.

I. WELCOME & OPENING ANNOUNCEMENTS

The Chairman welcomed everyone to the meeting.

II. DISCUSSION LED BY BOB SHAFER SENIOR CONSULTANT REGARDING GROUP HEALTH INSURANCE

Mr. Shafer began presentation of the group health insurance process. He begins with the Employee Benefit Renewal Summary. Mr. Shafer also discusses the dates of renewal since we have changed Insurance Providers. Humana used to be effective July 1 compared to current health providers which are all effective October 1. It is a renewal based on experience. A study is done by Mr. Shafer's firm without including Mr.

Shafer in order to complete the independent study to look and see how the plan has performed. The interpretation comes from Florida Blue, The City of Coral Gables Human Resources department at the City of Coral Gables, and Mr. Shafer's firm. It has worked out very well.

Mr. Shafer continues to explain that Florida Blue health insurance rates will decrease by -2% with no plan change, as well as a \$50,000 wellness contribution to The City. Due to the pro-share agreement, \$535,013 was received.

Voluntary Dental with Florida Combined Life is coming in with a rate pass for the next 12 months. There has been discussion about upgrading the DHMO plan. Florida Combined Life will be providing some offers with good pricing. Humana Vision plan will also come in with no rate change for the next 24 months and no plan change.

Mr. Shafer advises that he received an email last night regarding UNUM Life insurance stating that the renewal will be +5%. Mr. Shafer requested the experience which has not been bad. There have been more premiums than claims; therefore the renewal has been kicked back to UNUM to review. Mr. Shafer projects that the bottom line will not be more than 5%. The cost now is so low that an increase of 5% makes a very minimal change.

Mr. Diaz-Padron, Human Resources Assistant Director and Mr. Shafer discuss the number of insured employees through voluntary insurance. Florida Combined Life DHMO 250 employees, PPO 100 employees out of 450 employees; not counting Police and Fire employees.

Mr. Shafer continues with the presentation. The claims experience from day one to now. The first year (2014), the loss ratio was 78.9%, in 2016 65.3% loss ratio. 2017 had a 65.3% which generated a -2% rate decrease, and 2018 loss ratio is at 86.4%. It is typical in health insurance to experience highs and lows. There is more usage and more cost claim.

Mr. Shafer explains he prefers to look at claims in the past 24 months. 63.1% was in the last 12 months. It increases to 77.9%. This is how an underwriter would look at the trends. The total claims will come out at a break-even point when projecting the -2% premium and claims increasing at trend. This is going out to bid as per City policy to bid every five years. It will be a competitive bid.

Pro-share agreement is explained. Florida Blue looks at premiums vs. expenses which allow them to split 50% of the left over dollars with the City. \$500,000 was sent to the City in 2015 as a result of agreement and placed in the general fund. "This plan is performing very well." We will not see an additional \$500,000 due to the 10% increase in claims. The goal is to have 0, lower the premium to get to good claims experience and not getting money back.

Participation of plan is discussed. The City cost to insure is about \$800 a month. Most employees are in the HMO health plan.

Mr. Reshefsky is there an opportunity to reduce utilization with a gap plan. Mr. Soto believes nobody is going to buy a high deductible plan when there is a free HMO in place. Mr. Shafer explains that if a high deductible HMO it would increase the cost from premium rather than create savings on the utilization.

Mr. Blough asks if we have good participation by dependents. Mr. Shafer advises, yes we do have good participation by dependents due to City contribution increase. 50% is provided by the City to pay for dependents.

Florida Blue is providing a \$100,000 savings in contribution due to rate decrease. \$4.57 million is currently what the City pays. Competitive bid is discussed. "We are at a good place." Florida Blue takes into consideration the past experience when we come out to bid.

Mr. Reshefsky questions if we receive data from Fl. Blue. Mr. Shafer explains he does receive analytics on a quarterly basis, and also sits with Florida Blue 2 or 3 times a year to discuss trends and claim experience numbers, and how the plan is doing. Florida Blue is very good at providing data. Mr. Reshefsky would like to meet more often.

The renewal process timing is discussed. There is a long process due to City processes. The procurement code requires to get bid out early. In March we will begin the process. In April we should be out to bid.

Mr. Diaz-Padron discusses the emergency meeting due to Humana dropping their contract with Baptist Health, did the issue resolve? Mr. Shafer explains we did an emergency RFP to begin coverage with Florida Blue on October 1. Humana has not resolved their issue with Baptist Health. Mr. Diaz-Padron also questions if the mail-in prescription is being pushed for the renewal. Mr. Shafer explains that Rx is always a key topic of discussion and the City's Rx cost has been good and constant.

A discussion regarding the plan use begins. Mr. Shafer advises that 15.7% of males have never used their plan. This is no good even though cost is kept down but that will not allow for us to identify a situation early. The City promotes wellness to encourage all employees to have knowledge in preventative care. Florida Blue has people who call members to have a wellness discussion which may lead to that member realizing they should use their plan and see a doctor on a yearly basis. Mr. Reshefsky suggests that maybe employees do not get "free" health insurance if they do not attend a preventative care visit.

Mr. Shafer continues with explaining Florida Combined life, and the fact that we are looking for an upgrade in the DHMO. This will also go out for bid next year. Humana Vision plan is being enhanced (please see attachment for details on all enhancements).

This will also go out for bid next year along with the life insurance which will come in anywhere from 0% to +5%.

Recommendation from Mr. Shafer is that Florida Blue is renewed at -2% with the 50% wellness, and the pro-share agreement attached to it, renew dental and/or adopt a better plan if one comes to us, we renew the vision and life insurance. All that will be renewed in October 1.

Mr. Shafer provides a brief presentation summary advising we went over years' worth of renewal now at -2% claims with a \$75,000 contribution, no change on dental.

Mr. Blough questions if the \$50,000 wellness contribution will be utilized for a gym at the new building. The Human Resources Director advises a gym will be included at the new building.

Mr. Diaz-Padron questions if the monies will be used by the newly hired Benefits and Wellness Coordinator. The Benefits and Wellness Coordinator explains the health fair participation and screenings provided to employees. New programs being rolled out such as a walking club and discounted gym memberships.

Mr. Soto questions if the life insurance comes back with the 5%, will we accept it? Mr. Shafer will probably accept it because it is minor amount in change for the City. Mr. Shafer does not anticipate it being at 5%. Mr. Shafer will look into it since the e-mail regarding renewal was received the night before.

Mr. Soto requested a motion from board members. There was a 4-0 vote to recommend Mr. Shafer's presentation.

Mr. Shafer will present this in July 10 to begin open enrollment as soon as possible and all other communication provide.

III. NEXT MEETING DATE

Meeting requested for January 2019.

IV. ADJOURNMENT

The meeting was adjourned at approximately 9:02a.m.

Respectfully submitted on behalf of the board, _____
Juan Carlos Diaz-Padron