

**KPBSD HEALTH COMMITTEE**  
**April 21, 2011**

Call to Order. Time: 2:43 PM by Mike Druce  
Location: Risk Management portable

**ARTICLE VIII: VOTING**

Section I – All decisions of the HCPC must be made by a quorum of members.

A. A quorum consists of at least 6 voting members being physically or electronically present at the meeting.

*Voting members present*

- AB Nancy Courtright
- Mike Druce
- Carl Locke
- Bruce Rife
- Patty Sirois
- Paul Sorenson
- Betty Miller
- Terri Zopf-Schoessler

NOTE: Vaughn Dosko has been suggested as the KPAA replacement for Paul Sorenson, who is retiring, but this has not yet been confirmed.

Quorum present  Quorum not present \_\_\_\_\_

*Administration and consultation*

- Tim Peterson—Plan Administrator
- Stacey Gorder—Employee Benefits Manager
- Colleen Savoie—Benefits Account Executive, Parker-Smith-Feek
- Laurie Olson—KPBSD Finance Director
- David Jones—Assistant Superintendent

*Guests*

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**1. Agenda.**

- Approved. Moved—Bruce. Seconded—Betty. Unanimous.
- Approved with additions.
- Not approved

**2. Minutes. April 6, 2011**

- Approved.
- Approved with emailed amendments. Moved—Patty. Seconded—Bruce. Unanimous.
- Not approved

**3. Unfinished Business.**

- A. TPA agreement/contract request: As per last month's request for a copy of the Rehn contract, Tim provided the information that Rehn administers the health care

billing/payments for \$13.80 per employee per month. When questioned why this amount—when multiplied by the number of district employees—is less than the administrative costs on the health plan spreadsheet, Dave Jones and Laurie Olson agreed to bring a cost breakdown of Rehn’s administrative costs to the next meeting.

- B. Revenue projections for the 2011-2012 utilizing spousal and family co-pays: While the exact number of employees who will opt to sign up spouses and dependents and pay the spousal and family co-pays is unclear until after the April 30, 2011 deadline has passed and using current enrollment figures, Tim gave a ballpark figure of an increased revenue of approximately \$15,000 per month.

#### 4. Reports.

X A. Tim Peterson—See above discussion items as well.

- Action on CareMark PPI recommendations: When the discussion included taking action on CareMark’s cost-saving recommendations, Paul made the motion that the health care plan only cover generic versions of PPIs (Prevacid, Prilosec, etc.) while continuing the waiver clause for individuals with a doctor’s note, which is already part of the plan. Betty seconded. The motion was approved unanimously and Stacey Gorder will make the waiver form available online and by email request to individuals.

X B. General discussion.

- Other CareMark recommendations: When the discussion veered to other CareMark recommendations, however, decisions became more complicated. CareMark’s recommendations included changing the prescription drug co-pay significantly; however, changes such as these put the health plan at risk of its “grandfather status,” which allows KPBSD to delay implementing certain aspects of the Health Care Reform Law until 2014. Essentially, the law has a stipulation that employers cannot shift more than a certain percentage of increased costs to the employees without immediately losing their grandfather status, and the previous decision to raise the co-pay for the last few months of this school year has already put the district very close to this breakpoint. Discussion was tabled until more accurate cost/benefit information can be provided by Laurie Olson and Colleen Savoie. They will research the costs of preventative care, which is part of the new law, as well as potential wellness savings, mandating a 90-day waiting period after hiring before health coverage begins, and increased revenues from a change in prescription drug co-pay charges, deductibles changes, tiered dependent/spouse contributions, and employer/employee contributions—and give us their recommendations. Motion—Terri. Seconded—Bruce. Approved unanimously.

X C. Stacey Gorder—Health Plan re-enrollment: Stacey again related the progress on collecting copies of marriage licenses and birth certificates district-wide with the reminder that **all documents and re-enrollment forms are due to her by April 30, 2011**. She was asked and agreed to notify all employees by email to re-enroll spouses and dependents and provide copies of marriage and birth certificates to her ASAP.

Stacey also offered a number the following information regarding our new TPA, Rehn:

- The backlog of Meritain claims have now been processed by Rehn.
- Stacey is working with Rehn to improve their Explanation of Benefits forms to make them easier to understand.
- Most issues with the transition from Meritain to Rehn are being resolved, including the implementation of the revised UCR (Usual and Customary) rates for specific medical codes.

- Please contact Stacey via email with specific concerns with the Rehn health plan. It is really useful to her—and to all members—if she is able to note specific trends in how they process claims and work proactively to fix them.
- In all cases, it expedites matters if the specific EOB (claim form) is attached to the email.

X C. Laurie Olson—Laurie provided the following:

- July, 2010: Total health expenditures were \$1,929,793.78; the per employee cost was \$1,767.21; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was -\$452.21.
- August, 2010: Total health expenditures were \$1,590,878.57; the per employee cost was \$1,448.89; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was -\$292.61.
- September, 2010: Total health expenditures were \$1,254,801.00; the per employee cost was \$1,038.74; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was -\$90.38.
- October, 2010: Total health expenditures were \$1,298,674.81; the per employee cost was \$1,053.26; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was \$3.37.
- November, 2010: Total health expenditures were \$1,300,451.74; the per employee cost was \$1,051.29; amount collected per employee was \$1,315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was \$58.25.
- December, 2010: Total health expenditures were \$2,472,056.24; the per employee cost was \$1,988.78; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was (\$69.71).
- January, 2011: Total health expenditures were \$114,903.26. ; the per employee cost was \$92.81; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was \$121.86.
- February, 2011: Total health expenditures were \$688,654.57; the per employee cost was \$92.81; amount collected per employee was \$1,398.34 (employee contributions per month are \$311.67; district contributions per month are \$1,086.67); the per employee variance was \$288.94. (NOTE CHANGE IN EMPLOYEE/DISTRICT CONTRIBUTIONS.)
- March, 2011: Total health expenditures were \$1,543,128.00. ; the per employee cost was \$1,239.46; amount collected per employee was \$1,398.34 (employee contributions per month are \$311.67 district contributions per month are \$1,086.67); the per employee variance was \$274.01.

Average monthly health care costs: Because of the transition issues between Meritain and Rehn as the district's Third-Party Administrator (TPA), it may be more realistic to use past averages when determining monthly health claims costs. Using 2010 figures, Laurie Olson was able to offer the following financial information: When claim processing slowed during early 2011, an estimate of costs based on the monthly average of claims paid during 2010 was used in an effort to provide a more realistic idea of the status of the district's health care plan. The monthly average in 2010 was \$1,367,642.60 per month for health care claims and \$153,132.99 for prescription claims. Using the average monthly claims figures instead of actual claims paid in January, February and March, the estimated total expenditures for:

- January were \$1,467,091.85, compared to the actual claims of \$114,903.26

- February were \$1,594,756.82 compared to the actual claims of \$688,654.23
- March were \$1,611,616.59 compared to the actual claims of \$1,543,128.00

X D. Dave Jones—Along with Stacey Gorder, Dave encouraged HCPC members to send information about pending appeals to Stacey before regularly scheduled meetings not only to follow HCPC by-law procedures, but to also make sure all pertinent information is available and, in many cases, to resolve issues beforehand. This led to a discussion about the parameters/authority of the HCPC—and question about what issues fall under the authority of the unions’ negotiated contracts.

5. **New Business.**

1. Nomination of new officers—Since the by-laws clearly state that no officer may serve more than three years consecutively—and since Mike has been president for three years and Terri has been secretary for five years—the HCPC needs new officers. Bruce Rife was nominated for president and Nancy Courtright for secretary. Since Nancy was absent, discussion on this issue was tabled until the next meeting.
2. Upcoming meeting dates:
  - Thursday, May 19, 2011; 2:45PM -4:30PM; Risk Management portable
  - August 16, 2011: Time and location TBA
  - **Next meeting:** Thursday, May 19, 2011; 2:45PM -4:30PM; Risk Management portable
- 3.

6. **Adjourned 4:20 PM.** Moved—Betty. Seconded—Terri. Unanimous.

Respectfully submitted,  
Terri Zopf-Schoessler  
HCPC secretary