

KPBSD Health Committee HCPC  
June 15, 2011 meeting minutes

Meeting was called to order at 1:05 PM by Mike Druce.

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

- Nancy Courtright, incoming HCPC secretary, KPEA
- Vaughn Dosko, KPAA
- Mike Druce, outgoing HCPC chair, KPEA
- Carl Locke, KPESA
- Bruce Rife, incoming HCPC chair, KPEA
- Patty Sirois, KPESA
- Betty Miller, KPESA
- Terri Zopf-Schoessler, outgoing HCPC secretary, KPEA

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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I. Agenda

- Approved. Motion: Terri. Second: Patty. Vote: Unanimous.
- Approved with additions.
- Not approved.

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II. Minutes—5.19,23.11

- Approved. Motion: Bruce. Second: Carl. Vote: Unanimous.
- Approved with additions.
- Not approved.

III. Unfinished business

➤ Member appeal

A lengthy discussion of a member appeal covered previously discussed information as well as timelines involved. Motion to allow the claim resulted in a vote of Yes--2, No--5, Abstention--1. Member appeal was denied although the suggestion was made that the employee contact the billing department involved and request that, since their late billing contributed to the problem, they review the charges and absorb at least part of them.

➤ Review and consideration of CareMark recommendations

PHILOSOPHY: The discussion about CareMark recommendations clarified the philosophy of this committee. In brief, we are working under the following conditions:

SELF-INSURED HEALTH PLAN: We are a self-insured health plan; we do not pay premiums to an insurance company. Therefore, this committee is charged with the responsibility of keeping the health care plan solvent.

SOLVENCY: To that end, we must assure that monies collected meet or exceed the monies paid out for medical, dental, vision, prescription drug, and administration costs.

OPTIONS: We have only a couple of options at our disposal: We can either increase the monies collected or reduce the amounts paid out by changing the health plan coverage, shifting costs to the members, or exploring other cost-reduction methods.

"GRANDFATHER STATUS": Prior to this meeting, the HCPC members were committed to retaining our "grandfather status" regarding the Health Care Reform Law. In brief, since our contract was signed prior to the law's passage, we were not required to fully implement some of the law's requirements until 2014 *unless* we changed the amount of the district's coverage by more than 5%. The vote in March to increase the employee/employer contributions put us at a 4.9% change.

HEALTH CARE COST INCREASES: We are further aware that district health care costs are annually increasing at a rate of at least 10%, which, while slightly below the national average of 12%, is still significant.

AVERAGE MONTHLY COSTS: When Colleen Savoie looked at the average monthly cost of health care for the last 24 months, she found that the the negotiated employee/employer contributions would fall well below that average when an estimated 10% increase in costs was added. In fact, while the contracted amount would yield \$1175 per employee per month, we would need \$1455 per employee per month.

RESULTS: Once the reality of the negotiated amount versus the needed amount was realized, we also understood that the change would immediately result in the loss of this grandfather status.

FURTHER RESULTS: While the needed change would cover projected costs, the loss of grandfather status means that we must immediately cover preventative care costs, which are estimated to be at least an additional cost of \$160,000 per year to the health plan. We realized that, at this point, all cost-shifting and/or cost-reductions recommendations were now "on the table" for consideration.

CHANGES: With that understanding, the following motions were made, discussed, and voted on:

➤ Change in individual/family deductible and/or out-of-pocket breakpoints

Motion by Carl to table this discussion until the August 17 meeting since this change would be best implemented January 1, 2012 was seconded by Patty. Vote was unanimous in favor.

➤ Employee/district health plan contributions

Motion by Bruce to increase the negotiated employer/employee contributions by \$280 per month to be split equally between the district and the members was seconded by Terri. Vote was unanimous in favor. Effective July 1, 2011.

	2010-2011		Contracted 2011-2012		Current 2011-2012	
	Per employee per 12-month	Per employee per year	Per employee per 12-month	Per employee per year	Per employee per 12-month	Per employee per year
Employee	\$270 After 2/11: \$311.67	\$3240 \$3740.04	\$200 Plus tiered spouse/child	\$2400 Plus tiered spouse/child	\$340 Plus tiered spouse/child	\$4080 Plus tiered spouse/child

			contributions	contributions	contributions	contributions
District	\$1045 After 2/11: \$1086.67	\$12,540 \$13,040.04	\$975	\$11,700	\$1115	\$13,380
Monthly paycheck deduction (9 months)	\$360 After 2/11: \$485		\$266.67		\$453.33	
Combined TOTAL	\$1315 After 2/11: \$1398.34	\$15,780 \$16,780.08	\$1175	\$14,100	\$1455	\$17,460

➤ ER penalty fee for non-emergency visits/effective date

Motion by Terri to change the penalty fee for non-emergency visits from \$75 to \$250 was seconded by Bruce. There was quite a bit of discussion about what constitutes an "emergency" as well as the lack of options for health care after hours and on weekends. It is recommended that members review the plan document as to what conditions constitute an emergency well in advance of having to making a decision about taking themselves or their dependents to the ER. Vote was 7-1 in favor of the change.

A later motion by Terri to make the effective date of this change October 1, 2011 was seconded by Bruce. Vote was unanimous in favor.

➤ Prescription drug co-pay change

Motion by Terri to change the prescription drug co-pay amounts to those recommended by CareMark including a DAW (Dispense As Written) penalty as well as a Medically Necessary Waiver for individuals was seconded by Betty.

Generic co-pay: \$5

Formulary co-pay: \$25

Non-formulary co-pay: \$50

Specialty co-pay: \$100

The above changes should result in more prescriptions for lower-cost generic versions of drugs as well as more awareness by members and physicians about the relative costs of generic vs. brand-name drugs. The Medically Necessary Waiver form is available from Stacey Gorder. Vote was unanimous in favor. Effective October 1, 2011.

➤ PPO change from Providence to Alaska Regional Hospital

Motion by Terri to change the district's preferred provider (PPO) from Providence to Alaska Regional Hospital was seconded by Betty. Discussion about the projected savings of up to 62% over the costs of billed retail costs was wide-ranging including some skepticism, questions about physicians' admitting privileges, penalties for switching back, etc. Vote was unanimous in favor. Effective October 1, 2011.

➤ NOTICE: Change in employee/employer contributions amount costs us grandfather status and makes us responsible for preventative care

Motion by Betty to ensure notice is taken that the above change in the employer/employee contributions makes us immediately responsible for covering preventative care was seconded by Terri. What constitutes "preventative care" may be found at <http://www.healthcare.gov/center/regulations/prevention/recommendations.html>

It was also noted during the discussion that steps to reduce costs for some of these blood tests, etc. may

be found during the health fairs sponsored by Alaska Regional Hospital both in Anchorage and locally. Vote was unanimous in favor. Effective July 1, 2011.

➤ Election of new HCPC chair and secretary

Numerous nominations and discussion resulted in the election of the new HCPC chair, Bruce Rife and the new secretary, Nancy Courtright. Vote was unanimous in favor. Thank yous to Mike Druce and Terri Zopf-Schoessler for their time and service were tendered as well. Effective immediately.

IV. Reports

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

Since those above participated freely in the above discussions as needed, all declined to present individual reports at this meeting.

V. New business

Publicizing the above changes as well as the reasoning behind them is important. Tim will email HCPC members an information roll-out packet; if there are no comments, he will email it to all district employees as is.

There was also discussion about setting up a questions-and-answers session during the district-wide inservice session at KCHS, but, since the agenda for that inservice may already be set, no action was taken on this proposal at this time.

Next meetings:

- August 17, 2011 @ 4:00PM--Kenai Middle School library
- September 21, 2011 @ 2:45 PM
- October 19, 2011 @ 2:45 PM
- December 7, 2011 @ 2:45 PM
- January 11, 2012 @ 2:45 PM
- February 15, 2012 @ 2:45 PM
- March 7, 2012 @ 2:45 PM
- April 18, 2012 @ 2:45 PM
- May 16, 2012 @ 2:45 PM

They are all scheduled in the Risk Management portable except for the August 17 meeting at KMS.

Meetings adjourned at 3:43 PM.

Respectfully submitted,  
Terri Zopf-Schoessler