

RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE
JANUARY 26, 2012 COURTHOUSE

MINUTES

MEMBERS PRESENT:

MAYOR BURGESS
DONNIE HESTER
JOE RUSSELL
MERRY HICKERSON
ELIZABETH CRACE
JOYCE EALY
WILL JORDAN
SUSAN BONEY
GREG HALL
REGINA HARVEY

OTHERS PRESENT:

EVELYN ANDERSON
SONYA STEPHENSON
MELISSA STINSON
PAUL HUFFMAN
JAY BROWN
KELLI PERRIEN
DAN GOODE
MARY ASHERBRANNER
JANET USERY
MARK KING
ERNIE CLEVENGER
KED MARSH

APPROVE MINUTES:

A motion was made by Merry Hickerson to approve the minutes from the last Benefits & Insurance Committee meeting on December 8, 2011. The motion was seconded by Susan Boney and passed unanimously.

FINANCIALS:

Mrs. Stinson, Risk Management Director, reviewed Fund 264, Insurance Fund. The PEPM for December was \$741.06; \$769.86 when the on-site clinics are added. The prior year PEPM was \$827.55, making the overall yearly rate \$744.47, a trend of 15% from prior year.

Mrs. Harvey asked if the number of clinic visits had increased since the reporting was changed. Initially, Med Point did not capture visits for lab. The visits in November were 856 compared to December at 1,047.

A motion was made by Will Jordan to approve the financials as presented and seconded by Merry Hickerson. The motion passed unanimously.

WC/OJI STATS:

Dan Goode, Safety Coordinator, presented the Public Safety Report for December. There were 16 accidents, making the year to date 239. The Board of Education had 10 claims totaling \$1,680.00 and the County had 6 totaling \$1,591.67.

WELLNESS UPDATE:

Kellie Perrien presented updates from the Wellness Program. The HRA (Health Risk Assessment) drive is underway through February; 8 gym memberships at the new Wellness Center will be prizes for completion of the HRA. A diabetes management class "Taking Charge" is held weekly at the Lane Agri Park. Mrs. Perrien reminded everyone to wear red on Heart Health Day February 3rd, and "Health Heart" will be the topic presented on February 7th at the lunch & learn. Employees can receive a 20% discount off boot camp with a certified personal trainer (Julie Wilcoxson at Third Baptist Church) with the Wellness Discount for February. If enrolled in Option 3 (Health Reimbursement Account), no fee is charged for the HRA lab draw and the visit to discuss results. You will also receive a written report with your results.

CHIROPRACTIC BENEFITS:

The current chiropractic benefit for option 1 and 2 is 26 visits per calendar year up to maximum payment of \$17.50 per visit, explained Mrs. Stinson. Chiropractic benefit has a deductible of \$150.00. In reviewing current plans, a modification was needed to adjust this benefit, as it has been 10 years since any changes have been made. In order to make this benefit easier to understand and make it the same as other benefits, it should be payable at 80% after the \$150 separate deductible. The number of visits should remain the same; however, remove the \$17.50 limit per visit. The projected impact is approximately \$6 more per visit paid by the County, there would be no impact to option 3. Currently, the plan pays \$17.50 per visit, making this change would result in the plan paying roughly \$24 per visit. CIGNA is utilizing a company called ASHE, to review visits and insure they are medically necessary. Mrs. Stinson recommended this change to retro back to January 1, 2012.

Mrs. Crace shared concerns of payments made to chiropractors being delayed because of the medical review. If needed, CIGNA will be asked to reach out to doctors and educate them one on one about the billing process.

After discussion, a motion was made by Gregg Hall to recommend the change effective 01/01/2012 and remove the \$17.50 payment per visit, the benefit pay 80% after the separate chiropractic deductible of \$150, keeping the limit of 26 visits per year. The motion was seconded by Regina Harvey and passed unanimously.

BID REVIEW:

On December 20th, a subcommittee consisting of Lisa Nolen, Jeff Sandvig, Sonya Stephenson, Merry Hickerson, and Commissioner Ealy met to discuss the bids received for medical, dental, vision, stop loss and pharmacy that are currently held with CIGNA. The companies that submitted complete bids were CIGNA, BCBS, United Healthcare, and BAS. Other company's submitted bids, but their submissions failed to meet the bid specifications by failing to respond to all questions and pricing proposals requested in the bid. Companies who were disqualified due to this include Aetna, Route Three Benefits, Delta Dental, MetLife, and Davis Vision.

The subcommittee reviewed the proposals for the following categories: ASO Fee (medical, dental, vision), pharmacy, stop-loss, and medical discount. Mrs. Stinson presented a spread sheet showing CIGNA was the best overall bid (\$1,610,840) coming in with a 42.3% reduction in cost when compared to the current contract with CIGNA. BCBS came in second (\$2,164,827) with their bid realizing a 22.4% savings in current cost. United Health Care's bid was \$2,645,785, and BAS/Med Trak was \$2,248,443.

Medical discounts and related guarantees were also reviewed. Although BCBS offered a higher guarantee related to medical discounts, Cowan Benefits advised that in their book of business with BCBS, the average discount they find is 54%, whereas a high discount was quoted for Rutherford County. Contact was made with Town of Smyrna and City of Murfreesboro, both of whom just recently awarded their bids to CIGNA, and it was learned that BCBS quoted a savings of 54% or less in both situations. As a result, there is concern that Rutherford County would not achieve the discount as indicated by BCBS. In addition, BCBS would not guarantee their stop-loss rate.

After much consideration, in a unanimous vote, the subcommittee voted to waive interviews of carriers and proceed with the recommendation of the CIGNA proposal as the finalist in the bid process.

Mayor Burgess pointed out that under pharmacy rebates and annual rate reductions, Mrs. Stinson's expertise allowed her to request information at three different levels regarding reductions in basic charges. She was able to expose and recover the County a huge amount of savings.

There are many different ways to administer pharmacy plans with no impact to the employee; it is all on the administrative side, explained Mrs. Stinson. Rebates are where certain medications are distributed either through retail or mail order, and the manufacturer provides a refund back to the management company (CIGNA). CIGNA retains part of the rebate to cover admin costs, and they share a portion of the rebate back with the employer. In the past, we have seen of the annual cost that was returned back \$145,000. By asking for different types of pharmacy administrative plans, CIGNA has been able to put across the board the fee returned for administrative services and improved their offering to Rutherford County.

After discussion, a motion was made by Merry Hickerson to recommend CIGNA renewal for medical, dental, vision, and stop loss coverage effective 07/01/2012. The motion was seconded by Elizabeth Crace and passed unanimously; it will be forwarded to the next Budget meeting.

ADJOURNMENT:

The meeting was adjourned at 1:28 p.m.

Mayor Ernest Burgess, Chairman
Rutherford County Benefits & Insurance Committee