Harford County Public Schools

02 S. Hickory Avenue ♦ Bel Air, MD 21014 410-838-7300 Fax 410-893-2478

Robert M. Tomback, Ph.D., Superintendent of Schools

Office of the Chief Financial Officer
Division of Business Services
Direct Dial 410-588-5243
Fax 410-588-5309

Employee Benefits Committee Meeting Notes

March 19, 2010 @ 4:00 p.m.
Education Services Conference Room

Attendance				
Attended	**Name**		**Affiliation**	**e-mail**
No	Blake	Kory	AFSCME	kblake@afscme67.org
No	Tell	Debbie	AFSCME	fuzzybug1954@yahoo.com
No	Witmer	Linda	AFSCME	
Yes	Hankins	Patty	AHCAPTSPH	patricia.hankins@hcps.org
Yes	Canavan	Barbara	APSASHC	Barbara.canavan@hcps.org
Yes	Mascari	Joe	APSASHC	joe.mascari@hcps.org
Yes	Cerveny	Randy	HCEA	rcerveny@mseanea.org
Yes	Schorr	Nancy	HCESC	nancy.schorr@hcps.org
Yes	Yost	Barbara	HCESC	Barbara.yost@hcps.org
Yes	Fradel	Jeff	HCPS	jeff.fradel@hcps.org
No	Hardy	Steve	HCPS	steve.hardy@hcps.org
Yes	Markowski	John	HCPS	john.markowski@hcps.org
Yes	Simpson	Audrey	HCPS	Audrey.simpson@hcps.org
No	Kohler	Pat	MSEA	pkohler@mseanea.org
No	Hunter	Marilyn	MSEA	mhunter@mseanea.org
No	Lesser	Susan	MSEA	slesser@mseamea.org
Yes	Niles	Roger	Retirees	rogern2@verizon.net
Yes	Owen	Tom	Retirees	
Yes	Quigg	Lisa	CFBCBS	

1. Introductions – all present introduced themselves.

2. Plan Design Changes – The memo, attached, dated March 9, 2010 to the Committee was reviewed by John Markowski. One possible change was noted; to make the HMO mail-order pharmacy benefit consistent with the PPN benefit. He stated that clearly this was cost shifting to the employees and there is no way to spin the changes otherwise.

   Randy Cerveny and Barbara Yost stated they thought plan design changes were subject to negotiation. Jeff Fradel pointed out that plan design changes are the prerogative of management and that in past years the plan was modified to add or change benefits without negotiation. The bargaining units have the right to ask that plan design changes be negotiated during collective bargaining.

Nancy Schorr expressed concern, with the concurrence of others, about the impact on employees of the increase in out of pocket expenses. She also suggested that little used benefits could be removed from the plan to bring the cost down. Lisa Quigg explained that if the benefits are little used there would be no value to eliminating the benefit and therefore no cost savings.

Several examples of the financial impact on an employee were discussed. Cases of maternity were most referenced. Under the current plan the out of pocket cost for maternity is the first office co-pay of $15. All other costs are fully covered. Under the plan effective July 1, the employee office co-pay will remain the same but they will be responsible for 10% of the hospital bill up to $2,400 out of pocket (i.e. 10% of up to $24,000). All costs over $24,000 will be paid in full by the plan.

It was agreed that these changes will require education of the employees. Several options were discussed including regional meetings and preparing a PowerPoint presentation which can be shared by all schools and offices at staff meetings. A concern was expressed that employees would not attend the regional meetings in adequate numbers to be effective in providing the information. Audrey Simpson was going to work on having a PowerPoint, with examples, prepared and distributed prior to open enrollment in May.

The group also discussed the need have employees evaluate their participation in the flexible spending plan, to adequately use that pre-tax contribution to help off-set the increased out of pocket costs.

There was concurrence that the plan, even with these changes, is still a high level benefit and an understanding that the economic circumstances of the recession and reduced levels of funding to the school system necessitated the changes.

3. Renewal Rates for 2010-2011. John Markowski stated that rates were still being developed based on these changes. The original estimate, used in the budget, of 10% premium rate increase fell to 6.5% with some major negotiation and modification of the call provision. The intent was to have the rate remain flat. He expects final rates by the end of March 2010.

Attach.

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To: Employee Benefits Committee

From: John Markowski

Date: March 9, 2010

Re: Health Plan Changes for the Plan Year beginning July 1, 2010

At the direction of the Board of Education, I have requested that Bolton Partners, HCPS' benefits consultant, work with CareFirst Blue Cross Blue Shield, to develop renewal rates for the coming plan year beginning July 1, 2010 with some plan design changes included in the underwriting analysis. Changes are necessary as the continued growth in health care costs is far outpacing the inflation rate. As one of the largest components of the HCPS budget, after wages, the growth in health care costs is crippling the Board's ability to continue to enhance programmatic needs to satisfy academic growth required by No Child Left Behind and to meet other needs such as wage enhancements for employees.

The following chart, prepared by the HCPS Budget Office, demonstrates the growth of health insurance over the past ten years.

	Actual Expenditures	**$ Change**	**% Change**
FY 2001	21,238,275		
FY 2002	23,088,448	1,850,174	8.7%
FY 2003	27,529,709	4,441,261	19.2%
FY 2004	33,870,586	6,340,877	23.0%
FY 2005	37,278,978	3,408,391	10.1%
FY 2006	41,142,908	3,863,931	10.4%
FY 2007	46,052,211	4,909,302	11.9%
FY 2008	50,393,410	4,341,199	9.4%
FY 2009	53,891,303	3,497,894	6.9%
FY 2010 Original Budget	59,502,741	5,611,438	10.4%

As you can see, the costs have nearly doubled. This is just fiscally unsustainable as funding becomes ever more difficult.

Plan design changes were developed after consulting with CareFirst to compare our plan with similar organizations and note any differences from the norm, and to still offer competitive benefits. The changes for the plans follow:

- Traditional-Active & Retiree
  - Increase deductable to $100/$200
- Retiree over 65
  - Increase MM Deductable to $200 from $100
- PPN
  - Reduce in-network covered costs from 100% to 90% and out of network from 80% to 70%.
  - Increase deductable to $100/$200 in-network and $300/$600 out of network (current $0/$0 and $200/$400 respectively)
  - Increase out of pocket max $2,400/$4,800 from $1,200/$2,400
  - Increase ER Out Patient Facility Co-pay $50 from $25
  - Increase retail pharmacy co-pay to **2** times for 90 day fill and mail order to one times co-pay for 90 day fill.
- HMO
  - Increase deductable to $100/$200 from $0/$0
  - Increase ER Out Patient Facility co-pay $50 from $25
  - Increase Urgent Care Center co-pay from $15 to $30

The above changes premium impact is still being evaluated. With those items that have been complete the reduction is estimated at $1.1 million. It is expected to increase.

Please feel free to contact me by e-mail at john.markowski@hcps.org or phone at 410-588-5243 if you have any questions.

JMM:jm