

**BOARD OF COUNTY COMMISSIONERS - STRATEGIC FINANCIAL REVIEW**

**APRIL 8, 2008**

A meeting of the Board of County Commissioner was held at the Murdock Administration Complex in Room 119, Port Charlotte, Florida. The following members were present: Chairman D'Aprile, Commissioner Moore, Commissioner Cummings, Commissioner Loftus, and Commissioner Duffy. Also in attendance were County Attorney Knowlton, Interim County Administrator Baltz, Finance Director Navan, and Minutes Supervisor Nice. The following members were absent: None. The meeting was called to order at 4:02 PM.

**I. COMMENTS**

**Chairman D'Aprile** explained this is the second financial review workshop and the next one is scheduled for April 16, 2008. Dr. Marlowe summarized the approximate \$20 million overall shortfall of which \$16 million is in the General Fund due to Amendment 1, property devaluations, and about a \$3 million decline in State Shared Sale Tax revenues and other taxes. Dr. Marlowe stated the focus of today's meeting will be on reducing health insurance costs based on the projected increase of \$1.4 million next year from ad valorem for the present coverage. Dr. Marlowe advised Human Resources Director Maggie Kain, Risk Management Division Manager Robert J. Pryor, and CEO and President of the Gehring Group Kurt Gehring have worked on long-term, significant solutions beneficial to the County in terms of controlling and containing costs and employees in terms of health care access. Dr. Marlowe stated the upcoming meeting with Constitutional Officers will involve discussion on salaries and health insurance costs. Dr. Marlowe indicated at the end of this meeting, the Board would be asked for endorsement to send out a Request for Information (RFI) to firms for health insurance costs in order to bring back options for Board consideration.

**II. REVIEW OF HEALTH INSURANCE COSTS**

Risk Management Division Manager Robert J. Pryor commented on the County's high health insurance claims incurred last year and this year and projected premium increases with AETNA could cost \$35 to \$40 million in five years. Mr. Gehring reviewed the slide on

Medical Claims Experience reflecting increases from 2005/2006 when the County's medical insurance was with Blue Cross Blue Shield, there are significantly high loss ratios with AETNA, under the Request for Proposals issued last year, increases were received from AETNA at 14.8% or \$2 million, Blue Cross Blue Shield at 36% or \$4.8 million, CIGNA at 25% or \$3.4 million, and United Health Care at \$4.5 million. Mr. Gehring expressed concern about the impact of historic claims on renewals and offered Medical Insurance Plan Options: eliminate the high option HMO plan, add a high deductible plan as the new base plan or a plan with higher co-pays, make the basic HMO the buy up plan, and add a clinic for employees to see doctors at no cost, dispense generic prescriptions at no cost, a finding that high employee morale exists as a result of three such clinics provided by municipalities, run employment physicals, drug testing, fitness for employment, etc. testing; it would redirect costs to the clinic in order to control costs, future savings with possible first-year savings, reported the County has been self-funded and fully funded, and more detailed proposals will be brought back to the Board. **Chairman D'Aprile** questioned the high claims in 2007. Mr. Pryor explained a significant number of large claims were filed, 11 or 12 claims went over the \$150,000 cap for cancer and cardiac claims, the County went for four years without significant claim activity, then there was a fixed contract with Blue Cross Blue Shield for three years and reiterated recent significant claims were as a result of cancers and cardiac. Mr. Gehring explained the clinic has merit for long-term care and cost efficiencies and summarized the need for self funding to pay for claims now versus on renewals, outlined the basis for renewal rates, and stated no monies are needed up front for self funding since it is behind the scenes bookkeeping. Mr. Gehring pointed out three entities in the State of Florida using clinics. **Commissioner Moore** questioned if the County would have a single clinic. Mr. Gehring explained one clinic, as has been done in St. Lucie County, with a potential for mobile clinics and this option would be brought back for a decision prior to the end of the year. **Commissioner Duffy** questioned the level of service for specialists. Mr. Gehring commented on he need to provide quality care dependent upon an outside firm hiring physicians possibly with a lab and x-ray equipment, this would not be a gate keeper situation, employees would still be allowed to consult specialists, and commented on the need make sure the information is secure, employees are

comfortable, and they continue to go to the clinic with no waiting times since appointments are set, and this idea is warranted at least for investigation. **Commissioner Cummings** concluded the clinic would take the place of a primary care doctor. Mr. Gehring stated employees could still go to a primary care doctor but there would be higher co-pays. **Commissioner Cummings** questioned self-funding of the entire program or only the level to the clinic. Mr. Gehring advised last year's paid claims amounted to \$13.7 million, administrative costs or fixed costs were about \$2 million whereas self-funding would be reimbursed claims as expended and a portion of the \$15 million would go to the clinic with the remainder going to the clinic and employees' use of primary care doctors or specialists. **Commissioner Cummings** questioned the need for self funding for the first year of the entire program. Mr. Gehring recalled the County was in a deficit situation and insurance companies at that time submitted aggressive bids and advised self funding is a mechanism that can be as safe as and be more cost effective in the long term. **Commissioner Cummings** commented on the need to fully understand the proposed plans and requested a meeting.

Mr. Gehring recalled the County had a surplus in the first year with Blue Cross Blue Shield that if the County had been self-funded, another \$1 million may have been realized in savings and explained if the County does not do anything different next year, the premium increase may be in the 20% range. **Commissioner Cummings** suggested the first \$500 of expenses be fully paid, with co-pays from \$500 up to \$1,000 and incentives for employees to be frugal e.g. add unused funds to the employee's amount next year. Mr. Gehring agreed, commented on high deductible health plans with rollovers of unused funds into the next year, and stated this option would be brought back with other options. **Commissioner Moore** expressed concern about employees not taking care of their health. Mr. Gehring stated the purpose today was to provide an overview of options with incentives and impacts with more details to be brought back to the Board. Dr. Marlowe requested direction to issue an RFI. **Chairman D'Aprile** announced the Board consensus for Dr. Marlowe to move forward and secure more information.

ADJOURNED: 4:35 PM

Signature on in Commission Minutes  
Chairman

ATTEST:

BARBARA T. SCOTT, CLERK  
OF THE CIRCUIT COURT AND  
EX-OFFICIO TO THE BOARD  
OF COUNTY COMMISSIONERS

By: Signature on file in Commission Minutes  
Deputy Clerk

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