

LAKE-SUMTER STATE COLLEGE

DISTRICT BOARD OF TRUSTEES

June 27, 2018

Workshop for Insurance Presentation

A meeting of the District Board of Trustees, Lake-Sumter State College, was called to order on June 28, 2018 at 4:05 p.m. in Room 210, Student Services Building, Leesburg Campus, by Mr. Scott Blankenship, Chair. The other Committee members in attendance were Mr. Bryn Blaise, Mrs. Marcia Butler, Mrs. Jennifer Hill, Mr. Bret Jones, Ms. Emily Lee, Mr. Kelly Rice, and Mr. Pete Wahl. Dr. Stanley Sidor, College President, was also in attendance.

Dr. Bigard opened the meeting and stated that the object of the meeting was to develop an understanding the evaluation process to ensure the best insurance coverage for college employees and to understand projected increases for future use.

Justin Piazza from the Florida College System Risk Management Consortium introduced the team and began the meeting by explaining that FCRSRM is not an insurance company. They were established in 1980 for the Florida Community Colleges to participate in a self-insured risk management pool. Justin stated that the consortium serves all 28 colleges in the Florida College System with products and services.

He explained the key rating components and LSSC rate validation analysis:

ANNUAL OVERALL POOL RATE FUNDING ASSESSMENT

An underwriting evaluation is completed annually using the entire pool of claim experience in order to establish the projected claims for the upcoming period. When combined with anticipated expenses, interest income, pharmacy rebates and any other credits or debits, the necessary change in the revenue for the upcoming calendar year is identified. All college rates are adjusted by the same percentage.

INDIVIDUAL COLLEGE RATE VALIDATION

When a college first enrolls in the Consortium health program, their initial rates are established from their recent claim experience coupled with the fee advantages of the overall program products and services.

Subsequent to the initial enrollment, a periodic (every three years) actuarial rate validation is completed using each individual college specific demographics, claim experience and regional medical costs. From this assessment, it is determined whether any increase or decrease in an individual college rate is warranted when combined with the annual pool adjustment.

This year's rate validation project was completed by national actuarial consulting firm Gallagher Benefit Services FSA actuary. The rate validation adjustment is the increase or decrease to a specific college's renewal action that is related to their claim experience.

LAKE-SUMTER STATE COLLEGE RATE VALIDATION ANALYSIS

- Three year loss ratio is 102.6% versus average loss ratio for Consortium of 89.5%

- Premiums paid did not fully cover claims paid:
Premium \$6,767,988
Claims \$6,946,187
- Subsidized by other participating colleges
- Premiums did not support any of the following:
 - Florida Blue network access or administrative costs
 - Stop loss insurance
 - FBMC administrative expenses
 - Actuarial, audit and consulting services
 - FCSRMC administrative expenses

It was asked if we could make our year a calendar year versus an academic year and it was explained that since all colleges use an academic year that going to a calendar year would make the rating skewed. This would also eliminate the health savings account prior claims submission.

After a lengthy discussion the meeting was adjourned and a final decision will be made at the full board meeting on July 18, 2018.

There being no further business, the meeting was adjourned at 4:50 p.m.

Respectfully submitted,

ATTEST:

Peter F. Wahl, Chair

Stanley M. Sidor, Ed., D.
Secretary/College President

Recording Secretary: Claudia D. Morris