

Warwick School Committee Minutes
 Meeting of May 28, 2008
 Open Session

The Warwick School Committee met in Open Session at Pilgrim High School on May 28, 2008. Chairman Friel called the meeting to order at 5:45 p.m. with the following in attendance:

COMMITTEE

Christopher Friel, Chairperson
 Lucille Mota-Costa, Vice Chair
 Bethany Furtado, Clerk
 Joyce L. Andrade
 Paul Cannistra

ADMINISTRATION

Peter P. Horoschak, Superintendent
 Leonard Flood, Director of Business Affairs
 David E. Small, Director of Buildings and Grounds
 Rosemary Healey, Esq., Director of Compliance & Human Resources

Health Insurance Contract: Presentation by Mr. Flood – Mr. Flood said in December of 2007, the City received responses to a bid for joint purchasing for a medical plan administrator. The proposals covered both the City and the Warwick Public Schools. Responses were from Blue Cross/Blue Shield, United Healthcare and West Bay Community Health. The proposal submitted by WB Community Health was a joint proposal with Blue Cross/Blue Shield. The proposals were turned over to Cornerstone Group for review and recommendation. The Mayor recommended to the City Council in April of 2008 an award of a contract to United Healthcare, but that recommendation was tabled pending receipt of further information. Cornerstone Group submitted an addendum to the City of Warwick’s Health Care Report, and this was presented at the Council meeting on May 19, 2008, and members voted to reject all bids. Mr. Flood said to analyze the various proposals, two factors considered are the retention rate and the stop loss rate. Claims paid are also part of the financial equation but are subject to agreements that the major carriers have negotiated with providers. Some things that can’t be measured are (1) whether coverage and plan design is equal or better under the United Healthcare as compared to WB Community Health; (2) level of disruption to our employees in event their doctors are not part of United Healthcare and (3) whether the School Department’s two labor contracts currently allow to offer a plan other than Blue Cross/Blue Shield. Comparison of costs for WB and United Healthcare, when it comes to retention and stop loss rates:

Comparison of WB Community Health vs. United Healthcare			
	Rate/Month per Subscriber		
	WB	United	Difference
Retention Rate*	\$39.50	\$28.83	\$10.67
Stop Loss Rate	\$18.71	\$21.07	-\$2.36
	\$58.21	\$49.90	\$8.31
Total Cost Based on 1851 count	\$1,292,961	\$1,108,379	\$184,582

*WB retention rate includes the \$1.00/month/subscriber fee for the collaborative

There are some questions as to whether the stop loss quote from United is equal to what was requested in the original bid or comparable to that which was submitted by other bidders. There was an

Warwick School Committee Minutes
Meeting of May 28, 2008
Open Session

issue as to whether the design change proposed by United would actually result in an increase on the other side of the equation, which could ultimately impact future rate increases. There are other factors to consider besides any potential savings from retention and stop loss rate, the most important which relates to our legal obligations under the terms of our collective bargaining agreements.

The Cornerstone report provided information comparing not only costs but the programs offered by various bidders. Both United Healthcare's provider network and plan design could impact on the question as to whether this plan is equivalent to the plan outlined under the terms of our labor agreements.

WB Community Health has provided an amendment dated January 7, 2008, but no action has yet been taken on this amendment which has to be approved by the School Committee. Our Agreement with WB required that we notify them by March 31, 2008 of our intent to withdraw as a member; otherwise our membership would automatically be renewed. Mr. Flood submitted a letter to WB prior to March 31st in order to keep our options open. The School Department's decision as to whether to remain in the group needs to be made by July 1, 2008. The most significant provisions of this amendment agreement are as follows: (1) extends the collaborative current agreement with BC/BS from June 30, 2010 to June 30, 2012. (This does not affect our ability to withdraw with 90 days notice prior to the start of a new contract year.) (2) Reduction in the retention or claims administration rate for next year - \$55.00/month/subscriber to \$38.50/month/subscriber. This reduction is projected to save \$366,500 next fiscal year. Future costs are locked in through June 30, 2012. (Note: the administrative rate proposed by United is only for next year since the bids issued by the City were only for FY2008-09 and could increase in future years.) (3) A guarantee that the retention or claims administration rate shall be equal to or less than that charged to any other municipality having 5,000 or fewer subscribers or municipal purchasing groups having a cost plus agreement with Blue Cross. This would mean that Blue Cross could effectively only provide a lower rate to the City of Providence. and (4) Provides that if Blue Cross/Blue Shield enters into an administrative services agreement with the State of Rhode Island that requires Blue Cross to offer all municipalities the same charge for retention that is charged to the State, Blue Cross will modify the rate it charges members of WB to reflect this change.

We would be seeing an increase in our stop loss premium from \$13.05/month/subscriber to \$18.71 and would cost an additional \$125,720 next year. However, when combined with the savings from reduction in the retention rate, the net savings overall, if we remain with WB, is almost \$250,000 compared to the current fiscal year. There are benefits of being part of the collaborative. The money each member pays covers not only the retention and stop loss fees, but pays for our claims and administrative expenses of running the collaborative. There is a policy to distribute back to member communities a portion of the funds held in reserve. As a result of this policy, we will be receiving a refund of \$247,500 from WB in the next few months.

Mr. Flood recommended: that we accept the proposed contract amendment from WB Community Health for FY 2008-09. With the WISE union contract currently under negotiation and the WTU contract entering its final year, we should spend time during the coming year to take a comprehensive look at our entire health care program from provider options to co-pays. If this is done with the involvement of all parties affected, we can develop a long-term strategy to deal with the ever increasing costs of health care.

Warwick School Committee Minutes
Meeting of May 28, 2008
Open Session

MOTION 2008-104: Moved by Ms. Mota-Costa, seconded by Mrs. Furtado, to accept the recommendation of the proposed contract amendment from WB Community Health for Fiscal Year 2008-2009.

MOTION PASSES (4 ayes 1 nay)

Christopher Friel - Aye Lucille Mota-Costa - Aye
Joyce L. Andrade - Aye Bethany Furtado - Aye
Paul Cannistra - Nay

Summer School Tuition – Mr. Flood: Under the new UCOA, which goes into effect on July 1st, summer school is now considered an “enterprise fund” and is not part of the general fund. Tuition fees need to be established to cover annual operating costs of the program. Any surplus or deficit is carried over in the fund from year to year. Operating expenses for the summer school program next year are projected at \$93,000. If tuition rates and enrollments remain unchanged, a deficit of over \$15,000 is projected. Coupled with last year’s deficit, the School Department would experience a combined program deficit of almost \$24,000 over a two-year period. Mr. Flood recommended the following tuition rates for 2008:

	Proposed 2008 Tuition Rates	Current Tuition Rates of Increase	Amount Increase	Percentage Increase
30 Hr. HS Academic Courses	\$200	\$150	\$50	25%
20 Hr. Half Year Courses	\$130	\$100	\$30	23%
15 Hr. HS Qtr Yr Courses/Study Skills	\$100	\$90	\$10	10%
30 Hr. JH ELA & Math Study Skills	\$200	\$150	\$50	25%

He also suggested that the out-of-district student stipend increase from \$25 to \$50.

MOTION 2008-105: Moved by Mrs. Furtado, seconded by Mrs. Andrade, to approve the fee increase proposal on the May 22nd memorandum, together with an out-of-district student increase from \$25 to \$50.

MOTION PASSES (5-0)

Christopher Friel - Aye Lucille Mota-Costa - Aye
Joyce L. Andrade - Aye Bethany Furtado - Aye
Paul Cannistra - Aye

MOTION 2008-106: Moved by Ms. Furtado, seconded by Mrs. Andrade, to go into closed session for discussion and/or action regarding those items of business exempt from open meetings under General Laws of Rhode Island 42-46-5(a)(1) and (a)(2).

MOTION PASSES (5-0)

Christopher Friel - Aye Lucille Mota-Costa - Aye
Joyce L. Andrade - Aye Bethany Furtado - Aye
Paul Cannistra - Aye

At 6:25 p.m. the Committee went into closed session for a meeting with the Warwick Independent School Employees Union.