



**FOREST LAKE AREA SCHOOLS  
FOREST LAKE, MN 55025**

**March 26, 2015**

**AGENDA ITEM: 9.2**

**TOPIC: Award Medical Self-Insured Employee Group Insurance**

**BACKGROUND:** The new Health Insurance Transparency Act (HITA) Bill requires the district to solicit proposals at a minimum every 24 months for group medical insurance.

**PROCESS:** The RFP for group medical self-insurance was advertised in the Forest Lake Times on January 15. The RFP's were reviewed by CHS (Corporate Health Systems), administration, 3 representatives from the largest bargaining unit and the Employee Benefits committee.

After the initial review, PreferredOne was given time to submit a final proposal. The final proposal was received on March 2 and reviewed by CHS, administration, 3 representatives from the largest bargaining unit, the employee benefits committee, and the finance committee. Five providers responded to the RFP. A final recommendation is being submitted to the School Board at the March 26, 2015 meeting. Due to the HITA Bill, the plan must go out for RFP again in 2017.

**RECOMMENDATION:** The Administration, Employee Benefits Committee, and Finance Committee recommend the School Board award the Employee Group Insurance for Self-Insured Medical to PreferredOne.

2015 SF Calc Sheet R2

Current Funding

	Self Funded - Current P1/PIC 2014 Contract	Self Funded Original P1/PIC Option	Self Funded REVISED P1/PIC Renewal	Self Funded CHS Underwriting
<b>Effective Date:</b>	7/1/14	7/1/2015	7/1/2015	7/1/2015
Plan Rate Development	1439	1439	1439	1439
<b>CURRENT PLAN ENROLLMENT</b>				
Single	440	440	440	440
Family	279	279	279	279
Total	719	719	719	719
<b>FIXED PLAN COST</b>				
<b>Stop Loss Coverage Basis</b>				
<b>Specific Covered Benefits</b>	12/15	12/18	12/18	
Individual Deductible	\$125,000	\$125,000	\$125,000	\$125,000
Single Premium - PEPM	\$49.68	\$46.18	\$42.07	\$40.84
Family Premium - PEPM	\$128.81	\$110.55	\$100.69	\$97.76
<b>Estimated Annual Individual Deductible Premium:</b>	<b>\$693,566</b>	<b>\$613,952</b>	<b>\$559,240</b>	<b>\$542,936</b>
Dollar difference:				
Percentage difference:				
<b>Aggregate Premium For Maximum Liability Cap</b>				
Premium - PEPM	\$1.16	\$1.16	\$1.16	\$1.16
<b>Estimated Annual Maximum Liability Premium:</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>Total Annual Reinsurance Liability:</b>	<b>\$703,566</b>	<b>\$623,952</b>	<b>\$569,240</b>	<b>\$552,936</b>
		(\$79,614)	(\$134,327)	(\$150,631)
		-11.3%	-19.1%	-21.4%
<b>Plan Administrative Services</b>				
Medical Administration Fee	\$25.00	\$26.00	\$26.00	\$26.00
PO/Disease Management Fee	\$3.00	\$3.00	\$3.00	\$3.00
Wellness Program - \$100k	\$11.59	\$11.61	\$11.59	\$11.59
Nurseline Fee	\$0.97	\$0.97	\$0.97	\$0.97
MAP Fee	\$1.07	\$1.07	\$1.07	\$1.07
Wellness Advantage Fee (does not include the \$20 credit)	\$1.00	\$1.00	\$1.00	\$1.00
CHS Consulting Fee	\$7.96	\$7.96	\$7.96	\$7.96
ACA Transitional Reinsurance Fee	\$10.51	\$7.35	\$7.35	\$7.35
ACA PCORI Fee	\$0.33	\$0.35	\$0.35	\$0.35
Subtotal...PEPM	\$61.43	\$59.31	\$59.29	\$59.29
<b>Estimated Annual Administration Cost</b>	<b>\$530,055</b>	<b>\$511,706</b>	<b>\$511,535</b>	<b>\$511,535</b>
<b>Estimated Total Annual Fixed Cost</b>	<b>\$1,233,621</b>	<b>\$1,135,658</b>	<b>\$1,080,775</b>	<b>\$1,064,471</b>
				-13.71%
<b>Claims COSTS</b>				
Expected Annual Claims	\$7,567,645	\$7,203,015	\$7,203,015	\$7,521,272
Maximum Annual Claims (Attachment Point)	\$9,459,556	\$9,003,768	\$9,003,768	\$9,401,590
Expected Claims Liability - Per Employee Per Month	\$496.01	\$471.42	\$471.42	\$492.97
Expected Claims Liability - Family	\$1,478.11	\$1,407.98	\$1,407.98	\$1,469.05
				<b>2 Year Weighted</b>
<b>GRAND TOTAL COST PROJECTIONS</b>				
Total expected cost	\$8,801,266	\$8,338,673	\$8,283,790	\$8,585,743
\$ Difference from current funding	(\$560,658)	(\$1,023,252)	(\$1,078,135)	(\$776,181)
% difference from current funding	-6.0%	-10.9%	-11.5%	-8.3%
Total maximum	\$10,693,177	\$10,139,426	\$10,084,543	\$10,466,061
\$ Difference from current funding	\$1,331,253	\$777,502	\$722,619	\$1,104,137
Total expected cost	14.2%	8.3%	7.7%	11.8%

Firm:  
Retirees:  
Network Fees:  
Other:

Firm  
Covered  
Included in Admin  
2 Year Admin Rate Cap,  
\$30k Wellness Over 2  
Years, 2016 15% Specific  
Cap