

**BEMIDJI AREA SCHOOLS  
BEMIDJI, MINNESOTA**

**DATE: MARCH 30, 2015**

**TO: BOARD OF EDUCATION BEMIDJI SCHOOL DISTRICT #31**

**FROM: CHRIS J. LEINEN, DIRECTOR OF BUSINESS SERVICES**

**SUBJECT: HEALTH INSURANCE BIDS**

**COMMENTS:**

Last session, the Health Insurance Transparency Act (HITA) was passed regulating how school districts solicit bids for health insurance. HITA added much administrative expense and burden to the health insurance renewal process.

This new law requires political subdivisions with over 25 employees solicit health insurance a minimum of 3 bids at least every 24 months. One of these bids must be from the Public Employees Insurance Program (PEIP).

On February 2, 2015 the Bemidji School District published a Request for Proposal (RFP) for the district's health insurance plans.

Information provided to those responding to the RFP include a Summary of Benefits coverage for each of our five plans, A tracking report showing group claims paid data, a high claims list of claims over \$50,000, a de-identified census of our group with basic demographic information, and a rate page from 2014 for our current plans.

The sealed bids were opened on March 10, 2015 in the presence of three B.E.A representatives in accordance with the new law. We received bids from the NWSC Pool, Sanford Health, Peip and Blue Cross.

The district opted to negotiate with NWSC and received a final bid from them on March 12, 2015. A summary and recommendation has been prepared and the school Board must make a determination on the carrier no sooner than 15 days after the final bid is received. The districts renewal date for the existing contract is July 1, 2015.

**PREMIUM COMPARISON**

Attached is a spreadsheet that lists the Providers Name, the name of the plan quoted and the monthly premium for both single and family. Each plan has its own Summary of Benefits Coverage (SBC) which is an industry standard by which plans can be compared. The SBC's vary significantly from one plan to another and to try and detail them here would be an exercise in verbosity. I will try and give some rational for my recommendation in the next section of this memo.

## BASIS FOR EVALUATION

It is important to understand that the School Board has the sole right and responsibility to choose the insurance carrier for the school district. It is also important to understand the concept of an “apples to apples” comparison. Any decrease in the “aggregate value of benefits” is a term and condition of employment and as such, must be negotiated with all unions. Therefore if one provider bids plans that are different than what we have right now, it could trigger the need for a change in plans to be negotiated with all unions.

The Aggregate Value of Benefits includes not only the monthly premium but also the deductibles, coinsurances, provider networks, RX plan networks, referral processes and basic coverage amounts for various medical procedures.

## RATIONAL FOR RECOMMENDATION

The bid from the NWSC self-insured pool offers a renewal to our current plans and does not deviate from our bid spec. The NWSC did bid two alternate plans that were lower priced but also had a lower aggregate value of benefits and would need to be negotiated to make a change.

Negotiations with the NWSC yielded a second bid which amounts to a two year 2% decrease off their first bid if the District is willing to negotiate with the unions to sunset to our Double Gold plan. A copy of this bid is attached. This is the bid that I am recommending the School Board accept on behalf of the school district.

The PEIP bid does not meet our bid specs. They have three plans, not five. They have different deductibles and coinsurance amounts. They have tiered networks that could increase the cost to the employee depending on the primary health care provider they use.

The Sanford Health Plan does not meet our bid specs. They bid five plans with differing deductibles and coinsurance amounts. They have higher out of copayments and coinsurance amounts for out of network providers.

The Blue Cross fully insured plan is a courtesy bid on our most popular plan, CMM \$500 deductible. The premium is slightly higher than the NWSC bid.

## RECOMMENDATION

It is my recommendation that the School Board approve the NWSC negotiated final bid for a two percent discount on their initial bid contingent upon the school district negotiating the sunset of the Double Gold plan in the next two years.

## ACTION:

The motion was offered by \_\_\_\_\_, seconded by \_\_\_\_\_ and, carried ( ) to approve NWSC Self Insurance Pool as the school districts health plan provider for the 7/1/15 renewal with a 2% discount for negotiating the sunset of the Double Gold plan.

COMPANY	PLAN NAME	MATCH?	SINGLE	FAMILY
Sanford Health	250 Ded Copay	No	766.04	1,645.48
	250 Ded Coinsurance	No	738.24	1,585.77
	500 Ded Coinsurance	No	668.50	1,478.92
	HDHP 3000 Ded	No	590.51	1,268.44
	HDHP 5000 Ded	No	462.88	994.29
NWSC Pool	500 Ded Common Plan 18	Yes	652.50	1,398.50
	5,000/10,000 CDHP 850	Yes	419.50	902.00
	2,600/5,200 Ded CDHP	Yes	537.50	1,156.00
	250 Ded Common Plan 17	Yes	722.00	1,551.00
	Double Gold w/Copay	Yes	919.00	1,975.00
	Common Plan 18 Lean Option	No	636.50	1,363.50
	BlueConnect 500 Ded	No	579.00	1,238.00
PEIP	Advantage Plan	No	639.42	1,707.22
	Value Plan	No	588.98	1,572.56
	HAS Plan	No	480.16	1,281.98
Blue Cross	500 Ded Common Plan 18	Yes	665.50	1,426.50

# Bemidji School District #31

Coverage Effective Dates 07/01/2015

## Rates

Renewal Months	Min Value	Plan	Annual Total Premium	Current Rates	Renewal Rates	Change in Rates
12	87%	<b>PLAN 1</b> NW Common Plan 18 \$500 CMM - 2014				
		Single	157	\$652.65	\$639.50	
		Family	72	\$1,398.40	\$1,370.50	
				<b>\$2,437,810</b>	<b>\$2,388,930</b>	
66%		<b>PLAN 2</b> NW CDHP Plan 850 \$5000 Ded 100% Coins 20				
		Single	137	\$419.43	\$411.00	
		Family	73	\$902.03	\$884.00	
				<b>\$1,479,721</b>	<b>\$1,450,068</b>	
77%		<b>PLAN 3</b> NW CDHP Plan 833 \$2600 Ded 100% Coins 20				
		Single	59	\$537.70	\$527.00	
		Family	21	\$1,156.15	\$1,133.00	
				<b>\$672,041</b>	<b>\$658,632</b>	
90%		<b>PLAN 4</b> NW Common Plan 17 \$250 CMM - 2014				
		Single	122	\$722.00	\$707.50	
		Family	10	\$1,550.88	\$1,520.00	
				<b>\$1,243,114</b>	<b>\$1,218,180</b>	
92%		<b>PLAN 5</b> Bemidji School Dist # 31 DG w/copay - 2014				
		Single	11	\$919.13	\$900.50	
		Family	20	\$1,975.53	\$1,936.00	
				<b>\$595,452</b>	<b>\$583,506</b>	
<b>Group Total</b>			<b>687</b>	<b>\$10,772,190</b>	<b>\$10,499,816</b>	<b>-2.6%</b>

- No agent commission included in rates