

Red Wing Public Schools
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School Board Meeting Agenda Item

Topic: Insurance Coverage
Contact(s):
Presenter(s): Jackie Paradis, Business Manager;
Amy French, Human Resources Manager
Lynn Kermes, Intellicents
Logan Tufte, Intellicents

Nature of Action Requested

Board Action
Board Information or Report

Background Information

The District's policies for basic life AD&D, LTD, and Voluntary AD&D were up for renewal as of 7/1/2021. The Labor Management Committee (LMC) decided to include dental insurance at this time as well to see if any companies would offer a package rate. Notice of the Request for Proposals was published in the Republican Eagle on Feb 27 and posted on the district website, with proposals due on March 22. The LMC met on April 19 and May 4 to discuss the results.

Choice of Dental Carrier for Dental Insurance Effective 1/1/2022

Decision: Contract with Blue Cross Blue Shield for Dental insurance coverage effective 1/1/2022.

Justification: The district's current dental insurance carrier, Health Partners, increased the district's dental rates for 2021 coverage by over 9% and their best and final rates for 2022 coverage included another 3% increase. There was consideration to request proposals at the end of 2020, however due to proximity to the end of the year this was tabled for 2021.

Blue Cross Blue Shield offered near identical dental plans at a 2% premium decrease, along with a 2-year rate guarantee and a 3rd year increase cap of 5%. Blue Cross Blue Shield is not able to match the Health Partner Little Partners benefit, which provides 100% coverage for children under the age of 13. However, when reviewing claims data, it became apparent that the premium savings offered by Blue Cross Blue Shield over a 3-year period would outweigh additional costs incurred with the Little Partners benefit removed. Lastly, the Blue Cross Blue Shield dental network is comparable to the current Health Partners dental network. Of the Top 30 dentists utilized by employees 28 would remain in-network with Blue Cross Blue Shield, limiting employee disruption of a change.

Addition of a Voluntary Vision policy effective 1/1/2022

Decision: Offer employees a 100% employee paid Blue Cross Blue Shield Vision policy effective 1/1/2022

Justification: Vision insurance benefits are policies which when used properly can provide employee value above their yearly premium cost. By offering an 100% employee paid policy the district can allow those employees currently needing vision care a cost affordable option that comes at no cost to the district, beyond the work needed to administer the plan. To that effect, as Blue Cross Blue Shield is District's the current Medical Insurance carrier, they were able offer an affordable plan with consolidated billing and administration making an easier addition than with other carriers.

Change the Voluntary AD&D Policy into a Voluntary Life and AD&D Policy Effective 7/1/2021

Decision: Change the current Voluntary Accidental Death and Dismemberment Policy into a Voluntary Life and Accidental Death and Dismemberment Policy.

Justification: The current plan offered by the District is a voluntary accidental death and dismemberment policy, meaning that benefits are only paid for injuries or death's resulting from an accident, not for death due to illness or disease. 2019 CDC data (<https://www.cdc.gov/nchs/fastats/deaths.htm>) indicates that the number one cause of death in the United States was Heart Disease at 659,041 deaths, followed by Cancer at 559,601 death. Accidents accounted for the 3rd most deaths at 173,040. The current district plan would offer no coverage for the 2 leading causes of death in the United States and only 1 of the top 10 causes of death in 2019.

Due to the increased coverage a Voluntary Life and AD&D plan would increase cost of Life and AD&D coverage it was seen as an increased benefit to employees to ensure the District's plan offered coverage for more than only accidents. It was decided that due to the potential for employee confusion if the current voluntary AD&D policy was offered alongside a new Life and AD&D policy, and the additional administrative burden of administering two plans, it was most effective to terminate the voluntary ad&d plan and move all elected employees to a voluntary life and AD&D plan.

Choice of Basic Life and AD&D, Long-Term Disability, and EAP Insurance Carrier Effective 7/1/2021

Decision: Change the Basic Life and AD&D, Long-Term Disability, and EAP provider to Guardian Life Insurance Company from Madison National/NIS.

Justification: The district's current Basic Life and AD&D, Long-Term Disability, EAP, and Voluntary AD&D policies were up for renewal at the end of a 3-year rate guarantee with the current carrier, Madison National Life Insurance offered via National Insurance Services. These policies benefits have not been reviewed by the district and carriers outside the NIS pool have not been reviewed in at least 3 years. As such a request for proposal was conducted to gauge pricing from a variety of carriers.

Both Madison National and Guardian Life Insurance Company offered matching benefits and identical pricing on the Basic Life AD&D and LTD policies. The voluntary life and ad&d plan designs offered by both carriers were comparable. In prior years, the district has experienced administrative burdens and enrollment difficulties with their Madison National coverage. These includes issues with confirmation of enrollments, lack of online enrollment solutions, and response time to inquiries regarding the policies. Due to these service issues, and the comparable pricing offered by Guardian Life and Madison National, the district desired to move the plans to Guardian Life effective 7/1/2021.

Recommendation

I move approve Blue Cross Blue Shield as the District's dental carrier effective 1/1/2022, to add the option of voluntary vision coverage through Blue Cross Blue Shield effective 1/1/2022, and to approve Guardian Life as the District's carrier for basic life AD&D, long term disability (LTD), and voluntary life and AD&D coverage effective 7/1/2021.