



*2007 Employee Benefits*

*September 11, 2006*

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Benefits Coordinator  
and*



Smith & Associates Consulting

# Health Plan Overview

## Medical

- January 1, 2006 – Texas Municipal League (TML) became our third party administrator.
- LabOne savings for the 1<sup>st</sup> & 2<sup>nd</sup> quarter of 2006 were approximately \$94,000.
- Effective 01/01/2007 TML will offer United Healthcare PPO Choice Plus Network
  - Advantages of the Network Change
    - Much deeper discounts
    - Better name recognition for both Employees & Providers
    - 97.6% Provider Match (If a member is in an “on-going serious treatment plan” or in the “third trimester of a pregnancy”) with a provider who is not in the new network, we will help coordinate a Transition of Care Plan.)

# Health Plan Overview (cont.)

## 2006-07 Recommendations:

- No change to Medical Benefit plans
- Continue to elect to be exempt from the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- An additional \$10 District contribution to employee premiums (offset by reduction in contributions to Workers' Compensation fund)
- Minimal Employee Rate increases to cover fund expenses

COMPARISON OF 2006 DISTRICT  
CONTRIBUTIONS PER EMPLOYEE PER MONTH

DISTRICT	CONTRIBUTION
Lewisville ISD	\$325.00
Grapevine-Colleyville ISD	\$275.00
Carrollton-Farmers Branch ISD	\$262.00
Richardson ISD	\$260.00
Northwest ISD	\$260.00
Plano ISD	\$259.00
Birdville ISD	\$255.00
Mesquite ISD	\$255.00
Denton ISD	\$240.00
Carroll ISD	\$236.00
<b>KELLER ISD</b>	<b>\$235.00</b>
Garland ISD	\$225.00
Irving ISD	\$225.00
HEB ISD	\$225.00
Lowest	\$225.00
Highest	\$325.00
Average	\$252.64

**KELLER INDEPENDENT SCHOOL DISTRICT**  
**Prospective Rate Projection**  
**July 2006**  
**17 Months**

			<b>CORE</b>	<b>HMP</b>	<b>BASIC</b>	<b>TOTALS</b>
<b>Paid Claims</b>			\$4,490,623 +	\$961,325 +	\$211,881 =	\$5,663,829
<b>Prescription Drugs</b>			\$1,264,401 +	\$139,919 +	\$55,281 =	\$1,459,601
<b>Stop Loss Reimbursements</b>			(\$134,907) +	\$0 +	\$0 =	(\$134,907)
<b>Census Changes</b>			(\$107,376) +	(\$22,904) +	(\$5,011) =	(\$135,291)
<b>TOTAL PAID CLAIMS:</b>			\$5,512,741	\$1,078,340	\$262,151	\$6,853,232
<b>Trend</b>						
	<b>Medical</b>	<b>11.0%</b>	\$467,317 +	\$103,226 +	\$22,756 =	\$593,299
	<b>Rx</b>	<b>17.00%</b>	\$214,948 +	\$23,786 +	\$9,398 =	\$248,132
<b>CLAIMS SUMMARY:</b>			\$6,195,007	\$1,205,353	\$294,304	\$7,694,664
<b>Insurance Expense</b>			\$309,175 +	\$42,512 +	\$34,782 =	\$386,469
<b>Administrative Expense</b>			\$446,884 +	\$61,447 +	\$50,274 =	\$558,605
<b>TOTAL EXPENSE:</b>			\$756,059	\$103,958	\$85,057	\$945,074
<b>REQUIRED PREMIUM:</b>			\$6,951,066 +	\$1,309,311 +	\$379,361 =	\$8,639,738
<b>EXISTING PREMIUM:</b>			\$6,241,656 +	\$412,577 +	\$1,084,027 =	\$7,738,260
<b>NET CHANGE:</b>			11%	217%	-65%	12%

EXHIBIT 4a

**KELLER INDEPENDENT SCHOOL DISTRICT**  
**Prospective Rate Projection with Change to United Healthcare Network**  
**July 2006**  
**17 Months**

			<b>CORE</b>	<b>HMP</b>	<b>BASIC</b>	<b>TOTALS</b>
<b>Paid Claims</b>			\$4,490,623 +	\$961,325 +	\$211,881 =	\$5,663,829
<b>Prescription Drugs</b>			\$1,268,461 +	\$139,358 +	\$52,338 =	\$1,460,157
<b>Stop Loss Reimbursements</b>			(\$134,907) +	\$0 +	\$0 =	(\$134,907)
<b>Plan Changes</b>			(\$107,376) +	(\$22,904) +	(\$5,011) =	(\$135,291)
<b>PPO Discount Credit</b>			(\$449,062) +	(\$96,133) +	(\$21,188) =	(\$566,383)
<b>TOTAL PAID CLAIMS:</b>			\$5,067,739	\$981,647	\$238,020	\$6,287,405
<b>Trend</b>						
	<b>Medical</b>	<b>11.0%</b>	\$417,921 +	\$92,652 +	\$20,425 =	\$530,997
	<b>Rx</b>	<b>17.00%</b>	\$215,638 +	\$23,691 +	\$8,897 =	\$248,227
<b>CLAIMS SUMMARY:</b>			\$5,701,298	\$1,097,989	\$267,342	\$7,066,629
<b>Insurance Expense</b>			\$309,175 +	\$42,512 +	\$34,782 =	\$386,469
<b>Administrative Expense</b>			\$567,217 +	\$77,992 +	\$63,812 =	\$709,022
<b>TOTAL EXPENSE:</b>			\$876,392	\$120,504	\$98,594	\$1,095,490
<b>REQUIRED PREMIUM:</b>			\$6,577,690 +	\$1,218,493 +	\$365,936 =	\$8,162,119
<b>EXISTING PREMIUM:</b>			\$6,241,656 +	\$412,577 +	\$1,084,027 =	\$7,738,260
<b>NET CHANGE:</b>			5%	195%	-66%	5%

**Keller ISD - 2007 Proposed Rates**

**Basic Plan**

	Enrollment by tier	Current 2006 Total Monthly Rate	Current 2006 Monthly Employee Payroll Deduction	Proposed 2007 Total Monthly Rate	Proposed District Monthly Contribution 2007	Proposed 2007 Monthly Employee Payroll Deduction	Monthly Cost Increase to Employee
Employee Only	174	\$267.00	\$32.00	\$280.00	\$245.00*	\$35.00	\$3.00
Employee & Spouse	22	\$509.00	\$274.00	\$534.00	\$245.00*	\$289.00	\$15.00
Employee & Child				\$393.00	\$245.00*	\$148.00	
Employee & Children	41	\$446.00	\$211.00	\$468.00	\$245.00*	\$223.00	\$12.00
Employee & Family	16	\$779.00	\$544.00	\$818.00	\$245.00*	\$573.00	\$29.00

**Core Plan**

	Enrollment by tier	Current 2006 Total Monthly Rate	Current 2006 Monthly Employee Payroll Deduction	Proposed 2007 Total Monthly Rate	Proposed District Monthly Contribution 2007	Proposed 2007 Monthly Employee Payroll Deduction	Monthly Cost Increase to Employee
Employee Only	861	\$312.00	\$77.00	\$327.00	\$245.00*	83.00	\$6.00
Employee & Spouse	79	\$615.00	\$380.00	\$646.00	\$245.00*	\$401.00	\$21.00
Employee & Child				\$459.00	\$245.00*	\$214.00	
Employee & Children	234	\$540.00	\$305.00	\$567.00	\$245.00*	\$322.00	\$17.00
Employee & Family	63	\$943.00	\$708.00	\$990.00	\$245.00*	\$745.00	\$37.00

**H M P Plan**

	Enrollment by tier	Current 2006 Total Monthly Rate	Current 2006 Monthly Employee Payroll Deduction	Proposed 2007 Total Monthly Rate	Proposed District Monthly Contribution 2007	Proposed 2007 Monthly Employee Payroll Deduction	Monthly Cost Increase to Employee
Employee Only	45	\$616.00	\$381.00	\$647.00	\$245.00*	\$402.00	\$21.00
Employee & Spouse	0	\$1,355.00	\$1,120.00	\$1,423.00	\$245.00*	\$1,178.00	\$58.00
Employee & Child				\$1,099.00	\$245.00*	\$854.00	
Employee & Children	2	\$1,240.00	\$1,005.00	\$1,302.00	\$245.00*	\$1,057.00	\$52.00
Employee & Family	1	\$1,823.00	\$1,588.00	\$1,914.00	\$245.00*	\$1,669.00	\$81.00

\* Based Upon the Assumption District Contribution will increase by \$10 to \$245.

# Dental Plan Options

- Last year the DHMO Plan was discontinued.
- This year, due to employee requests, we requested MetLife offer second lower cost Dental PPO Plan in addition to the current plan

	Current Option	Proposed Additional Option
– Preventive	100%	80%
– Basic	80%	60%
– Major	50%	50%
– Ortho	50%	None
– Deductible	\$50/\$150	\$50/\$150

- No dental rate increase to the existing plan and the rates are guaranteed for both plans for two (2) years



# Keller ISD Proposed 2007 Dental Plans

## High Option (with orthodontics)

EE Only	\$34.76
EE/SP	\$67.86
EE/Child(ren)	\$83.00
EE/Family	\$109.78

## Low Option (w/o orthodontics)

EE Only	\$21.86
EE/SP	\$42.68
EE/Child(ren)	\$52.21
EE/Family	\$69.05

# Renewal Information

## 1) TML IEBP

The following services offered through Interlocal Agreement: KISD is in the second of a three (3) year Agreement. The administration fee will change from \$12.50 to \$12.75 per employee per month in 2007

- Medical Claims Administration (TML IEBP)
- Utilization Review / Case Management (TML IEBP)
- PPO Network (change to United Healthcare PPO Network)
- Section 125 Claims Administration (change to FEBCO, Inc.)

## 2) Walgreens Health Initiatives – Prescription Benefit Manager

- KISD is going into the second year of a three (3) year Agreement. There will be no increase in administrative fees for 2007.

## 3) LabOne / Quest Diagnostics

- Agreement will automatically renew each year unless either party gives notice of termination.

## 4) United Behavioral Health – Employee Assistance Program

- KISD is going into the second year of a three (3) year Agreement. There will be no increase in administrative fees for 2007.

## 5) Fort Dearborn Life – Basic Life Insurance

- KISD is going into the second year of a two (2) year Agreement. There will be no increase in administrative fees for 2007.

# Renewal Information (cont.)

- 6) **MetLife – Fully Insured Dental Plan**
  - **Agreement will automatically renew each year unless either party gives notice of termination. (Renewal rates with a two (2) year rate guarantee – no increase in rates for 2007 Plan Year)**
- 7) **Fort Dearborn Life – Voluntary Life Insurance**
  - **KISD is going into the second year of a three (3) year Agreement. There will be no increase in rates for 2007.**
- 8) **Cancer Protection Plan – EMC**
  - **Voluntary product that is owned by the employee. There will be a significant increase in rates for 2007 effective November 1, 2006 as notified to the District by EMC.**
- 9) **UNUM Disability**
  - **Voluntary product that is owned by the employee. There will be no increase in rates for 2007.**
- 10) **Heart / Stroke Protection Plan**
  - **Voluntary product that is owned by the employee. There will be no increase in rates for 2007.**
- 11) **EyeMed Vision Plan**
  - **KISD is going into the second year of a four (4) year Agreement. There will be no increase in rates for 2007.**