

**BOARD OF TRUSTEES
AGENDA**

<input type="checkbox"/>	Workshop	<input checked="" type="checkbox"/>	Regular	<input type="checkbox"/>	Special
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- (A) ☐ **Report Only** ☐ **Recognition**

Presenter(s):

Briefly describe the subject of the report or recognition presentation.

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- (B) ☒ **Action Item**

Presenter(s): ISMAEL MIJARES, DEPUTY SUPERINTENDENT FOR BUSINESS AND FINANCE
LUIS VELEZ, PURCHASING DIRECTOR

Briefly describe the action required.

CONSIDER AND TAKE APPROPRIATE ACTION ON THE REQUEST TO AWARD PROPOSAL NO. 162707 FOR STOP-LOSS REINSURANCE ONLY FOR HEALTH BENEFIT PROGRAM AND THE BOARD DELEGATES THE SUPERINTENDENT OR DESIGNEE THE AUTHORITY TO MAKE RELATED BUDGETED PURCHASES OF GOODS OR SERVICES AS PER BOARD POLICY CH.


- (C) **Funding source: Identify the source of funds if any are required.**

BUDGETED FUNDS

- (D) **Clarification: Explain any question or issues that might be raised regarding this item.**

SEE ATTACHED MEMORANDUM

To: Mr. Ismael Mijares, Deputy Superintendent for Business and Finance

From: Luis A. Vélez, Purchasing Director  Digitally signed by Luis A. Vélez
Date: 2015.07.08 17:02:23 -05'00'

Date: Monday, June 29, 2015

Subject: **Recommendation on Request for Proposal Number 162707 for Stop-loss Reinsurance Only for Health Benefit Program**

Based on the submitted proposals, and the recommendation from Mr. Tom Sawyer, financial consultant for the district, the Department of Purchasing recommends that Request for Proposal Number 162707 for Stop-loss Reinsurance Only for health benefit program be awarded in accordance with the specifications and requirements of the proposal to Voya "Renewal Option 2".

As reference, the following is a list of carrier history for the district:

2002-2003: Symetra
2003-2004: Symetra
2004-2005: Symetra
2005-2006: Symetra
2006-2007: Symetra
2007-2008: Symetra
2008-2009: Voya/ING
2009-2010: Voya/ING
2010-2011: Voya/ING
2011-2012: Voya/ING
2012-2013: Sun Life
2013-2014: Sun Life
2014-2015: Voya/ING

If you have any questions or need more information regarding this matter, please contact me at the purchasing department.

2015 – 2016 Medical Plan Renewal

Ismael and Luis,

Enclosed is the Spreadsheet we've created for you, showing six (6) Renewal Options. We're on our 4th Revision, and have undergone numerous Negotiations, but have called a halt to the process in order to get these Final results to you.

Here's my assessment in Order of **Best to Least** Attractive (but you determine what Best Suites You and the Board at EPISD):

#01. Elect Option #2: You would Raise your Specific Deductible from \$225,000 to \$250,000. Your "Hard Dollar" costs (from Specific and Aggregate Premiums), would remain exactly the same as in Current Year (14-15). Your "Soft Dollar" Liability would only increase by 5.16% (\$21,032,630 to \$22,117,702). NO Lasers!

#02. Elect Option #3: You would keep the same Specific Deductible of \$225,000, and the "Hard Dollar" costs for Specific and Aggregate Reinsurance would only Increase by \$3,256. The "Catch" is: There would be a Laser place on a Child Hemophiliac Claimant for \$400,000 (which would be \$175,000 Higher than on any other covered Individual under the plan). I have that "yellowed" at the Bottom of the Spreadsheet.

#03. Elect IHC Risk Quote: You would keep the same Specific Deductible of \$225,000, and the "Hard Dollar" costs for Specific and Aggregate Reinsurance would only Increase by \$31,763 (compared to Option #3 with Voya), and would be an Increase of \$35,019 (compared to Option #2 with Voya). NO Lasers!

#4. Elect Option #1: Renew with Voya and undergo a "Hard Dollar" Increase of \$167,229. Your "Soft Dollar" Liability would Increase by \$651,580. NO Lasers!

I've enclosed a "Large Claims" Listing for the Current Year 14-15. You've experienced 3 Shock Losses in Excess of \$225,000 (your Current Specific Stop-Loss Level). So you've spent \$123,029 in Excess of Dollars above your Current Specific Stop-Loss level of \$225,000.

You will have paid specific stop-loss premium of \$1,006,279 in 14-15. If you were to select Option #1, your "Hard Dollar" cost goes up \$167,229. Therefore: Since you've only spent \$123,029 above your current \$225,000 Specific Stop-Loss level, and it would cost \$167,229 more in Premium to keep the same Specific Stop-Loss Level of \$225,000 (proposed in Option #1), you come out Better by Raising your Specific Stop-Loss Level to \$250,000. And at this rate, you would need to have 6.5 Specific Claims Violations to Justify paying the renewed Fixed Cost of \$167,229 offered with Option #1.

So ALL signs point to Selecting Option #2 with renewing with Voya on a Higher Specific Stop-Loss of \$250,000!

If you were to agree with this assessment, Ismael, you'll check the "Boxes" at the bottom of each Column on both the GPA Spreadsheet and Voya offer pages, and sign on the "yellowed" Signature spaces.

Please call with any Questions that you may have.

It's Again, been a pleasure working with these Reinsurance Carriers in negotiating the Best Renewal possible for EPISD!

Many Thanks to the Both of you by entrusting this process with me. It's Always enjoyable working in behalf of EPISD!

Have a GREAT Month of July, in preparations for an Outstanding 15-16 School Year!

Tom Sawyer

Group & Pension Administrators, Inc.
Self-Funded Welfare Plan Stop-Loss Proposal Comparison
Eagle Pass Independent School District

Final
Attachment #4

RATES ARE NOT FIRM AND UNDERWRITING IS NOT COMPLETE UNLESS OTHERWISE INDICATED

		No New Laser		Laser			
	Voya Current	Voya Renewal Option 1	Voya Renewal Option 2	Voya Renewal Option 3	Symetra Quote	Berkley Quote	IIIIC Risk Quote
Reinsurance Carrier							
PPACA/SBC (Summary of Benefit Coverage) Fee: If produced by GPA the fee is \$500 per Medical Plan plus pass thru translation & certification fees for SBC's provided in languages other than English.							
Maintenance Fee *:	0.00	500.00	500.00	500.00	500.00	500.00	500.00
Specific Lifetime Maximum Benefit:	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Annual Maximum Benefit:	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Aggregate Plan Year Maximum Benefit:	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
GPA Run-Out Fee:	10%	10%	10%	10%	10%	10%	10%
<i>Note: These rates are not included in totals below.</i>							
STOP-LOSS BASIS							
Number of Employees:	1864	1864	1864	1864	1864	1864	1864
Number of Dependent Units:	721	721	721	721	721	721	721
Specific Deductible:	\$225,000	\$225,000	\$250,000	\$225,000	\$225,000	\$225,000	\$225,000
Specific Contract:	12/18	12/18	12/18	12/18	12/18	12/18	12/18
Aggregate Contract:	12/18	12/18	12/18	12/18	12/18	12/18	12/18
Est. Aggregate Minimum Attachment:	\$18,608,510	\$21,684,210	\$22,117,702	\$21,684,210	\$20,777,316	\$21,928,245	\$20,768,904
Specific Contract Includes:	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx	Medical, Rx
Aggregate Contract Includes:	Medical, Dental, Rx	Medical, Dental, Rx	Medical, Dental, Rx	Medical, Dental, Rx	Medical, Rx	Medical, Dental, Rx	Medical, Dental, Rx
MONTHLY FIXED COSTS							
Specific Premium							
Employee:	\$26.80	\$33.17	\$26.80	\$28.28	\$33.13	\$23.80	\$28.28
Dependent Unit:	\$47.02	\$49.88	\$47.02	\$43.57	\$50.10	\$49.61	\$43.57
Family:	\$73.82	\$83.05	\$73.82	\$71.85	\$83.23	\$73.41	\$71.85
Composite (for illustrative purposes only):	\$44.99	\$52.46	\$44.99	\$45.13	\$52.51	\$42.99	\$45.13
Aggregate Premium							
Composite:	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.29	\$2.92
Monthly Cap:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administration							
Claims Per Employee:	\$13.10	\$13.10	\$13.10	\$13.10	\$13.10	\$13.10	\$13.10
Claims Per Dependent:	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Utilization Review:	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
GPA PPO Network Fee:	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Broker Fee:	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Fiduciary Responsibility Transfer:	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
GPA On-Line Enrollment:	Included	Included	Included	Included	Included	Included	Included
Total Per Employee:	\$51.40	\$57.77	\$51.40	\$52.88	\$57.73	\$48.19	\$54.30
Total Per Dependent Unit:	\$57.02	\$59.88	\$57.02	\$53.57	\$60.10	\$59.61	\$53.57
Total Per Family Unit:	\$108.42	\$117.65	\$108.42	\$106.45	\$117.83	\$107.80	\$107.87
AGGREGATE FACTORS							
Employee:	\$940.30	\$969.43	\$988.81	\$969.43	\$648.86	\$980.34	\$613.78
Dependent Unit:	\$0.00	\$0.00	\$0.00	\$0.00	\$723.95	\$0.00	\$813.67
Family:	\$0.00	\$0.00	\$0.00	\$0.00	\$1,372.81	\$0.00	\$1,427.45
Composite (for illustrative purposes only):	\$940.30	\$969.43	\$988.81	\$969.43	\$928.89	\$980.34	\$928.51
Attachment Points							
Monthly:	\$1,752,719.20	\$1,807,017.52	\$1,843,141.84	\$1,807,017.52	\$1,731,442.99	\$1,827,353.76	\$1,730,741.99
Annual:	\$21,032,630.40	\$21,684,210.24	\$22,117,702.08	\$21,684,210.24	\$20,777,315.88	\$21,928,245.12	\$20,768,903.88
TOTAL ANNUAL COSTS							
Stop-Loss Premium	\$1,006,279.44	\$1,173,508.32	\$1,006,279.44	\$1,009,534.68	\$1,174,517.04	\$961,584.12	\$1,009,534.68
Aggregate Premium	\$33,552.00	\$33,552.00	\$33,552.00	\$33,552.00	\$33,552.00	\$28,854.72	\$65,314.56
Administration	\$379,540.80	\$379,540.80	\$379,540.80	\$379,540.80	\$379,540.80	\$379,540.80	\$379,540.80
Administration as a % of Maximum Annual Costs	1.67%	1.62%	1.60%	1.63%	1.68%	1.61%	1.69%
UR, PPO, Rx, Broker and All Other	\$223,680.00	\$223,680.00	\$223,680.00	\$223,680.00	\$223,680.00	\$223,680.00	\$223,680.00
Total Fixed	\$1,643,052.24	\$1,810,281.12	\$1,643,052.24	\$1,646,307.48	\$1,811,289.84	\$1,593,659.64	\$1,678,070.04
Expected:	\$18,469,156.56	\$19,157,649.31	\$19,337,213.90	\$18,993,675.67	\$18,433,142.54	\$19,136,255.74	\$18,293,193.14
Maximum:	\$22,675,682.64	\$23,494,491.36	\$23,760,754.32	\$23,330,517.72	\$22,588,605.72	\$23,521,904.76	\$22,446,973.92
Total Fixed	0%	10%	0%	0%	10%	-3%	2%
Expected:	0%	4%	5%	3%	0%	4%	-1%
Maximum:	0%	4%	5%	3%	0%	4%	-1%

ACCEPTANCE

Policyholder/Broker Signature: _____

Date: _____

ALL CLAIMS OVER THE AGGREGATE PLAN YEAR MAXIMUM BENEFIT ARE EXCLUDED FROM AGGREGATE REIMBURSEMENT.

PLEASE REFER TO CARRIER QUOTE FOR CARRIER CONTINGENCIES. ALL CARRIER QUOTES ARE ILLUSTRATIVE UNLESS OTHERWISE STATED BY CARRIER. IF QUOTES HAVE NOT BEEN PROVIDED WITH THIS SPREADSHEET, PLEASE CONTACT GPA IMMEDIATELY FOR COPY.

GPA HOLD HARMLESS IS REQUIRED for any quote that GPA did not request

If you are considering any vendor changes during the renewal process, please check the termination clause for those contracts as some contingencies may apply.

Symetra requires diagnosis information on claimants 1-3 on the C-spec report

LASERS/AGGREGATING SPECIFIC ARE NOT INCLUDED IN THE EXPECTED OR MAXIMUM COST.

Voya Renewal Option 3 includes a \$400,000 Specific on Hemo Claimant

Stop Loss Insurance Renewal Offer
Eagle Pass Independent School District
680630

Estimated Annual Cost
Stop Loss Insurance Coverages

Individual Excess Risk Insurance

		Current	Renewal Option 1	Renewal Option 2	Renewal Option 3
Plan Effective Date		09/01/2014	09/01/2015	09/01/2015	09/01/2015
Coverages		Medical, RX	Medical, RX	Medical, RX	Medical, RX
Individual Deductible		\$225,000	\$225,000	\$250,000	\$225,000
Policy Year Maximum		Unlimited	Unlimited	Unlimited	Unlimited
Contract Period		Paid in 18 months and incurred September 1, 2014 or after.	Paid in 18 months and incurred September 1, 2014 or after.	Paid in 18 months and incurred September 1, 2014 or after.	Paid in 18 months and incurred September 1, 2014 or after.
Benefit Percentage		100%	100%	100%	100%
Quoted rates include commissions of		13.00%	13.00%	13.00%	13.00%
	Enroll Counts	Rates			
Single Coverage	1,864	\$26.80	\$33.17	\$26.80	\$28.28
Dependent Coverage	715	\$47.02	\$49.88	\$47.02	\$43.57
Estimated Annual Cost		\$1,002,894	\$1,169,917	\$1,002,894	\$1,006,392
% Change From Current			17%	0%	
Individual Adjusted Deductible:		-	no laser	no laser	\$ 400,000

Aggregate Excess Risk Insurance

Coverages		Medical, RX & Dental	Medical, RX & Dental	Medical, RX & Dental	Medical, RX & Dental
Individual Deductible		\$225,000	\$225,000	\$250,000	\$225,000
Maximum Annual Reimbursement		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Contract Period		Paid in 18 months and incurred September 1, 2014 or after.	Paid in 18 months and incurred September 1, 2014 or after.	Paid in 18 months and incurred September 1, 2014 or after.	Paid in 18 months and incurred September 1, 2014 or after.
Quoted rates include commissions of		13.00%	13.00%	13.00%	13.00%
	Enroll Counts	Rates			
Enrollment	1,864	\$1.50	\$1.50	\$1.50	\$1.50
Estimated Annual Cost		\$33,552	\$33,552	\$33,552	\$33,552
Monthly Aggregate Corridor		\$940.30	\$969.43	\$988.81	\$969.43
Aggregate Adjustment Corridor		125.00%	125.00%	125.00%	125.00%

If not preliminary, select acceptance choice:

☐
☒
☐
☐

Assumptions:

Renewal As-Of Date: 06/19/2015
Renewal Good Through: 07/09/2015
Situs State TX

Claim Administrator Group & Pension Administrators

Network ELAP Cost Plus

Retirees Covered

Are retirees age 65 and over covered?

Waived Actively-at-Work

No	No	No	No
No	No	No	No
Yes	Yes	Yes	Yes

Additional Contract Specifications

-

Endorsements

Renewal Rate Cap 50%

Cost Containment Programs

Cigna LifeSource
INTERLINK
LifeTrac
Optum Health
London Medical Management
Audit of +\$100,000 claims
Golden Triangle Renal and Dialysis

The individual stop loss renewal is based upon the current leveraged trend factors, market conditions, plan designs and current demographic factors. The aggregate renewal is based upon the experience of the group and current trend. Any plan changes may affect this renewal and need to be disclosed prior to the renewal acceptance.

Cost containment services are managed and administered by independent third-party entities not affiliated with Voya Employee Benefits. Voya Employee Benefits, a division of ReliaStar Life Insurance Company, does not warrant, guaranty, or make any representations or warranties whatsoever, express or implied, or assume any liability regarding the use or the results of the cost containment services, including without limitation any financial results, any information transmitted or received, any delay in claims processing or payment, or loss of use of such cost containment services.

Authorized Signature

Date

Authorized Signature

Date

Eagle Pass Independent School District
68063-0
09/01/2016

Excess Risk Insurance is underwritten by ReliaStar Life Insurance Company. Policy form RL-SL-POL-2013 (may vary by state). Exclusions and limitations are described in the policy.

Large Claims Listing:

MEMBER ID	FUND NUM	GROUP	CASE	CERT	CLMT	DOB	GENDER	RELATION	PAID AMT	CONTRACT START	CONTRACT END	LASER AMT
1	86032	EAGLE PASS ISD	S860032 1659	1			F	SELF	\$270,603.22	9/1/2014	8/30/2015	
1	86032	EAGLE PASS ISD	S860032 1755	1			F	SELF	\$129,650.77	9/1/2014	8/30/2015	
1	86032	EAGLE PASS ISD	S860032 2472	1			F	SELF	\$125,910.49	9/1/2014	8/30/2015	
2	86032	EAGLE PASS ISD	S860032 2515	2			F	CH	\$146,126.99	9/1/2014	8/30/2015	
1	86032	EAGLE PASS ISD	S860032 2770	1			F	SELF	\$178,600.00	9/1/2014	8/30/2015	
1	86032	EAGLE PASS ISD	S860032 3182	1			F	SELF	\$120,149.87	9/1/2014	8/30/2015	
1	86032	EAGLE PASS ISD	S860032 3303	1			F	SELF	\$177,446.80	9/1/2014	8/30/2015	
3	86032	EAGLE PASS ISD	S860032 3357	3			F	CH	\$277,781.17	9/1/2014	8/30/2015	
4	86032	EAGLE PASS ISD	S860032 3357	4			F	CH	\$249,644.61	9/1/2014	8/30/2015	
Total									\$1,675,913.92			

9

$$270,603 - 225,000 = 45,603$$

$$277,781 - 225,000 = 52,781$$

$$249,645 - 225,000 = 24,645$$

123,029

6 Claims = \$150,000

in Exposure
From Current

\$225,000 Spec
Level

option #1:
\$225,000

$$\begin{array}{r}
 15-16 \quad 1,173,508 \\
 14-15 \quad - 1,006,279 \\
 \hline
 + 167,229
 \end{array}$$