

No. _____



UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

TOPIC _____ Approval of Employee and District Health Insurance Rates _____

SUBMITTED BY: _____ Robert Chapa _____ **OF:** _____ Risk Management _____

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: _____ May 18, 2016 _____

RECOMMENDATION:

The Employee Benefits Committee (EBC) has concluded a review of the district self-insured health plan and is prepared to make employee and district premium rate recommendations for Board Approval.

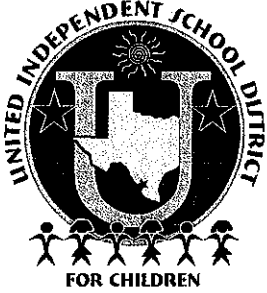
RATIONALE:

In school year 2015-16 the UISD Board of Trustees approved the implementation of a self-insured health plan for employees. The health plan is completing its first year of service and requires establishment of employee premium rates for the coming school year.

BUDGETARY INFORMATION

BOARD POLICY REFERENCE AND COMPLIANCE:

UNITED INDEPENDENT SCHOOL DISTRICT



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Roberto J. Santos
Superintendent

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Date: May 5, 2016
To: ~~UISD Board of Trustees~~
From: ~~Robert Chapa, Director of Risk Management~~
Re: ~~Approval of Employee and District Health Insurance Rates~~

In school year 2015-16 the UISD Board of Trustees approved the implementation of a self-insured health plan for employees. The health plan is completing its first year of service and requires establishment of employee and District premium rates for the coming school year.

Recommendations: The Employee Benefits Committee (EBC) has concluded a review of the district self-insured health plan and recommends the Board of Trustees approve the following plan adjustments:

1. That all employee premium rates remain unchanged for the 2016-17 school year.
(See attached Schedule of Benefits)
2. That the District contribution remain the same at \$355.31.
3. That minor changes be made to the Core Plus plan in order to keep this plan self-sufficient and solvent for future years.
(See attached Schedule of Benefits)
4. That the plan name for the Core Plus plan be changed to State/Core Plus in compliance of Section 22.004 of the education code requiring school districts to offer a health plan with comparable substantive coverage as Health Select, the state employees' health plan.

2015-16 Plan Financials:

1. Medical/Rx claims for the first 6 months of plan year equaled \$15,649,941. (\$32,299,882 annualized)
2. Employee contributions equaled \$5,060,325. (\$10,120,650 annualized)
3. District contributions equaled \$12,180,676. (\$24,361,352 annualized)
4. Admin Fees and Stop Loss Insurance charges totaled \$1,631,351. (\$3,262,701 annualized)
5. Combined premiums and fees totaled \$18,872,354. (\$37,744,707 annualized)
6. Breakeven point for the health plan is 80% ratio of paid claims to premiums and plan costs.
As of February 28, 2016 the plan ratio was at 82.9%. (Claims) / (Premiums+Fees)
7. Premium revenues are projected to be sufficient to cover claims for the 2016-17 schoolyear. However, claims are rising at a faster rate than revenue especially for the Core Plus plan. Left unaddressed the health plans will be facing higher premiums and/or reduced benefits in year 2017-18.

2015-16 Plan Demographics:

1. 95.4% (8,671) of all claims are under \$5,000 and accounted for 40% of total medical costs.
2. 4.6% (347 people) had claims over \$5,000 and accounted for 60% of total medical costs.
3. Rx make up 37% of the total health insurance costs and continue to increase in cost and utilization primarily due to specialty drugs. (Humira 3.7K, Embrel 3.5K, Stelara 17K), Sovaldi 28.5K
4. In the first 6 months 48 participants utilized \$1,155,723 of specialty Rx.

GROUP# 167073

NOTE OUT OF POCKET MAXIMUMS

Provider Network

Doctor's Hospital
Laredo Medical Center

Benefits**Deductible-Annual**

X-Ray/CT/MRI/Sonograms

All Other Deductible-Annual

In-Network

Out-of-Network

Physician Copay

Specialist Copay

Emergency Room

In-Network

Out-of-Network

After Hours Clinics**Deductible-Hospital**

In-Network

Out-of-Network

Co-Insurance Percent

In-Network

Out-of-Network

Out of Pocket Maximum

In-Network

Out-of-Network

Prescription Drugs

Retail-Supply Limit

Generic

Brand-Preferred

Brand-Non Preferred

Mail Order-Supply Limit

Generic

Brand-Preferred

Brand-Non Preferred

Prescription Drug Out of Pocket Maximum**District Contribution**

Emp. Only
Emp./Children
Emp./Spouse
Emp./Family
Dual Family

4/29/2016

2016-2017 Health Insurance Program **Group Number: 167073**
Effective 9/1/2016

		Blue Cross Blue Shield Way / Care Plus Plan	
Provider Network			
Doctor's Hospital		Yes	
Laredo Medical Center		Yes	
Benefits			
Deductible-Annual			
X-Ray/CT/MRI/Sonograms		\$-0- Deductible	
All Other Deductible-Annual			
In-Network		\$800 Indiv/\$1,600 Family	
Out-of-Network		\$2,000 Indiv/\$4,000 Family	
Physician Copay			
Specialist Copay		\$35 Then 100%	
Emergency Room			
In-Network		\$500 & Then 80%	
Out-of-Network		\$500 & Then 60%	
After Hours Clinics			
Deductible-Hospital			
In-Network		\$-0- Per Admission	
Out-of-Network		\$500 Per Admission	
Co-Insurance Percent			
In-Network		20% / 80%	
Out-of-Network		40% / 60%	
Out of Pocket Maximum			
In-Network		\$5,350 Indiv/\$10,900 Family	
Out-of-Network		\$11,000 Indiv/\$33,000 Family	
Out of Pocket Maximums Include Calendar Year Deductible			
Prescription Drugs			
Retail-Supply Limit		30 Days	
Generic		\$10 & Then 100%	
Brand-Preferred		\$45 & Then 100%	
Brand-Non Preferred		\$70 & Then 100%	
		Plus cost difference between generic & brand if generic equivalent is available.	
Mail Order-Supply Limit		90 Days	
Generic		\$20 & Then 100%	
Brand-Preferred		\$90 & Then 100%	
Brand-Non Preferred		\$140 & Then 100%	
		Plus cost difference between generic & brand if generic equivalent is available.	
Prescription Drug Out of Pocket Maximum		Applies to Retail & Mail Service Pharmacy: Individual \$1,000 / Family: \$2000 - All Plans	
		100% COVERAGE AFTER DEDUCTIBLE IS MET (INDIV / FAM)	
District Contribution			
		\$ 355.31	
		Emp Cont. Policy Cost	
Emp. Only		\$ 46.12 \$ 401.43	
Emp./Children		\$ 251.35 \$ 606.66	
Emp./Spouse		\$ 378.04 \$ 733.35	
Emp./Family		\$ 645.04 \$ 1,000.35	
Dual Family		\$ 289.73 \$ 1,000.35	

4/29/2016