

Memorandum

Group Medical – Denton ISD



To: Christopher Bomberger
Executive Director
Benefits, Risk Management, Child Nutrition

Dr. James Scott Niven
Chief Financial Officer

From: Russ Edwards
FBS Health+ Benefit Consultant

Date: April 1, 2020

Re: Denton ISD – Alternative Group Medical Plan Review

FBS has worked for the past several months in reviewing all available options for Denton ISD to offer an alternative group medical plan(s) alongside TRS-ActiveCare beginning 9/1/2020. While the availability of alternative group medical options is limited, we have successfully secured a fully-funded, guaranteed cost option for Denton ISD.

Historical

Since 2002, most Texas school districts have been required by law to offer employees group health insurance through TRS-ActiveCare. As health care costs have risen statewide, so has the cost of participating in TRS-ActiveCare. Districts have been seeking alternate medical options and now districts have the opportunity to offer alternative medical options alongside their current TRS-ActiveCare plan by amending their District of Innovation plan (DOI).

The DOI concept was passed into law in 2015 and allowed districts to access most of the flexibility available to charter schools. In 2019, schools started amending their DOI specifically for an exception to the Texas Education Code Section 22.004. The exception has now allowed alternate medical plans to be offered.

Medical Underwriting Information

TRS-ActiveCare provided information in late November that school districts with over 1,000 plan participants could request claims information by executing a data-sharing agreement with the TRS-ActiveCare third-party vendor, GRS. Denton ISD sent their agreement and request to GRS on January 21st but did not receive data till February 25th.

FBS and its underwriters reviewed the loss information that was received from GRS. While this information helps see the “large picture” of what premiums and claims have been for a district in the past three years, it is missing some key elements that most insurance carriers need to offer quotations to a district.

The information received from GRS did not include:

- Large loss information (Shock Losses) - This is the most important information that an insurance carrier needs to provide a quotation. The shock loss information is important to see if there are on-going (and expected) shock losses. The information needed would include applicable procedure codes and diagnosis codes.
- All losses by paid range incomplete - TRS-ActiveCare is not releasing paid ranges with fewer than 50

participants. There is no paid information beyond a paid range of \$50,000¹.

- Member deductibles, copayments, and coinsurance are not included in the data for medical or prescription drug claims.
- Incurred claims do not include Rx rebates.
- Missing utilization statistics for most maternities².
- No network utilization reports - These reports are very important in determining the treatment facilities and cost that district employees have utilized.

The lack of medical underwriting information prohibited fully insured providers and most excess insurance providers in providing quotations to Denton ISD.

The limited claims data did show that Denton ISD's TRS-ActiveCare incurred claims were not favorable with claims exceeding premiums for the two of the past three years. The loss ratio did improve for the fiscal year 2019 to 83.5%³.

Marketing Report

FBS reached out to five fully-insured providers requesting a quotation for an alternate medical plan for Denton ISD and other FBS member districts. All five carriers were unable to offer a quotation as listed:

Blue Cross and Blue Shield of Texas	Unable to offer quote - Awarded carrier TRSAC 2020-21
United HealthCare	Unable to offer quote – Awarded carrier TRS Retiree HC
Aetna	Unable to offer quote – Current TRSAC Contract
Cigna	Unable to offer quote – Claims data not sufficient
Humana	Unable to offer quote – Claims data not sufficient

We also reviewed options with 32 excess insurance providers for self-funded medical quotations, but due to the lack of claims data, these providers were not able to provide a quotation for aggregate stop-loss coverage.

Proposed Group Medical Option

FBS started preparing after the announcement of limited or no claims data by TRS-ActiveCare in November, by reviewing all possible and available options for our clients. We did so by assisting and working with the WTPS Purchasing Cooperative (WTPSPC) in securing providers for an alternative group health plan. We were successful in working with these providers in creating and offering an alternative group health program for our clients – The Texas Schools Health Benefits Program (TSHBP).

The Texas Schools Health Benefits Program (TSHBP) is a regional rated, fully-funded, guaranteed cost program. TSHBP will be offering to Denton ISD a High Deductible Health Plan (HDHP) and a CoPay Plan (CPP). Both plans are designed so members can easily navigate through their health medical needs. Plan highlights include:

- Significantly lower premium rates compared to current (2019-20) TRS-ActiveCare rates. Denton ISD plan rates represent a savings of 8.7% - 11.8% for Denton ISD staff and their families.
- Both plan offerings have embedded deductibles (no co-insurance) which represents additional out-of-pocket savings to the members. Combined (premium and out-of-pocket) savings are over 35% for employee coverage and 20% for employee/family coverage.⁴
- A Care Coordinator service (personal concierge) to support members with all their medical needs and specifically assist them with all facility care.

¹ Denton ISD – TRS-ActiveCare/GRS Worksheet – Option 1 Paid Claims Range

² Denton ISD – TRS-ActiveCare/GRS Worksheet – Option 2 Medical

³ Denton ISD – TRS-ActiveCare/GRS Worksheet - Premiums

⁴ Denton ISD – TSHBP Comparisons to TRS-ActiveCare (2019-20)

- A large and broad national network to provide physician and ancillary services access to all members.
- Telehealth benefits (MDLIVE) with \$0 copay (CPP) and a \$40 copay (HDHP).
- Fully-funded, guaranteed cost program utilizing an AM Best “A” Excellent rated carrier with a financial size of XIV (\$1.5 billion to \$2.0 billion) for financial protection against unexpected claim losses.
- Two-year rate guarantee for the 2020-21 and 2021-22 policy periods.
- Formed under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, the TSHBP meets all the purchasing requirements of Texas Education Code section 44.031.

Denton ISD Plan Rates and Comparison

Denton ISD		EO	EC	ES	EF
TSHBP/HDHP - Discount		9.5%	9.8%	8.8%	8.7%
Rates		\$342	\$651	\$972	\$1,292
Savings		\$36	\$71	\$94	\$123
TSHBP/CoPay - Discount		10.6%	11.8%	8.5%	9.8%
Rates		\$497	\$795	\$1,251	\$1,550
Savings		\$59	\$106	\$116	\$168
2019-20		EO	EC	ES	EF
TRS/ActiveCare 1 HD		\$378	\$722	\$1,066	\$1,415
TRS/ActiveCare Select Plans		\$556	\$901	\$1,367	\$1,718

Denton ISD Enrollment and Savings

Based upon the current plan enrollments and an estimated 80% participation rate in the new plans (TRS-ActiveCare 1-HD and Select Plans), the annual savings to employees enrolled would be \$1,195,260.

Plan Enrollments	EO	EC	ES	EF	Grand Total	
ActiveCare 1 HD	1,612	420	31	72	2,134	82.3%
ActiveCare 2	90	47	3	4	144	5.6%
All Select Plans	198	97	4	15	315	12.1%
Grand Total	1,900	564	38	91	2,593	
	73.3%	21.8%	1.5%	3.5%		
80%	Monthly Savings				Total	
TSHBP HDHP	\$46,426	\$23,774	\$2,326	\$7,091	\$79,617	
TSHBP CoPay	\$9,346	\$8,250	\$372	\$2,020	\$19,988	
				Monthly	\$99,605	
				Annual	\$1,195,260	

Summary

We feel that the TSHBP and the plan offerings will greatly benefit the district and its employees by decreasing premiums and out-of-pocket health care spending, increasing member health and well-being, and also provide tools to help them with their health care needs.

It is the goal of FBS and the TSHBP to provide an affordable health benefit solution to the dedicated teachers, administrators, and support staff at Denton ISD, so they can concentrate on what they do best – teaching and supporting our kids. We will be happy to review the program, answer questions, and present our recommendation as needed. Thank you for the opportunity to be of service to you and Denton ISD.

TRS-ActiveCare Distribution of Participants and Dollars Paid by Paid Range

Denton ISD

Important: In order to comply with applicable law, if there are fewer than 50 participants for any cell, no enrollment or claims data can be provided. Text indicating "cannot release - number too low" will appear in the cell.

FY 2017			
Paid Range	Participants	Paid Dollars	Running Total
\$0	749	\$0.00	\$0.00
\$0.01-\$100	374	\$19,833.77	\$19,833.77
\$100.01-\$1,000	1,589	\$697,042.73	\$716,876.50
\$1,000.01-\$2,000	309	\$470,164.27	\$1,187,040.77
\$2,000.01-\$5,000	327	\$1,084,574.43	\$2,271,615.20
\$5,000.01-\$7,500	126	\$810,723.75	\$3,082,338.95
\$7,500.01-\$10,000	77	\$720,091.70	\$3,802,430.65
\$10,000.01-\$20,000	137	\$1,872,691.15	\$5,675,121.80
\$20,000.01-\$50,000	77	\$2,315,508.12	\$7,990,629.92
\$50,000.01-\$75,000	cannot release - number too low	cannot release - number too low	
\$75,000.01-\$100,000	cannot release - number too low	cannot release - number too low	
\$100,000.01-\$200,000	cannot release - number too low	cannot release - number too low	
\$200,000.01-\$300,000	cannot release - number too low	cannot release - number too low	
\$300,000.01-\$400,000	cannot release - number too low	cannot release - number too low	
\$400,000.01-\$500,000	cannot release - number too low	cannot release - number too low	
>\$500,000	cannot release - number too low	cannot release - number too low	
Total	3,831	\$16,824,409.44	

¹Based on medical and Rx claims incurred between September 1, 2016 through August 31, 2017 and paid through November 30, 2019.

FY 2018			
Paid Range	Participants	Paid Dollars	Running Total
\$0	774	\$0.00	\$0.00
\$0.01-\$100	465	\$18,882.15	\$18,882.15
\$100.01-\$1,000	1,582	\$669,434.36	\$688,316.51
\$1,000.01-\$2,000	286	\$425,732.79	\$1,114,049.30
\$2,000.01-\$5,000	335	\$1,092,289.31	\$2,206,338.61
\$5,000.01-\$7,500	129	\$804,810.47	\$3,011,149.08
\$7,500.01-\$10,000	72	\$665,002.34	\$3,676,151.42
\$10,000.01-\$20,000	153	\$2,221,785.44	\$5,897,936.86
\$20,000.01-\$50,000	110	\$3,486,118.17	\$9,384,055.03
\$50,000.01-\$75,000	cannot release - number too low	cannot release - number too low	
\$75,000.01-\$100,000	cannot release - number too low	cannot release - number too low	
\$100,000.01-\$200,000	cannot release - number too low	cannot release - number too low	
\$200,000.01-\$300,000	cannot release - number too low	cannot release - number too low	
\$300,000.01-\$400,000	cannot release - number too low	cannot release - number too low	
\$400,000.01-\$500,000	cannot release - number too low	cannot release - number too low	
>\$500,000	cannot release - number too low	cannot release - number too low	
Total	3,972	\$17,199,967.28	

¹Based on medical and Rx claims incurred between September 1, 2017 through August 31, 2018 and paid through November 30, 2019.

FY 2019			
Paid Range	Participants	Paid Dollars	Running Total
\$0	746	\$0.00	\$0.00
\$0.01-\$100	460	\$21,853.19	\$21,853.19
\$100.01-\$1,000	1,541	\$656,234.37	\$678,087.56
\$1,000.01-\$2,000	312	\$461,035.30	\$1,139,122.86
\$2,000.01-\$5,000	289	\$972,028.41	\$2,111,151.27
\$5,000.01-\$7,500	99	\$653,619.54	\$2,764,770.81
\$7,500.01-\$10,000	85	\$754,450.24	\$3,519,221.05
\$10,000.01-\$20,000	157	\$2,190,928.94	\$5,710,149.99
\$20,000.01-\$50,000	110	\$3,373,080.89	\$9,083,230.88
\$50,000.01-\$75,000	cannot release - number too low	cannot release - number too low	
\$75,000.01-\$100,000	cannot release - number too low	cannot release - number too low	
\$100,000.01-\$200,000	cannot release - number too low	cannot release - number too low	
\$200,000.01-\$300,000	cannot release - number too low	cannot release - number too low	
\$300,000.01-\$400,000	cannot release - number too low	cannot release - number too low	
\$400,000.01-\$500,000	cannot release - number too low	cannot release - number too low	
>\$500,000	cannot release - number too low	cannot release - number too low	
Total	3,836	\$13,299,699.68	

¹Based on medical and Rx claims incurred between September 1, 2018 through August 31, 2019 and paid through November 30, 2019.

TRS-ActiveCare Medical Claims Detail

Denton ISD

Important: In order to comply with applicable law, if there are fewer than 50 participants for any cell, no data can be provided. Text indicating "cannot release - number too low" will appear in the cell.

		FY 2017	FY 2018	FY 2019
Utilization Statistics				
Inpatient Hospital				
	Admits per 1000	44.4	56.6	48.2
	Days per 1000	184.6	232.6	179.1
	Surgeries per 1000	52.2	59.7	48.0
	Average length of stay	4.2	4.1	3.7
	Maternity/Delivery	19.3	18.9	20.3
	Vaginal Delivery per 1000	13.3	cannot release - number too low	13.6
	Cesarean Delivery per 1000	cannot release - number too low	cannot release - number too low	cannot release - number too low
Outpatient Hospital				
	ER visits per 1000	177.0	180.8	168.4
	Surgeries per 1000	518.7	543.8	501.9
Professional Office				
	Primary Care Physician (PCP) visits per 1000	2,395.9	2,331.0	2,221.8
	Specialist visits per 1000	348.8	458.2	525.3
Diagnostic				
	Laboratory/Pathology per 1000	180.1	155.1	146.8
	Imaging/Radiology per 1000	254.0	233.4	220.0

		FY 2017	FY 2018	FY 2019
Plan Cost				
Inpatient Hospital				
	Cost per Admit	\$23,135.53	\$17,160.94	\$13,722.62
	Cost per Day	\$5,563.00	\$4,178.80	\$3,695.32
	Cost per Surgery	\$13,013.17	\$10,120.40	\$9,607.71
	Cost for Maternity/Delivery	\$6,060.14	\$6,094.43	\$5,877.03
	Cost for Vaginal Delivery	\$5,015.07	cannot release - number too low	\$5,314.14
	Cost for Cesarean Delivery	cannot release - number too low	cannot release - number too low	cannot release - number too low
Outpatient Hospital				
	Cost per ER Visit	\$4,079.39	\$4,832.82	\$3,560.53
	Cost per Surgery	\$1,971.63	\$1,985.03	\$1,737.00
Professional Office				
	Cost per PCP visit	\$140.62	\$113.42	\$104.79
	Cost per Specialist visit	\$77.35	\$111.26	\$94.88
Diagnostic				
	Cost per Laboratory/Pathology	\$837.54	\$651.83	\$494.56
	Cost per Imaging/Radiology	\$792.43	\$676.68	\$596.78

TRS-ActiveCare PPO Premiums and Incurred Claims

Denton ISD

Fiscal Year	PPO Plan Premiums ¹	PPO Plan Incurred Claims ^{2,3,4}	Loss Ratio
2017	\$15,092,533.00	\$16,824,409.44	111.5%
2018	\$16,088,160.00	\$17,199,967.28	106.9%
2019	\$15,918,343.00	\$13,299,699.68	83.5%

¹Premiums are based on enrollment from WellSystems and bswift.

²Medical and prescription drug claims data is shown by incurred fiscal year; data is paid as of November 30, 2019. An adjustment for Incurred But Not Reported (IBNR) claims has not been included. Member deductibles, copayments and coinsurance have not been included.

³Incurred claims do not include the administrative costs including Medical or Pharmacy benefit administrative fees, PCORI, and capitation fees for TRS ActiveCare-Kelsey if applicable.

⁴Incurred claims do not include Rx rebates.



Comparisons TSHBP HDHP and CoPay Plans

Employee Only

Denton ISD	2019-20	2020-21	2019-20	2020-21
	TRS ActiveCare 1-HD	TSHBP HDHP	TRS ActiveCare Select	TSHBP CoPay
Monthly Premium	\$378	\$342	\$556	\$497
Total Annual Premium	\$4,536	\$4,104	\$6,672	\$5,964
Annual Deductible	\$2,750	\$3,000	\$1,200	\$3,500
Out of Pocket Maximum (includes deductibles, copays, and co-insurance)	\$6,750	\$3,000	\$7,900	\$3,500
Combined Total Premium, Annual Deductible and Out of Pocket Max	\$11,286	\$7,104	\$14,572	\$9,464
	<i>Premium Savings</i>	\$432 9.5%	<i>Premium Savings</i>	\$708 10.6%
	<i>Combined Savings</i>	\$4,182 37.1%	<i>Combined Savings</i>	\$5,108 35.1%

Employee plus Family

Denton ISD	2019-20	2020-21	2019-20	2020-21
	TRS ActiveCare 1-HD	TSHBP HDHP	TRS ActiveCare Select	TSHBP CoPay
Monthly Premium	\$1,415	\$1,292	\$1,718	\$1,550
Total Annual Premium	\$16,980	\$15,503	\$20,616	\$18,596
Family Annual Deductible	\$5,500	\$9,000	\$3,600	\$10,500
Out of Pocket Maximum (includes deductibles, copays, and co-insurance)	\$13,500	\$9,000	\$15,800	\$10,500
Combined Total Premium, Annual Deductible and Out of Pocket Max	\$30,480	\$24,503	\$36,416	\$29,096
	<i>Premium Savings</i>	\$1,477 8.7%	<i>Premium Savings</i>	\$2,020 9.8%
	<i>Combined Savings</i>	\$5,977 19.6%	<i>Combined Savings</i>	\$7,320 20.1%

2019-20	Employee Only	Employee/Child	Employee/Spouse	Employee/Family
TRS/ActiveCare 1 HD Rates	\$378	\$722	\$1,066	\$1,415
TRS/ActiveCare Select Plans Rates	\$556	\$901	\$1,367	\$1,718
Denton ISD	TSHBP Rates 2020-21			
TSHBP/HDHP Discount	9.5%	9.8%	8.8%	8.7%
Rates	\$342	\$651	\$972	\$1,292
Monthly Savings	\$36	\$71	\$94	\$123
TSHBP/CoPay Discount	10.6%	11.8%	8.5%	9.8%
Rates	\$497	\$795	\$1,251	\$1,550
Monthly Savings	\$59	\$106	\$116	\$168