

Approval of Health Insurance Plan

June 28, 2011

SUMMARY:

This item requests approval for changing from a self-funded health plan (Health Care Trust) to the state established self-funded TRS ActiveCare medical plan, to be effective January 1, 2012.

BOARD GOAL:

VI. Growth, Change & Fiscal Responsibility... In pursuit of excellence, the district will:

- demonstrate effective and efficient management of district resources

PREVIOUS BOARD ACTION:

As part of previous budget discussions on June 14, 2011, it was indicated that a move to TRS ActiveCare could result in significant savings, not only for the District but also for the individual employees.

BACKGROUND INFORMATION:

On an annual basis, a complete review of the medical plan is performed to determine recommendations for changes in benefits and/or the rate structure affecting the employee's premiums. Although the District has not made a change in the health insurance premiums for the last seven years, the medical plan has not performed well for the last two years, due to an increase in claim costs and changes made in anticipation of HealthCare Reform. As a result, the District cannot continue the current premium levels. Remaining self-funded within the HealthCare Trust could result in potential double-digit increases in premiums for 2012.

SIGNIFICANT ISSUES:

Switching to TRS ActiveCare presents a few issues:

- The plan year will begin January 1, 2012. The employees will experience a short plan year and will need to meet two plan year deductibles within an eighteen month period. There is no proration of deductibles.
- The Health Care Trust will need to absorb the full December premiums for the current plan as the employees will need to pay premiums in advance for TRS ActiveCare.
- The In-Hospital Benefit Program will be discontinued effective 12/31/11.
- The District contribution for health insurance will decrease from \$259 to \$235 effective 1/1/12.
- Once the District joins TRS ActiveCare, it cannot drop out unless state law changes to allow such an event.

FISCAL IMPLICATIONS:

Moving to TRS ActiveCare, the elimination of the IHB Program and the reduction of the district contribution for health insurance will allow the District to realize an annual savings of approximately \$1,000,000 for the first year (six months).

BENEFIT OF ACTION:

Approval of the recommended move to TRS ActiveCare would allow for the District to apply for participation within the allotted timeframe of six months prior to the effective date.

SUPERINTENDENT'S RECOMMENDATION:

Recommend moving from the District's self-funded medical plan, HealthCare Trust, to participation in TRS ActiveCare for a January 1, 2012 effective date.

STAFF PERSONS RESPONSIBLE:

Sally Havey, Insurance Coordinator
Debbie Monschke, Executive Director of Administrative Services

ATTACHMENT:

None

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____