

Approval of Health Insurance Benefits

August 24, 2010

SUMMARY:

This item requests approval of the employee health insurance package, specifically the plan change(s) for the 2011 benefit year. The benefit changes will be effective January 1, 2011.

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:

For discussion, on August 10, 2010, the Board was presented with the recommended benefit changes.

BACKGROUND INFORMATION:

On an annual basis, a complete review of benefits is performed to determine if benefit enhancements/changes should be made without a significant impact on the health plan or its rate structure. Due to requirements of the Health Care Reform Act, as well as the desire to delay medical premium increases, several changes are being recommended. In addition, the Board has been advised that our fully insured dental product (MetLife Dental) will experience a premium increase of 5.4%. The recommended plan changes, and impact on the employees, were discussed with the Employee Insurance Committee on July 26, 2010. The Committee was supportive of the recommendations.

SIGNIFICANT ISSUES:

The plan year will begin January 1, 2011. Employees will receive a benefits booklet that contains all plan options and rates prior to the beginning of the open enrollment process. Open enrollment is available on-line 24/7 and is scheduled to begin November 1 and end on November 30, 2010.

FISCAL IMPLICATIONS:

Despite continued increases in medical and prescription drug costs, the Denton ISD plan **will not** need to pass along any rate increase to its employees for their medical coverage. Medical premiums will remain the same, but participants in the Principal Wellness Program will forfeit their \$20.00 credit as the program is being discontinued, pending Board approval. The discontinuation of the Principal Wellness Program, and the employee credit, represents a savings of approximately \$685,000 to the HealthCare Trust.

BENEFIT OF ACTION:

Approval of the recommended changes will allow the insurance personnel to proceed with open enrollment preparations and ensure the employees receive their enrollment materials in a timely manner.

SUPERINTENDENT'S RECOMMENDATION:

As a result of the changes mandated by the Health Care Reform Act, we are recommending the following benefit changes:

- Chiropractic benefits change from an annual maximum benefit of \$1,500 to a 30 visit annual maximum
- Eligible dependents will be covered to age 26
- No pre-existing condition penalty for dependents under the age of 19
- Unlimited lifetime maximum

As a result of budget constraints and the desire to delay medical premium increases, we are recommending the following change:

- Elimination of the Principal Wellness Program, including the \$20 per month premium credit

STAFF PERSONS RESPONSIBLE:

Sally Havey, Insurance Coordinator
Debbie Monschke, Executive Director of Budget and Finance

ATTACHMENT:

None

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____