



Oak Park Elementary School District 97

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TO: District 97 Board of Education
Dr. Albert Roberts, Superintendent

FROM: Steve Cummins, Senior Director of Human Resources

CC: Therese O'Neill, Assistant Superintendent for Finance & Operations

DATE: April 30, 2015

RE: Insurance Rate and Benefit Plan recommendations – 2015-2016 School Year

The Benefits Committee has been working with the District's insurance consultant, HUB International (HUB), and its representatives (Rhonda Sanders, John Herr and Brian Butler) on the 2015-2016 renewal. The composition of the Benefits Committee includes representatives from all categories of staff (teachers, teacher aides, support personnel, custodians, administration and Board of Education).

The Benefits Committee has engaged in discussion and analysis of our health plan offerings identified the following goals as a basis for plan recommendations:

- Maintaining sustainability of the insurance plans.
- Marketing our insurance plans and programs to identify products with the best plan design, premium rates, and participant conveniences.
- Continuing to address the health insurance terminal reserve fund.

The Benefits Committee has reviewed the results of the HUB's market analysis and following are highlights of the rate increases, carrier selection, and plan design from the final renewal presentation:

1) Medical Insurance

- a. The Benefits Committee is recommending an 8% increase to the HMO annual premium rates collected and a 10% increase to the PPO/HSA annual premium rates for 2015-2016 based upon prior claims experience levels within each plan.
 - i. The District 97 Board of Education is providing \$7,100 towards employee only medical coverage and \$12,700 towards dependent medical coverage for all bargaining group employees in the 2015-16 school year as outlined in the recently negotiated contract language. Monies from the Board will be applied to both insurance premiums and funding the terminal reserve fund.
 - ii. BAHMO employee contribution amounts will be unchanged for Employee, Employee + Spouse, and Employee + Child[ren] coverages.
 - iii. Increases to the BAHMO Family and PPO and HSA coverage rates will occur as needed to meet the recommended annual premium increases.

- b. The recommended 8% HMO and 10% PPO/HSA premium increases are estimated to increase the current health fund reserve by \$166,407.
- c. All medical insurance plans remain with Blue Cross Blue Shield.

2) Dental Insurance

- a. The Benefits Committee after reviewing the HUB market analysis is recommending that Blue Cross Blue Shield serve as our dental claims carrier effective July 1st.
 - i. The BCBS premium rates were over 5% lower than Guardian's (current carrier) dental premium rates.
 - ii. The BCBS network was wider for those opting for the Dental HMO plan.
 - iii. The switch to BCBS results in lower medical stop loss costs (because both the medical and dental would be under BCBS).
 - iv. The switch to BCBS enables the dental plan to be self-funded (like our medical plan) and affords the district greater control in plan design. Being self funded the Benefits Committee is able to recommend plan design changes to be implemented to the PPO Dental plan, which include:
 - 1. Adding an orthodontia benefit to the PPO plan so orthodontia is common to both dental plans.
 - 2. Removing a 12-month wait period provision from the PPO dental plan for major procedures.
 - 3. Both these plan design implementations can be incorporated into the BCBS PPO Dental plan with the 2015-16 increase being only 3% over the 2014-15 Guardian rates (which did not include these benefits).

3) Vision Coverage

- a. The Benefits Committee after reviewing the HUB market analysis is recommending that VSP serve as our vision claims carrier effective July 1st.
 - i. VSP's 2015-16 premium rates were 7-10% lower than our current 2014-15 Guardian vision premiums (depending on whether one has Employee, Employee+1, or Employee Family vision), resulting in a savings to all vision plan participants.
 - ii. The lower premium rates were guaranteed by VSP for 48 months.
 - iii. VSP is a well-regarded vision plan and has a wide network.
 - iv. HUB informed us that if we switch the dental coverage to BCBS, district vision rates from Guardian would increase significantly.

4) Flexible Spending Account (FSA) Plan Administration

- a. The Benefits Committee after reviewing the HUB market analysis is recommending that Employee Benefits Consultants (EBC) serve as our FSA plan administrator effective July 1st.
 - i. The administrative fees charged by EBC were approximately 20% lower than the fees quoted from the current carrier, which are paid from benefit funds.
 - ii. The lower administrative fee rate was guaranteed by EBC for 36 months.
 - iii. The EBC administrative fees include the added feature of a FSA debit card for employee convenience.
 - iv. EBC is better suited to provide improved FSA service and support to both the employees and the district.
- b. The committee also recommends that HUB will work with EBC to devise a way to transition from our current structure (having both a July 1st FSA plan year and a Sept 1st FSA plan year) to one common FSA cycle that aligns to the calendar year (beginning January 1st).

The following are the benefits to insurance plan participants and the District:

- 7-10% decrease to the employee vision premium rates (which follows a 8.5-10% decrease to vision premium rates in the prior year).
- Orthodontia and no wait period for major services a part of both dental plans at only a 3% increase to the premium rate. Further, this 2015-16 premium rate will still be below the 2013-14 premium rate (as there was a 12% decrease in the prior year).
- Added convenience of the FSA Debit card at lower administrative costs.
- Rates guaranteed for several years (no increase) for several of these benefit programs.

Therefore, the Senior Director of Human Resources, the Assistant Superintendent for Finance & Operations, and the District's Benefits Committee in concert with the District's benefits consultant, HUB International, are recommending the changes as outlined above for the 2015-2016 school year. The renewal recommendations brought to you in this memo for review are being presented to you at the May 12, 2015 meeting for approval. Please let me know if you have any questions or comments.