

ISD 917 2025/2026 Health Insurance RFP

Oct 1, 2024 Board Meeting



RFP (Request for Proposal) Process



- **Initial Bids**
 - Medica (incumbent) was the only carrier to respond
 - Rate increase for administration fees was approximately 50%
 - Reviewed initial bids with the Health Care committee. Discussed the likelihood of 5% - 7% rate increase to the Districts Health Insurance cost based on the increased cost
- **Best and Final Bids**
 - Medica reduced their cost \$20k
 - Received quotes from Blue Cross, Blue Shield (BCBS) and UnitedHealth Care (UHC) that represent ~\$300k annual savings vs Medica
 - Reviewed Best and Final bids with the Health Care committee. Asked the committee to provide any questions that they have for BCBS and UHC
- **Conduct Carrier Interviews** - Separate 1 Hour meetings with BCBS and UHC
 - Health Care committee was invited to attend - Teachers union was represented
 - Questioned carriers on: Network and provider coverage, Prescription drug coverage, Member experience and ease of use, Financials and Implementation timelines
- **Management team is reviewing follow up materials from the Carrier Interviews and will walk-in a recommendation to the 917 Board for 2025/2026 Health Insurance in the Oct Board meeting**



Health Insurance Financials

	2024 Actual	Best & Final		
	Medica	Medica	BCBS	UHC
Admin Fee	\$64,996	\$58,475	\$190,385	\$110,571
Brokerfee	42,768	42,768	42,768	42,768
Stop Loss	748,038	1,140,113	857,177	937,464
Pharmacy Rebates			(150,000)	(150,000)
Annual Admin Cost	\$855,802	\$1,241,356	\$940,330	\$940,803
<i>Increase over 2024</i>		45%	10%	10%
Claims Cost	\$3,000,000	\$3,290,000	\$3,290,000	\$3,290,000
<i>Increase over 2024</i>		10%	10%	10%
Total Medical Cost	\$3,855,802	\$4,531,356	\$4,230,330	\$4,230,803
<i>Dollar Increase over 2024</i>		\$675,554	\$374,528	\$375,001
<i>% Increase over 2024</i>		18%	10%	10%
Implementation / Wellness Credit		(\$75,000)	(\$25,000)	(\$100,000)

BCBS & UHC plans will have \$300k per year lower cost than Medica. Contract length is two years

Implementation credit can be used to offset claims run-out cost from current carrier, file conversion cost, offset admin fees or pay for wellness programs

Impact on Medical Reserve Fund Balance



	2024	2025		
	Medica	Medica	BCBS	UHC
Beginning Fund Balance	\$5,860,705	\$6,161,429	\$6,161,429	\$6,161,429
Medical Cost (Admin & Claims)	\$3,855,802	\$4,531,356	\$4,230,330	\$4,230,803
Reserve Funding Increase		7.0%	3.0%	3.0%
Contributions to Reserve Fund	\$4,156,526	\$4,447,483	\$4,281,222	\$4,281,222
Current Yr Change in Reserve	\$300,724	(\$83,873)	\$50,892	\$50,419
Ending Fund Balance	\$6,161,429	\$6,077,556	\$6,212,321	\$6,211,848
Reserve Ratio to Annual Cost	160%	134%	147%	147%

* Minimum target reserve is 50%

- Under Medica, a 7% premium increase is recommended for 2025 to mitigate the reduction in the Reserve fund balance
- Under BCBS/UHC, a 3% premium increase is recommended for 2025 to maintain the Reserve fund balance