



# Oak Park Elementary School District 97

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To: Members, Board of Education  
Dr. Carol Kelley, Superintendent

From: Laurie Campbell, Assistant Superintendent for Human Resources

*JMC*

Re: Dental Insurance Rates – 2017-2018 School Year

Date: May 23, 2017

School District 97 provides two different dental plans for insurance eligible employees – self-funded Dental PPO and Dental HMO. Overall, both plans have performed well. The projected contributions necessary to fund the PPO for the upcoming year are projected to be 2.4% less than the 2016-2017 contribution rates. Additionally, the HMO premium rates are projected to decrease by 0.5%. Hub International, the District's Insurance Consultant, has completed an analysis of the performance of both plans and has recommended no change in the rates for the July 1<sup>st</sup> plan renewal.

The District 97 Benefits Committee met in April and in May to review the projections along with the recommendations from Hub. The Committee is supporting Hub's recommendation that rates remain at the 2016-2017 rate and that any additional premium or contributions be redirected to fund the District 97 insurance reserve that has a negative balance.

The full analysis completed by Hub is attached to this report. The administration recommends that the Dental PPO contributions and Dental HMO rates remain at the 2016-2017 level. Any excess funds not needed for payment of claims or premium will be transferred to the Insurance Reserve Fund.



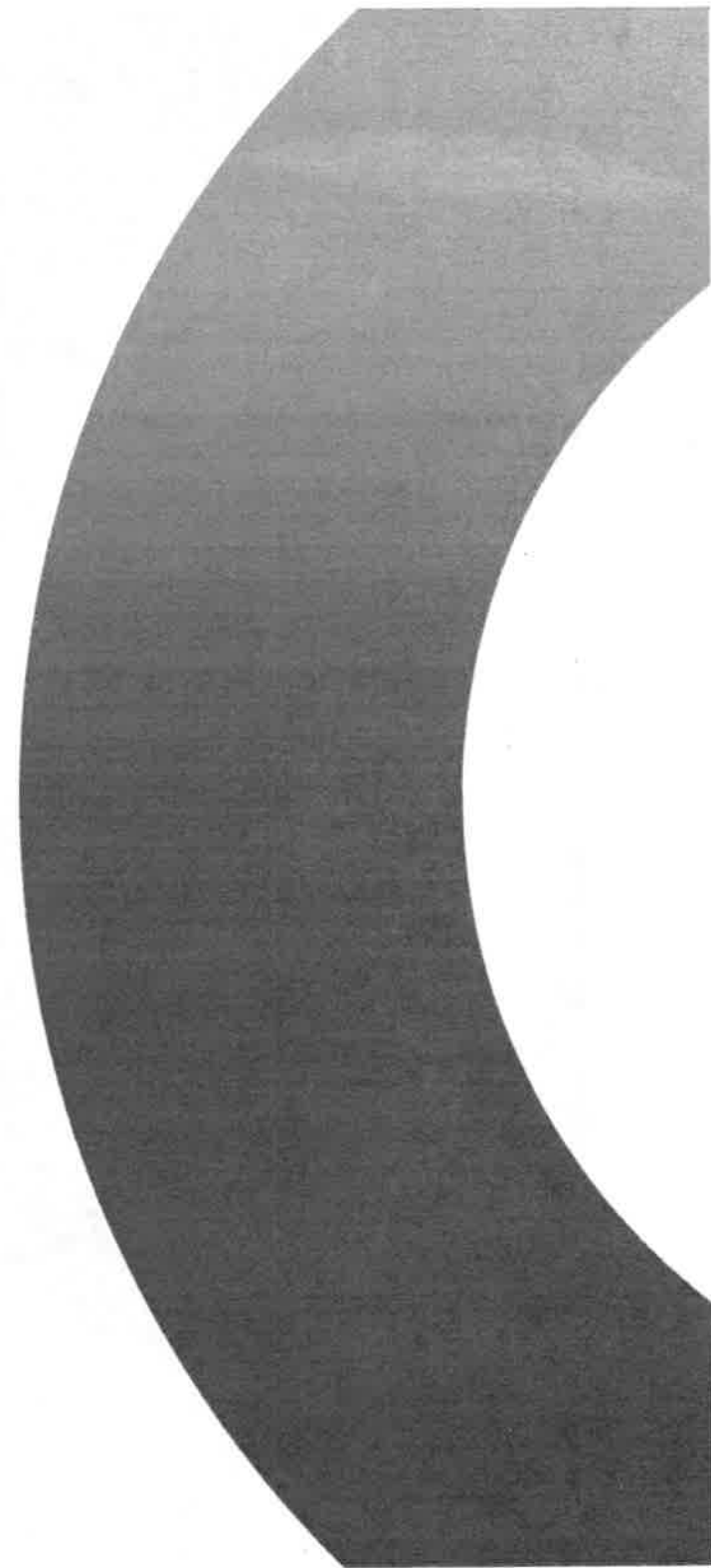
**HUB**

# Oak Park Elementary SD #97

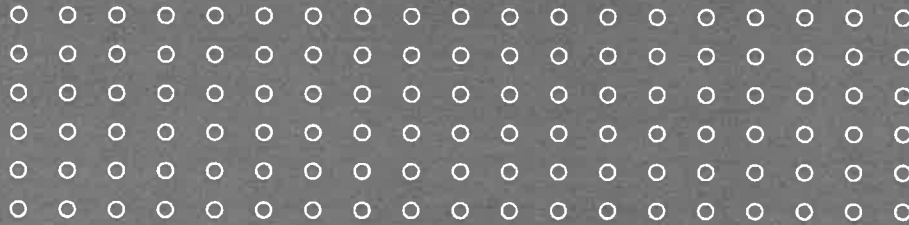
2017 Dental Budget Projection  
May 5, 2017 Committee Meeting

# Agenda

- 1 | 2017 Budget Projection
- 2 | Appendix



# 1



## 2017 Budget Projection

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# 2017 Budget Projection Assumptions

Below are the assumptions used for the 2017 Budget Projection

Budget Assumptions	Dental
<b>Trend Assumptions</b>	3.5%
<b>Claim Lag (# of Months)</b>	1
<b>Experience Period Weighting</b>	
2/1/2015 - 1/31/2016	40%
2/1/2016 - 1/31/2017	60%
<b>Margin</b>	2.0%

# 2017 Budget Projection Assumptions Per Employee Per Month (PEPM) Fixed Costs



Dental ASO fee decreased 1.8% in 2017

Dental Fixed Fees PEPM	2016	2017 Pre-Budget	Change	2017	Change
Dental ASO	\$4.48	\$4.61	2.9%	\$4.40	-1.8%



# 2017 Dental Renewal Summary

Oak Park can expect an estimated gross cost decrease of 2.4% in 2017.

Oak Park School District 97 Summary	Current Enrollment	2016 Budget	2017 Projection	Change Over 2016 Budget	
				\$	%
<b>Total Costs</b>					
Dental - PPO	500	\$363,458	\$354,060	(\$9,398)	-2.6%
Dental - HMO	116	\$45,539	\$45,321	(\$219)	-0.5%
<b>Total</b>	<b>616</b>	<b>\$408,997</b>	<b>\$399,381</b>	<b>(\$9,617)</b>	<b>-2.4%</b>
<b>Employee Contributions</b>					
Dental - PPO	500	\$224,494	\$224,494	\$0	0.0%
Dental - HMO	116	\$11,695	\$11,695	\$0	0.0%
<b>Total</b>	<b>640</b>	<b>\$236,189</b>	<b>\$236,189</b>	<b>\$0</b>	<b>0.0%</b>
<b>Oak Park School District 97 Costs</b>					
Dental - PPO	500	\$138,964	\$129,566	(\$9,398)	-6.8%
Dental - HMO	116	\$33,845	\$33,626	(\$219)	-0.6%
<b>Total</b>	<b>640</b>	<b>\$172,808</b>	<b>\$163,192</b>	<b>(\$9,617)</b>	<b>-6.4%</b>

Notes:

Employee contributions are based on no change in 2017

# Dental Premium Equivalent Rates – DPPO



PPO Dental costs are projected to decrease 2.6% in 2017

Dental	Enrollment	Monthly Premium Equivalents			Oak Park School District 97 Net Cost		
		2016	2017	% Change	2016	2017	% Change
Employee Only	251	\$34.87	\$33.97	-2.6%	\$17.73	\$17.27	-2.6%
Employee + 1	129	\$68.73	\$66.95	-2.6%	\$28.63	\$27.89	-2.6%
<u>Family</u>	<u>120</u>	<u>\$105.58</u>	<u>\$102.85</u>	<u>-2.6%</u>	<u>\$28.64</u>	<u>\$27.90</u>	<u>-2.6%</u>
Total	500	\$363,458	\$354,060	-2.6%	\$138,964	\$135,370	-2.6%
<b>Grand Total</b>	<b>500</b>	<b>\$363,458</b>	<b>\$354,060</b>	<b>-2.6%</b>	<b>\$138,964</b>	<b>\$135,370</b>	<b>-2.6%</b>





# Dental Employee Contributions – DPPO

Recommend no change or slight increase to DPPO contributions

Dental	Enrollment	Monthly Employee Contributions							
		2016		2017 Same %			2017 Status Quo		
		\$	% of Prem.	\$	% of Prem.	% Change	\$	% of Prem.	% Change
Employee Only	251	\$17.14	49.2%	\$16.70	49.2%	-2.6%	\$17.14	50.5%	0.0%
Employee + 1	129	\$40.10	58.3%	\$39.06	58.3%	-2.6%	\$40.10	59.9%	0.0%
<u>Family</u>	<u>120</u>	<u>\$76.94</u>	<u>72.9%</u>	<u>\$74.95</u>	<u>72.9%</u>	<u>-2.6%</u>	<u>\$76.94</u>	<u>74.8%</u>	<u>0.0%</u>
Total	500	\$224,494	61.8%	\$218,689	61.8%	-2.6%	\$224,494	63.4%	0.0%
<b>Grand Total</b>	<b>500</b>	<b>\$224,494</b>	<b>61.8%</b>	<b>\$218,689</b>	<b>61.8%</b>	<b>-2.6%</b>	<b>\$224,494</b>	<b>63.4%</b>	<b>0.0%</b>

# Dental Premium Rates – DHMO



HMO Dental costs are projected to decrease 0.5% in 2017

Dental	Enrollment	Monthly Premium Equivalents			Oak Park School District 97 Net Cost		
		2016	2017	% Change	2016	2017	% Change
<b>DHMO</b>							
Employee Only	46	\$17.73	\$17.65	-0.5%	\$17.73	\$17.65	-0.5%
Employee + 1	26	\$33.80	\$33.63	-0.5%	\$28.64	\$28.47	-0.6%
<u>Family</u>	<u>44</u>	<u>\$47.74</u>	<u>\$47.51</u>	<u>-0.5%</u>	<u>\$28.64</u>	<u>\$28.41</u>	<u>-0.8%</u>
Total	116	\$45,539	\$45,321	-0.5%	\$33,845	\$33,626	-0.6%
<b>Grand Total</b>	<b>116</b>	<b>\$45,539</b>	<b>\$45,321</b>	<b>-0.5%</b>	<b>\$33,845</b>	<b>\$33,626</b>	<b>-0.6%</b>

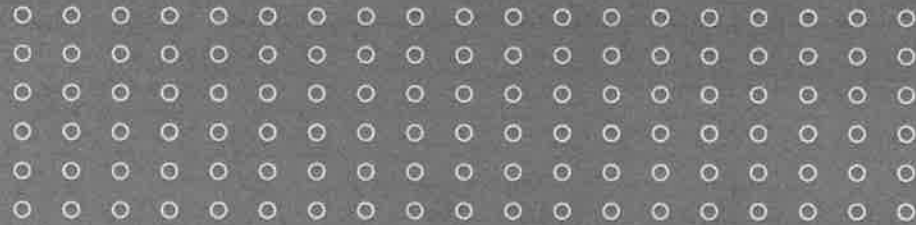


# Dental Employee Contributions – DHMO

Recommend no change or slight increase to DHMO contributions

Dental	Enrollment	Monthly Employee Contributions							
		2016		2017 Slight Increase			2017 Status Quo		
		\$	% of Prem.	\$	% of Prem.	% Change	\$	% of Prem.	% Change
<b>DHMO</b>									
Employee Only	47	\$0.00	0.0%	\$0.00	0.0%	0.0%	\$0.00	0.0%	0.0%
Employee + 1	27	\$5.16	15.3%	\$5.34	15.3%	3.5%	\$5.16	14.8%	0.0%
<u>Family</u>	<u>44</u>	<u>\$19.10</u>	<u>40.0%</u>	<u>\$19.77</u>	<u>40.0%</u>	<u>3.5%</u>	<u>\$19.10</u>	<u>38.7%</u>	<u>0.0%</u>
Total	118	\$11,757	25.5%	\$12,168	25.5%	3.5%	\$11,757	24.6%	0.0%
<b>Grand Total</b>	<b>118</b>	<b>\$11,757</b>	<b>25.5%</b>	<b>\$12,168</b>	<b>25.5%</b>	<b>3.5%</b>	<b>\$11,757</b>	<b>24.6%</b>	<b>0.0%</b>

# 2



## Appendix

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# 2017 Dental Underwriting



Dental Experience Period	2/1/2016 - 1/31/2017
Total Paid Claims	\$291,353
Composite Adjustments	1.000
Adjusted Paid Claims	\$291,353
Annual Trend Factor <sup>1</sup>	3.5%
Compounded Trend Factor <sup>2</sup>	<u>1.050</u>
Trended Adjusted Paid Claims	\$305,816
Average Employees	476
<b>PEPY Claim Cost</b>	<b>\$642</b>
<b>Experience Period Weighting</b>	<b>100%</b>
Weighted Claim Cost	\$642
Margin, Future Plan Changes and Mandated Changes	2.0%
Total PEPY Fixed Costs	<u>\$53</u>
Total PEPY Cost	\$708
Current Employees	500
<b>Total Annual Dollars</b>	<b>\$354,060</b>

<sup>1</sup> Annual trend is the trend factor applied for exactly 1 year

<sup>2</sup> The compounded trend factor is calculated based on trending from the mid point of the experience period to the midpoint of the projection period. Factors are developed separately for each experience period and compounded together.

**Thank you.**