



**FOREST LAKE AREA SCHOOLS
FOREST LAKE, MN 55025**

March 16, 2017

AGENDA ITEM: 5.2

TOPIC: Award Medical & Dental Self-Insured Employee Group Insurances

BACKGROUND: The Health Insurance Transparency Act (HITA) Bill requires the District to solicit proposals at a minimum every 24 months for group medical insurance.

PROCESS: The RFPs for group medical & dental self-insurances was advertised in the Forest Lake Times on January 5. The RFP's were reviewed by OneDigital, administration, 3 representatives from the largest bargaining unit and the Employee Benefits committee.

After the initial review, PreferredOne was given time to submit a final proposal. The final proposal was received on March 2 and reviewed by OneDigital, MacTavish Benefits, administration, 3 representatives from the largest bargaining unit, the employee benefits committee, and the finance committee. Three providers responded to the RFP. A final recommendation is being submitted to the School Board at the March 16, 2017 meeting.

RECOMMENDATION: The Administration, Employee Benefits Committee, and Finance Committee recommend the School Board award the Employee Group Insurance for Self-Insured Medical to PreferredOne with no changes in premiums or benefits, and to also award the Employee Group Insurance for Self-Insured Dental to Delta with no changes in premiums or benefits.

Self Funded Medical Renewal FINAL

	Current		Renewal	
	PreferredOne		PreferredOne	PreferredOne
	PIC		PIC Year 1	PIC Year 2
Current Enrollment				
Single	405		405	405
Family	294		294	294
Total Enrollment	699		699	699
Total Members	1,472		1,472	1,472
Fixed Costs				
Stop-Loss Coverage Contract	12/18		12/18	12/18
Specific Individual Deductible	\$125,000		\$125,000	\$125,000
Single	\$44.18		\$36.91	\$40.23
Family	\$106.29		\$88.37	\$96.32
Total Annual Specific Premium:	\$589,745		\$491,186	\$535,392
Aggregate Premium - PEPM	\$1.19		\$1.19	\$1.19
Total Annual Aggregate Premium:	\$10,000		\$10,000	\$10,000
Annual Reinsurance Premium:	\$599,745		\$501,186	\$545,392
Administration Services		2016	2017	
Medical Administration	\$23.00			\$23.00
Fitness Reimbursement	\$1.00			\$0.00
EAP	\$1.07			\$1.37
Nurse Line	\$0.97			\$1.15
Cancer/Low Back/Healthy Pg/Fiduciary/Other	\$0.00			\$0.00
PPO/Disease Mgmt Fee	\$3.00			\$0.00
On-Site Clinic	\$16.68	\$240,000		\$28.60
Wellness	\$11.92	\$100,000		\$11.92
ACA Reinsurance Fee	\$2.37	\$2.25	\$0.00	\$0.00
ACA HCR Research Fee	\$0.41	\$2.17	\$2.35	\$0.41
Consulting Fee	\$8.22			\$8.22
Subtotal...PEPM	\$68.64			\$74.67
Annual Administration Cost	\$575,980			\$626,596
Total Annual Fixed Cost	\$1,175,725			\$1,171,989
Difference To Current Fixed Costs				-4.08%
Estimated Expected Claims Cost				3.92%
\$1,500 Plan		Counts		
Single	\$467.65	405	\$490.42	\$522.30
Family	\$1,393.59	294	\$1,461.47	\$1,556.47
Expected Annual Claims	\$7,189,379	699	\$7,539,522	\$8,029,591
Difference To Current Expected Annual Claims			4.87%	6.50%
Maximum Annual Claims (Attachment Point)	1.25		\$9,424,403	\$10,036,989

	Current	Renewal	
	PreferredOne	PreferredOne	PreferredOne
	PIC	PIC	PIC
		Year 1	Year 2
Expected Grand Total Costs			
Current Contract Expected	\$8,365,104		
Expected Renewal Cost		\$8,667,304	\$9,201,580
Difference To Current Expected		\$302,200	\$534,276
		3.61%	6.16%
Current Claims Funding			
Current Self Insured Funding	\$9,377,623		
Expected Renewal Cost		\$8,667,304	\$9,201,580
Difference To Current Funding		(\$710,319)	\$534,276
		-7.57%	6.16%
Maximum Grand Total Costs			
Maximum Renewal Cost	\$10,162,449	\$10,552,184	\$11,208,977
Difference To Current Maximum		\$389,736	\$656,793
		3.84%	6.22%

Quote Considerations

Firm:	Yes
Participation:	75% of eligible ee's not waiving due to other group coverage and not less than 50% of total of eligible regardless of waivers
Retirees:	Included, not to exceed 15% of eligible
Lasers:	No
Other:	Admin Fee RG for 2 Years, included UM/DM & Fitness; \$15K Implementation/Wellness Credit per year for 2 years, must be used w/in each plan year. P1 retains Rx rebates. Fixed costs and factors subject to change if enrollment changes by >25% in 1 month, or >10% over 3 consecutive months.
Network Fees:	Included in Admin Fee

Dental

	Current Delta Dental			OneDigital Underwriting	Renewal Delta Dental			PEIP Renewal Option Delta Dental		
	Delta PPO	Delta Premier	Non-Participating		Delta PPO	Delta Premier	Non-Participating	Delta PPO	Delta Premier	Non-Participating
Network										
Annual Maximum Per Coverage Year:	\$1,500	\$1,500	\$1,500					\$1,000	\$1,000	\$1,000
Preventive & Diagnostic Services:	100%	100%	100%					100%	80%	100%
Deductible - Calendar Year or Non	\$25/\$75	\$25/\$75	\$25/\$75					\$25/\$75	\$50/\$150	\$50/\$150
Basic Services	90%	90%	90%					80%	60%	60%
Major Services	90%/60%	90%/60%	90%/60%					50%	50%	50%
Orthodontics (dependents up to age 19)	NA	NA	NA					NA	NA	NA
Lifetime Maximum	NA	NA	NA					NA	NA	NA
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Rates & Counts										
Rate Guarantee				2020				2020		
Administrative Fee		\$3.49		\$3.49				\$3.49		
Rates Bundled										
Single	515	\$38.00		\$39.88				\$38.49		\$40.73
EE + 1	0	\$0.00		\$0.00				\$0.00		\$0.00
EE + Spouse	0	\$0.00		\$0.00				\$0.00		\$0.00
EE + Children	0	\$0.00		\$0.00				\$0.00		\$0.00
Family	259	\$110.00		\$111.80				\$108.27		\$96.25
	774									
Monthly Total		\$48,027.75		\$49,459.47				\$47,832.40		\$45,875.55
Annual Total		\$576,333.00		\$593,513.66				\$573,988.82		\$550,506.56
Difference				\$17,180.66				-\$2,344.19		-\$25,826.45
% Difference				3%				0%		-4%



Memorandum

Date: March 16, 2017
To: Finance Committee
From: Larry Martini
Subject: Medical & Dental Renewal

The Employee Benefits Committee recommended to continue with PreferredOne as the Third Party Administrator for the school district's self-funded medical insurance program. They also recommended to continue with Delta as the Third Party Administrator for the school district's self-funded Dental insurance program.

Both of these plans are recommend to have no change in premiums and no change in plan design. It is anticipated that both plans will continue to build their reserves.

A number of alternate plan designs for the medical and dental programs were considered. Ultimately, Administration and the Employee Benefits Committee rejected and plan changes or premium increases since both plans are expected to continue to build their reserves.