

**BEMIDJI AREA SCHOOLS  
BEMIDJI, MINNESOTA**

**DATE: APRIL 15, 2019**  
**TO: BOARD OF EDUCATION, ISD#31**  
**FROM: CHRIS J. LEINEN, DIRECTOR OF BUSINESS SERVICES**  
**SUBJECT: HEALTH INSURANCE PROPOSALS FOR FY2019-2021**

**COMMENTS:**

STATUTORY REQUIREMENTS

In accordance with the Minnesota Health Insurance Transparency Act (HITA) the Bemidji School District advertised and received proposals for group health insurance for 2019-2021. This law requires political subdivisions with over 25 employees to solicit health insurance proposals from a minimum of 3 vendors every 24 months. One of these proposals must be from the Minnesota Public Employees Insurance Program (PEIP). (MN 43A.316)

On March 22, 2019 the Bemidji School District opened proposals from three health insurance providers. In accordance with MN 471.6161 representatives of the Bemidji Education Association were invited.

The three providers submitting proposals were, Northwest Service Cooperative Self Insurance with BCBS, MN Public Employees Insurance Program and BCBS Fully Insured.

SUMMARY OF PREMIUMS PROPOSED BY PLANS

A summary of the premiums for all proposals is attached. A special notation is made if the proposal meets our current benefit package. This is very important because by statute, “the aggregate value of benefits provided by a group insurance contract for employees covered by a collective bargaining agreement shall not be reduced, unless the public employer and the exclusive representative of the employees agree ... to a reduction in benefits.” (MN 471.6161 Sub 5)

For many years we have been a self-insured member of the Northwest Service Cooperative pool. Over the past several years our health claims expenses have increased faster than our premium contributions to the pool. Due to large premium increases in the past two years this gap has now been closed. Medical inflation remains as the main influence on annual premiums and continues to present challenges to our ability to provide quality benefits for our employees.

Recent years have seen a significant shift to high deductible plans with attached Health Savings Accounts. This is effectively “self insurance” by individuals and has allowed for the accumulation of significant savings account balances.

MOVING FORWARD

A political subdivision (School Board) shall make benefit and cost comparisons and evaluate the proposals using written criteria. The School Board has the right and responsibility to choose the carrier for the district subject to the “aggregate value” restriction previously mentioned.  
(MN 471.6161 Sub 3)

Additionally, each exclusive representative for an employer has the right to determine whether the employees it represents will participate in PEIP. (MN 43A.316 Sub 5 (b))

RECOMMENDATION

The School Board has the right and responsibility to select a health insurance carrier for the school district. Based on the fact that the NWSC Pool proposal maintains the aggregate value of the benefits currently provided and has a lower premium cost than the BCBS Fully insured proposal, it is my recommendation that they be selected as the health insurance carrier for the district for the 2019 renewal.

**ACTION:**

The motion was offered by \_\_\_\_\_, seconded by \_\_\_\_\_ and, carried ( ) to approve the NWSC Pool as the district’s health insurance carrier for 2019.

**BEMIDJI SCHOOL DISTRICT #31 HEALTH INSURANCE BID TAB 2019-2021**

**2018-2019 RATES AND CONTRACT COUNTS**

COMPANY	PLAN NAME	MATCH?	SINGLE	TOTAL	FAMILY	TOTAL	%	SINGLE	COUNT	FAMILY	COUNT
NWSC Pool	500 Ded Common Plan	Yes	1,002.50	36,090.00	2,149.50	12,897.00	0%	1,002.50	36	2,149.50	6
	5,000/10,000 CDHP 850	Yes	644.50	80,562.50	1,386.00	65,142.00		644.50	125	1,386.00	47
	3,375 Ded CDHP	Yes	794.00	18,262.00	1,705.50	20,466.00		794.00	23	1,705.50	12
	500 Ded WesternMN	Yes	902.00	19,844.00	1,928.50	5,785.50		902.00	22	1,928.50	3
	1,000 Ded Western MN	Yes	798.00	55,062.00	1,700.50	5,101.50		798.00	69	1,700.50	3
Blue Cross	3,250 Ded Western MN	Yes	741.00	8,151.00	1,576.00	-		741.00	11	1,576.00	-
				217,971.50		109,392.00			286		71
PEIP	500 Ded Common Plan	Yes	1,040.08	37,442.88	2,236.69	13,420.14	3%				
	5,000/10,000 CDHP 850	Yes	678.22	84,777.50	1,458.51	68,549.97					
	3,375 Ded CDHP	Yes	786.69	18,093.87	1,691.78	20,301.36					
	500 Ded WesternMN	Yes	899.18	19,781.96	1,933.69	5,801.07					
	1,000 Ded Western MN	Yes	832.69	57,455.61	1,790.70	5,372.10					
PEIP	3,250 Ded Western MN	Yes	693.68	7,630.48	1,491.76	-					
	Advantage Plan 250 Ded	No	-	225,182.30	-	113,444.64					
	Value Plan 700 Ded	No	-	-	-	-					
	H.S.A. Compatible 2,000 Ded	No	-	-	-	-					