

## FOREST LAKE AREA SCHOOLS FOREST LAKE, MN 55025

May 2, 2019

**AGENDA ITEM: 9.3** 

**TOPIC:** Award Medical Self-Insured Employee Group

**Insurance** 

**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 RFP for group medical self-insurance was advertised in the Forest Lake Times on February 21, 2019. The RFP was reviewed by Mactavish Benefits, 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 April 15th and reviewed by MacTavish Benefits, administration, and 3 representatives from the largest bargaining unit. Six providers were contacted and three providers responded to the RFP. The final recommendation is being submitted to the School Board at the May 2, 2019 meeting.

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

## **PreferredOne Administrative Services**

Broker:

Bernie Mackell

Agency:

**Mactavish Benefits** 

Company:

Network(s):

Independent School District #831 (Forest Lake)

**Effective Date:** 7/1/2019

OA200 and Aetna

| Rate PEPM   |  | Current                        | Renewal                      | % Chg     |
|---|--|--------------------------------|------------------------------|-----------|
| Contracts   368   \$23.00   \$24.774   \$247.775   \$247.775                        | Carrier:                                 |                                |                              |           |
| Single   368   \$23.00   \$242.60   \$247.774   \$247.775   \$247.786   \$                    |  | Rate PEPM                      | Rate PEPM                    |           |
| Samily   S  |  | \$23.00                        | \$23.00                      |           |
| State   Stat  | Family 287                               | \$23.00                        |                              |           |
| Annual  | 653 Annual:                              |                                |                              | 0.0%      |
| Annual Admin & Comm Fees: (A)  Specific Excess Coverage (Medical & Rx): Contract Basis: Individual Deductible:  \$12/18 \$12/18 \$12/18 \$12/18 \$12/18 \$12/18 \$13/18,000  \$ingle \$42.88 \$57.51 Family \$101.68 \$1336.45  Annual Specific Premium: (B) \$537,836 \$722,518  34.4%  Aggregate Excess Coverage (Medical & Rx): Contract Basis: Margin:  12/18 12  | Broker Commissions:*                     | \$8.62                         | \$8.62                       |           |
| Specific Excess Coverage (Medical & Rx): Contract Basis: Individual Deductible: \$126,000 \$126,000 \$126,000 \$136,000 \$1 | Annual:                                  | \$67,546                       | \$67,546                     |           |
| 12/18   12/1  | Annual Admin & Comm Fees: (A)            | \$247,774                      | \$247,774                    | 0.0%      |
| Single  | Specific Excess Coverage (Medical & Rx): |                                |                              |           |
| Single  | Contract Basis:                          | 12/18                          | 12/18                        |           |
| Sample  | Individual Deductible:                   | \$125,000                      | \$125,000                    |           |
| Annual Specific Premium: (B) \$537,636 \$722,518 34.4%  Aggregate Excess Coverage (Medical & Rx): Contract Basie: 12/18 125%  Single \$671.75 \$661.58 \$1,971.51  Annual Attachment Point: (C) \$9,844,525 \$9,695,540 -1.5%  Minimum Annual Attachment Point: \$9,352,299 \$9,210,763  Expected Claim Rate: Single \$537.40 \$529.26  Family \$1,601.44 \$1,577.21  Annual Expected Claims: (D) \$7,875,620 \$7,756,432 -1.5%  Net Claim Limit per individual: \$125,000 \$125,000  Run In Limit: \$0 \$0  Aggregate PEPM Premium: \$1.28 \$1.28  Annual Aggregate Premium: (E) \$10,000 \$10,000 0.0%  Funding Level: Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E) Single \$612.98 \$619.67  Family \$1,736.02 \$1,746.55  Annual Expected Funding: \$8,671,031 \$8,736,724 0.8%  Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E) Single \$81,736.02 \$1,746.55  Annual Expected Funding: \$8,671,031 \$8,736,724 0.8%   | Single                                   | \$42.68                        | \$57.51                      |           |
| Aggregate Excess Coverage (Medical & Rx): Contract Basis:   | •  | \$101.68                       | \$136.45                     |           |
| 12/18   12/18   12/18   12/18   12/18   12/18   12/18   12/5%   12/5  | Annual Specific Premium: (B)             | \$537,636                      | \$722,518                    | 34.4%     |
| Margin:   125%   125%   125%  |  |                                |                              |           |
| Single  |  |                                |                              |           |
| Sample  | margiit.                                 | 120%                           | 125%                         |           |
| Annual Attachment Point: (C) \$9,844,525 \$9,695,540 -1.5%  Minimum Annual Attachment Point: \$9,352,299 \$9,210,763  Expected Claim Rate:  Single \$537.40 \$529.26  Family \$1,601.44 \$1,577.21  Annual Expected Claims: (D) \$7,875,620 \$7,756,432 -1.5%  Net Claim Limit per individual: \$125,000 \$125,000  Run In Limit: \$0 \$0  Aggregate PEPM Premium: \$1.28 \$1.28  Annual Aggregate Premium: (E) \$10,000 \$10,000 0.0%  Funding Level: Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E) Single \$612.98 \$619.67  Family \$1,736.02 \$1,746.55  Annual Expected Funding: \$8,671,031 \$8,736,724 0.8%  Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E) Single \$747.33 \$751.99  Family \$2,136.38 \$2,140.86   | Single                                   | <b>\$</b> 671.75               | \$661.58                     |           |
| Minimum Annual Attachment Point:         \$9,352,299         \$9,210,763           Expected Claim Rate:         \$537.40         \$529.26           Single         \$1,601.44         \$1,577.21           Annual Expected Claims:         (D)         \$7,875,620         \$7,756,432         -1.5%           Net Claim Limit per individual:         \$125,000         \$125,000         \$125,000         \$125,000         \$0.0%           Run In Limit:         \$0         \$0         \$0.00         \$0.0%         \$0.00         \$0.0%         \$0.00         \$0.0%         \$0.   | -  | \$2,001.80                     | \$1,971.51                   |           |
| Single   \$537.40   \$529.26   Family   \$1,601.44   \$1,577.21   Single   \$1,601.44   \$1,577.21   Single   \$1,601.44   \$1,577.21   Single   \$1,25,000   \$125,000   \$125,000   Single   \$1,28   \$1.28   Single   Single   \$10,000                           | Annual Attachment Point: (C)             | \$9,844,525                    | \$9,695,540                  | -1.5%     |
| Single  | Minimum Annual Attachment Point:         | \$9,352,299                    | \$9,210,763                  |           |
| Samily  | Expected Claim Rate:                     |                                |                              |           |
| Annual Expected Claims: (D) \$7,875,620 \$7,756,432 -1.5%  Net Claim Limit per individual: \$125,000 \$125,000  Run In Limit: \$0 \$0  Aggregate PEPM Premium: \$1.28 \$1.28  Annual Aggregate Premium: (E) \$10,000 \$10,000 0.0%  Funding Level: Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E)  Single \$612.98 \$619.67  Family \$1,736.02 \$1,746.55  Annual Expected Funding: \$8,671,031 \$8,736,724 0.8%  Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)  Single \$747.33 \$751.99  Family \$2,136.38 \$2,140.86   | Single                                   | \$537.40                       | \$529.26                     |           |
| Net Claim Limit per individual:         \$125,000         \$125,000           Run In Limit:         \$0         \$0           Aggregate PEPM Premium:         \$1.28         \$1.28           Annual Aggregate Premium:         \$10,000         \$10,000         0.0%           Funding Level:         Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E)         \$612.98         \$619.67           Family         \$1,736.02         \$1,746.55         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)         \$10,000  |  | \$1,601.44                     | \$1,577.21                   |           |
| Run In Limit:         \$0         \$0           Aggregate PEPM Premium:         \$1.28         \$1.28           Annual Aggregate Premium:         (E)         \$10,000         \$10,000         0.0%           Funding Level:         Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E)         Single         \$612.98         \$619.67         \$619.67         \$1,736.02         \$1,746.55         Annual Expected Funding:         \$8,671,031         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)         \$1,747.33         \$751.99         \$747.33         \$2,140.86  | Annual Expected Claims: (D)              | \$7,875,620                    | \$7,756,432                  | -1.5%     |
| Aggregate PEPM Premlum:  Annual Aggregate Premium: (E) \$10,000 \$10,000 0.0%  Funding Level:  Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E)  Single \$612.98 \$619.67  Family \$1,736.02 \$1,746.55  Annual Expected Funding: \$8,671,031 \$8,736,724 0.8%  Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)  Single \$747.33 \$751.99  Family \$2,136.38 \$2,140.86   | Net Claim Limit per individual:          | \$125,000                      | \$125,000                    |           |
| Annual Aggregate Premium: (E)         \$10,000         \$10,000         0.0%           Funding Level:         Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E)           Single         \$612.98         \$619.67           Family         \$1,736.02         \$1,746.55           Annual Expected Funding:         \$8,671,031         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)         \$1,747.33         \$751.99           Family         \$2,136.38         \$2,140.86   | Run in Limit:                            | \$0                            | <b>\$</b> 0                  |           |
| Funding Level:           Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E)           Single         \$612.98         \$619.67           Family         \$1,736.02         \$1,746.55           Annual Expected Funding:         \$8,671,031         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)         Single         \$747.33         \$751.99           Family         \$2,136.38         \$2,140.86   | Aggregate PEPM Premlum:                  | \$1.28                         | \$1.28                       |           |
| Expected Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+D+E)           Single         \$612.98         \$619.67           Family         \$1,736.02         \$1,746.55           Annual Expected Funding:         \$8,671,031         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)           Single         \$747.33         \$751.99           Family         \$2,136.38         \$2,140.86  | Annual Aggregate Premium: (E)            | \$10,000                       | \$10,000                     | 0.0%      |
| Single         \$612.98         \$619.67           Family         \$1,736.02         \$1,746.55           Annual Expected Funding:         \$8,671,031         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)         \$1,747.33         \$751.99           Family         \$2,136.38         \$2,140.86   | Funding Level:                           |                                |                              |           |
| Single         \$612.98         \$619.67           Family         \$1,736.02         \$1,746.55           Annual Expected Funding:         \$8,671,031         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)         \$1,747.33         \$751.99           Family         \$2,136.38         \$2,140.86   | Expected Medical Claims, Reinsurance and | <br>  Administration (exclude: | <br>                         | (A+B+D+E) |
| Annual Expected Funding:         \$8,671,031         \$8,736,724         0.8%           Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E)           Single         \$747.33         \$751.99           Family         \$2,136.38         \$2,140.86  |  |                                |                              | 17.0.0    |
| Maximum Medical Claims, Reinsurance and Administration (excludes run-in administration): (A+B+C+E) Single \$747.33 \$751.99 Family \$2,136.38 \$2,140.86  | ,  | \$1,736.02                     | \$1,746.55                   |           |
| Single       \$747.33       \$751.99         Family       \$2,136.38       \$2,140.86   | Annual Expected Funding:                 | \$8,671,031                    | \$8,736,724                  | 0.8%      |
| Single       \$747.33       \$751.99         Family       \$2,136.38       \$2,140.86   | Maximum Medical Claims, Reinsurance and  | Administration (exclude        | <br> s run-in administration | (A+B+C+E) |
| ,   |  |                                |                              |           |
| Annual Maximum Funding: \$10,639,936 \$10,675,832 0.3%  | •  | \$2,136.38                     | \$2,140.86                   |           |
|   | Annual Maximum Funding:                  | \$10,639,936                   | \$10,675,832                 | 0.3%      |

<sup>\*</sup>Specific and Aggregate Premlum includes 0% broker compensation and 0% PreferredOne.

Maximums: Aggregate \$1,000,000 (Policy Period), Specific Unlimited Annual & Lifetime

The above full Annual Aggregate Premium will be billed the 1st effective month.

Network Management Fee of 0% will be charged to paid claims.

Please see PreferredOne's Stoploss Conditions and Assumptions attached.