



**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: Independent School District #831 (Forest Lake)
Effective Date: 7/1/2019
Network(s): OA200 and Aetna

Carrier:	Current PIC	Renewal PIC	% Chg \$125k
Medical Administrative Fees:	Rate PEPM	Rate PEPM	
Single Contracts 366	\$23.00	\$23.00	
Family 287	\$23.00	\$23.00	
653 Annual:	\$180,228	\$180,228	0.0%
Broker Commissions:*	\$8.62	\$8.62	
Annual:	\$87,546	\$87,546	
Annual Admin & Comm Fees: (A)	\$247,774	\$247,774	0.0%
Specific Excess Coverage (Medical & Rx):			
Contract Basis: 12/18	12/18	12/18	
Individual Deductible:			
Single \$42.68	\$42.68	\$57.51	
Family \$101.68	\$101.68	\$136.45	
Annual Specific Premium: (B)	\$537,636	\$722,518	34.4%
Aggregate Excess Coverage (Medical & Rx):			
Contract Basis: 12/18	12/18	12/18	
Margin: 125%	125%	125%	
Single \$671.75	\$671.75	\$661.58	
Family \$2,001.80	\$2,001.80	\$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	\$537.40	\$529.26	
Family \$1,601.44	\$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	\$612.98	\$619.67	
Family \$1,736.02	\$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	\$747.33	\$751.99	
Family \$2,136.38	\$2,136.38	\$2,140.86	
Annual Maximum Funding:	\$10,639,936	\$10,675,832	0.3%

*Specific and Aggregate Premium 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.