

**BEMIDJI AREA SCHOOLS
BEMIDJI, MINNESOTA**

DATE: APRIL 19, 2021

TO: BOARD OF EDUCATION, ISD#31

FROM: KRISI L. FENNER, CPA, DIRECTOR OF BUSINESS SERVICES

SUBJECT: HEALTH INSURANCE PROPOSALS FOR FY2022-FY2025

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 FY2022-2025. 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 26, 2021 the Bemidji School District opened proposals from four health insurance providers. In accordance with MN 471.6161 representatives of the Bemidji Education Association were invited to attend the bid opening.

The four providers submitting proposals were, Northwest Service Cooperative Pool Self Insurance with BCBS, MN Public Employees Insurance Program (PEIP), BCBS Fully Insured, and Sanford Health Plan of MN 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 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)

According to statute, 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))

HISTORY AND USAGE

For many years we have been a self-insured member of the Northwest Service Cooperative pool. Participation in the pool has aided in preventing volatile swings in premiums based on high claims and usage. 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. Nearly 50% of our non-licensed staff and 70% of licensed staff choose this type of plan. This is effectively “self-insurance” by individuals and has allowed for the accumulation of significant savings account balances in their HSA accounts.

RECOMMENDATION

The Northwest Service Cooperative pool proposal results in a -5% decrease in premiums in year one and a rate change range of -5% decrease to 0% increase in year two. This provides our employees with two years of stable and predictable rates along with meeting the “aggregate value” restriction of our current benefit plans. Amidst a global pandemic and the uncertainties around health care costs, the value we receive from being a part of a large insurance pool cannot be overstated.

ACTION:

The motion was offered by _____, seconded by _____ and, carried () to approve the NWSC Pool as the district’s health insurance carrier for FY2022-2025.

Non Licensed	# Contracts	Group %	Current	NWSC	change	% change	BCBS	change	% change	Sanford	change	% change
\$500 Deductible												
Single	25	9.0%	1,061.50	1,008.50	-53.00	-5.0%	917.72	-143.78	-13.5%	944.51	-116.99	-11.0%
Family	6		2,276.50	2,162.50	-114.00	-5.0%	1,973.93	-302.57	-13.3%	2,361.29	84.79	3.7%
\$3,500 Deductible												
Single	26	10.4%	841.00	799.00	-42.00	-5.0%	723.55	-117.45	-14.0%	729.94	-111.06	-13.2%
Family	10		1,806.00	1,715.50	-90.50	-5.0%	1,556.29	-249.71	-13.8%	1,824.84	18.84	1.0%
\$5,000/\$10,000 Deductible												
Single	122	49.0%	682.50	648.50	-34.00	-5.0%	641.23	-41.27	-6.0%	669.49	-13.01	-1.9%
Family	47		1,468.00	1,394.50	-73.50	-5.0%	1,379.23	-88.77	-6.0%	1,673.73	205.73	14.0%
\$500 Sanford Network												
Single	8	2.6%	955.00	907.50	-47.50	-5.0%	769.61	-185.39	-19.4%	757.35	-197.65	-20.7%
Family	1		2,042.50	1,940.50	-102.00	-5.0%	1,655.37	-387.13	-19.0%	1,893.38	-149.12	-7.3%
\$1,000 Sanford Network												
Single	76	23.2%	845.00	803.00	-42.00	-5.0%	710.44	-134.56	-15.9%	717.61	-127.39	-15.1%
Family	4		1,801.00	1,711.00	-90.00	-5.0%	1,528.09	-272.91	-15.2%	1,794.03	-6.97	-0.4%
\$3,250 Sanford Network												
Single	19	5.8%	784.50	745.50	-39.00	-5.0%	612.95	-171.55	-21.9%	585.30	-199.20	-25.4%
Family	1		1,669.00	1,585.50	-83.50	-5.0%	1,318.41	-350.59	-21.0%	1,463.24	-205.76	-12.3%
Total Contracts	345											

Meets Current Benefit Package:

Year two rate increase cap of 0% **Yes** Year two rate increase cap of 7% **Yes** Plans do not match existing plans **No**

Licensed	# Contracts	Group %	Current	PEIP	change	% change	BCBS	change	% change	Sanford	change	% change
Advantage High Option												
Single	145	70.2%	1,058.70	1,132.94	74.24	7.0%	1,121.38	62.68	5.9%			
Family	95		2,272.14	2,431.46	159.32	7.0%	2,410.24	138.10	6.1%			
Advantage Value Option												
Single	44	19.0%	947.18	1,013.60	66.42	7.0%	1,023.55	76.37	8.1%			
Family	21		2,035.92	2,178.68	142.76	7.0%	2,199.96	164.04	8.1%			
Advantage HSA Option												
Single	29	10.8%	741.32	793.30	51.98	7.0%	881.82	140.50	19.0%			
Family	8		1,593.36	1,705.10	111.74	7.0%	1,895.35	301.99	19.0%			
Total Contracts	342											

Year two rate increase cap of 7% **Yes** Plans do not match existing plans **Did not quote teachers separately**