



Oak Park Elementary School District 97

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To: Members, Board of Education
Dr. Carol Kelley, Superintendent

From: Laurie Campbell, Assistant Superintendent for Human Resources

JMC

Re: Dental Insurance Rates – 2018-2019 School Year
Unum Long Term Disability Rates – 2018-2019 School Year

Date: March 13, 2018

School District 97 provides two different dental plans for insurance eligible employees – self-funded Dental PPO and Dental HMO both offered through BlueCross BlueShield. Overall, both plans have performed well. The contributions necessary to fund the PPO for the upcoming year are projected to be 1.2% less than the 2017-2018 contribution rates. Additionally, the HMO premium rates do not need to increase. Gallagher Benefits, the District's Insurance Consultant, has completed an analysis of the performance of both plans and has recommended no change in the HMO rates for the July 1st plan renewal and a 1.2% decrease in the PPO rates.

The District 97 Benefits Committee received the renewal information late last week and is recommending approval as presented. The Committee is requesting that the Board take action on the renewal this evening so that the District has time to proceed with plans to implement on-line open enrollment for the first time this spring.

The full analysis completed by Gallagher is attached to this report. The administration recommends that the Dental PPO rates decrease by 1.2% and Dental HMO rates remain at the 2017-2018 level.

In addition to dental renewal rates, the District received renewal information from the district's long-term disability carrier, Unum. Their rates will not change for the 2018-2019 year. The Benefits Committee recommends that the Board accept and approve the Unum renewal rates for the 2018-2019 school year.

Dental PPO

Attached is a copy of your self-funded dental renewal for 7/1/2018. The first page is the budget comparison report, which shows the overall loss ratio for 7 months (funding vs. claims) through January 2018. You are currently running with a loss ratio of **88.46%**. Page 2-6 are the forecasts, with page 3 illustrating how the renewal was formulated. Your admin fee renewal with BCBS came in at **0.0% increase**.

The last page is the renewal equivalent rates, which illustrates a renewal *decrease* of **-1.2%**.

<i>Dental Option 1</i>			
Rate Tier	Employees	Current Rates - 7/1/2017 to 6/30/2018	Renewal Rates - 7/1/2018 to 6/30/2019
Single	261	\$34.87	\$34.45
Single + 1	126	\$68.73	\$67.90
Family	126	\$105.58	\$104.31
Total Monthly	513	\$31,064	\$30,690
Total Annual		\$372,770	\$368,279
Annual Change from Current		-	(\$4,491)
% Change from Current		-	-1.2%

Dental HMO

I am pleased to inform you that the dental HMO will **maintain** the current rates for an additional year through 6/30/2019.

Dental Plan	Tier	Current	Renewal
HMO	EE	\$17.65	\$17.65

	<i>EE +1</i>	<i>\$33.63</i>	<i>\$33.63</i>
	<i>Family</i>	<i>\$47.51</i>	<i>\$47.51</i>

Unum LTD

Your LTD Policy #125400 for "All Other" and LTD Policy #218240 for "Administrators" will maintain their current rates through 6/30/2019.

Coverage	Voluntary LTD and Voluntary Life/AD&D
Funding Type	<i>Insured</i>
Insurer	<i>UNUM Life Insurance Company of America</i>
AM Best Rating	<i>A (Excellent)</i>

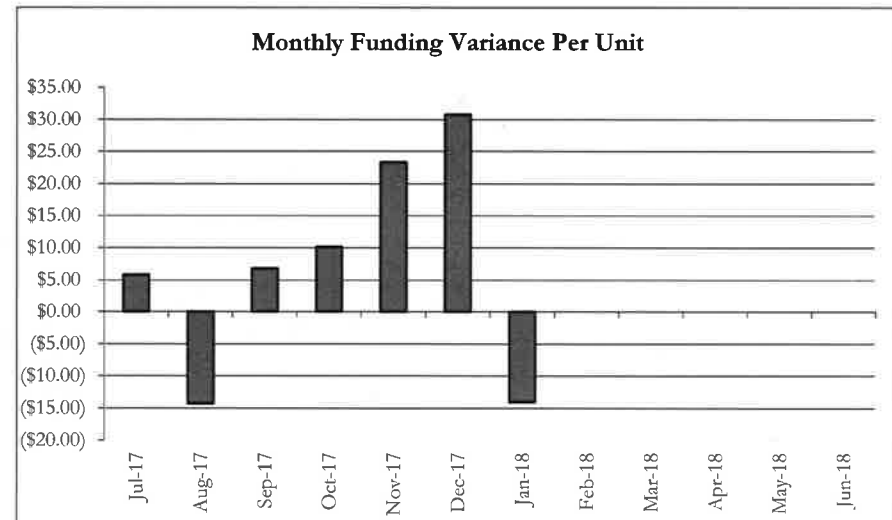
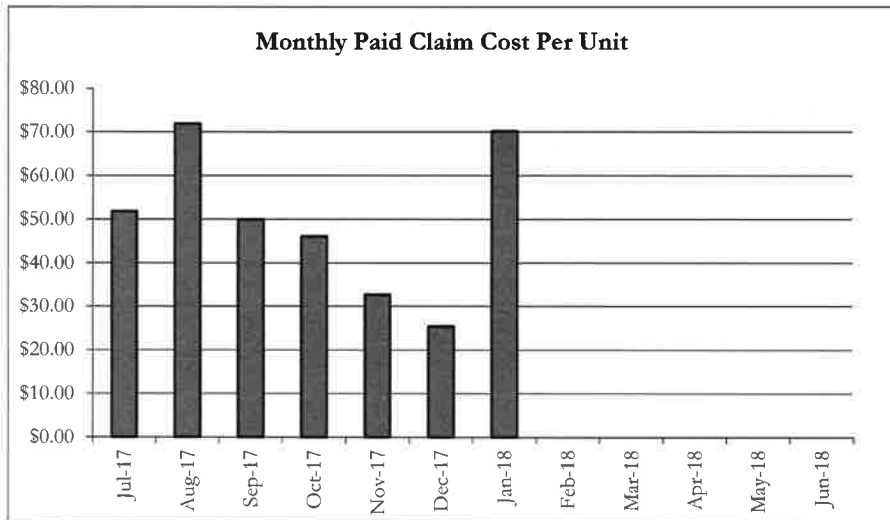
The standard measure utilized by Arthur J. Gallagher to evaluate the financial condition of insurance markets is the ratings and financial size categories assigned by A.M. Best Company, Inc. This company is the oldest independent rating agency in the world to report on the financial strength of insurance companies.

While GBS does not guarantee the financial viability of any health insurance carrier or market, it is an area we recommend that clients closely scrutinize when selecting a health insurance carrier or HMO. There are a number of rating agencies that can be referred to including, A.M. Best, Fitch, Moody's, Standard & Poor's, and Weiss Ratings (TheStreet.com). Generally, agencies that provide ratings of U.S. Health Insurers, including traditional insurance companies and other managed care (e.g., HMO) organizations, reflect their opinion based on a comprehensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile. However, these ratings are not a warranty of an insurer's current or future ability to meet its contractual obligations.



Oak Park SD #97
Total Dental Budget Comparison Report
7/1/2017 through 6/30/2018

		Funding/Budget		Total Net Paid Claims		Total Net Costs		Funding Variance			
Month	Employees	\$	PEPM	\$	PEPM	Admin Expenses	\$	PEPM	\$	PEPM	Loss Ratio
Jul-17	492	\$30,553	\$62.10	\$25,519	\$51.87	\$2,165	\$27,684	\$56.27	\$2,869	\$5.83	90.61%
Aug-17	493	\$30,585	\$62.04	\$35,444	\$71.89	\$2,169	\$37,613	\$76.29	(\$7,028)	(\$14.26)	122.98%
Sep-17	523	\$32,015	\$61.21	\$26,153	\$50.01	\$2,301	\$28,454	\$54.41	\$3,561	\$6.81	88.88%
Oct-17	509	\$30,860	\$60.63	\$23,454	\$46.08	\$2,240	\$25,693	\$50.48	\$5,166	\$10.15	83.26%
Nov-17	509	\$30,786	\$60.48	\$16,652	\$32.71	\$2,240	\$18,891	\$37.11	\$11,895	\$23.37	61.36%
Dec-17	512	\$30,995	\$60.54	\$12,989	\$25.37	\$2,253	\$15,241	\$29.77	\$15,754	\$30.77	49.17%
Jan-18	513	\$31,064	\$60.55	\$35,995	\$70.16	\$2,257	\$38,252	\$74.56	(\$7,188)	(\$14.01)	123.14%
Feb-18	0	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0.00	0.00%
Mar-18	0	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0.00	0.00%
Apr-18	0	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0.00	0.00%
May-18	0	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0.00	0.00%
Jun-18	0	\$0	\$0.00	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0.00	0.00%
Total	3,551	\$216,859	\$61.07	\$176,204	\$49.62	\$15,624	\$191,828	\$54.02	\$25,031	\$7.05	88.46%



This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

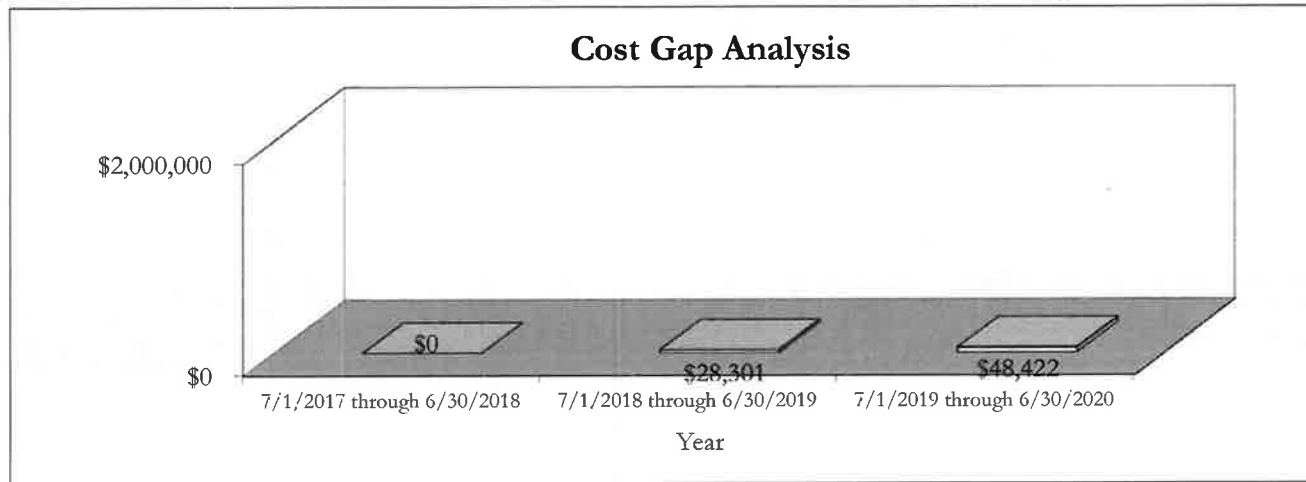


Oak Park SD #97 Forecast Summary - Annual Dollars

Projected Paid Claims	7/1/2017 through 6/30/2018	7/1/2018 through 6/30/2019	7/1/2019 through 6/30/2020
Dental	\$313,083	\$341,208	\$359,974
Total	\$313,083	\$341,208	\$359,974

Projected Fixed Costs	7/1/2017 through 6/30/2018	7/1/2018 through 6/30/2019	7/1/2019 through 6/30/2020
Dental	\$26,910	\$27,086	\$28,441
Total	\$26,910	\$27,086	\$28,441

Projected Total Costs	7/1/2017 through 6/30/2018	7/1/2018 through 6/30/2019	7/1/2019 through 6/30/2020
Dental	\$339,993	\$368,294	\$388,415
Total	\$339,993	\$368,294	\$388,415
\$ Difference from Current Plan Year	-	\$28,301	\$48,422
% Difference from Current Plan Year	-	8.3%	14.2%



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Oak Park SD #97

Dental Renewal Projection

Projection Period - 7/1/2018 through 6/30/2019

Category	Dental	
	2/1/16 through 1/31/17	2/1/17 through 1/31/18
Paid Claims	\$291,353	\$309,188
Claim Adjustment	\$0	\$0
Total Adjusted Claims	\$291,353	\$309,188
Experience Period Lives	5,717	6,016
PEPM Claim Cost	\$50.96	\$51.39
Annual Trend	5.5%	5.5%
Trend Months	29.0	17.0
Trend Factor	1.1381	1.0788
Trended PEPM Claim Cost	\$58.00	\$55.44
Dependent Ratio Adjustment	-0.98%	-0.67%
Adjusted Claim Cost - PEPM	\$57.43	\$55.07
Period Weighting	15%	85%
Blended Claim Cost - PEPM	\$55.43	
Projected Lives	513	
Months to Project	12	
Projected Claim Cost	\$341,208	
Benefit Adjustment	1.0000	
Adjusted Projected Claims	\$341,208	
Administration Fees	\$27,086	
Total Projected Administration Fees	\$27,086	
Total Projected Costs	\$368,294	
Current Equivalent Premium	\$372,770	
Projected Equivalent Premium Increase	(\$4,475)	
Estimated Renewal Adjustment	-1.2%	

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Oak Park SD #97 Dental Claim Forecast

Category	Dental	
	2/1/16 through 1/31/17	2/1/17 through 1/31/18
Paid Claims	\$291,353	\$309,188
Claim Adjustments	\$0	\$0
Total Adjusted Claims	\$291,353	\$309,188
Experience Period Lives	5,717	6,016
Total Claims - PEPM	\$50.96	\$51.39

Projection Period - 7/1/2017 through 6/30/2018		
Annual Trend	5.5%	5.5%
Trend Months	20.5	8.5
Trend Factor	1.0958	1.0387
Trended PEPM Claim Cost	\$55.84	\$53.38
Dependent Ratio Adjustment	-0.98%	-0.67%
Adjusted Claim Cost - PEPM	\$55.30	\$53.02
Period Weighting	15%	85%
Blended Claim Cost - PEPM	\$53.36	
Projected Lives	513	
Months to Project	5	
Projected Claim Cost 2/1/18 - 6/30/18	\$136,879	
Actual Claim Cost 7/1/17 - 1/31/18	\$176,204	
Total Projected Claim Cost	\$313,083	
Benefit Adjustment	1.0000	
Adjusted Projected Claims	\$313,083	
Total Projected Claims - PEPM	\$51.19	

Projection Period - 7/1/2018 through 6/30/2019		
Annual Trend	5.5%	5.5%
Trend Months	29.0	17.0
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Blended Claim Cost - PEPM	\$55.43	
Projected Lives	513	
Months to Project	12	
Projected Claim Cost	\$341,208	

Category	2/1/16 through 1/31/17	2/1/17 through 1/31/18
Benefit Adjustment		1.0000
Adjusted Projected Claims		\$341,208
Total Projected Claims - PEPM		\$55.43

Projection Period - 7/1/2019 through 6/30/2020	
Annual Trend	5.5%
Trended PEPM Claim Cost	\$58.48
Projected Lives	513
Months to Project	12
Projected Claim Cost	\$359,974
Benefit Adjustment	1.0000
Adjusted Projected Claims	\$359,974
Total Projected Claims - PEPM	\$58.48

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Oak Park SD #97 Fixed Cost Forecast

7/1/2017 through 6/30/2018	Dental Admin. Fee
PEPM Cost	\$4.40
Projected Lives	513
Months to Project	5
Projected Fixed Costs 1/1/18 - 6/30/18	\$11,286
Actual Fixed Costs 7/1/17 - 12/31/17	\$15,624
Total Projected Fixed Costs	\$26,910

7/1/2018 through 6/30/2019	Dental Admin. Fee
Projected Increase	0.0%
Projected PEPM Cost	\$4.40
Projected Lives	513
Months to Project	12
Total Projected Fixed Costs	\$27,086

7/1/2019 through 6/30/2020	Dental Admin. Fee
Projected Increase	5.0%
Projected PEPM Cost	\$4.62
Projected Lives	513
Months to Project	12
Total Projected Fixed Costs	\$28,441

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Oak Park SD #97
Renewal Equivalent Rates
7/1/2018 through 6/30/2019

Dental Option 1

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**BlueCross BlueShield
of Illinois**

Oak Park SD #97

**Dental HMO Renewal Rates
for the period
July 1, 2018 - June 30, 2019**

	DMO
Premium at Current Rates	\$40,970
Rate Action	0.0%
Requested Premium at Renewal Rates	\$40,970

	Lives	Current	Renewal
Single	60	\$17.65	\$17.65
Single + 1 Dependent	22	\$33.63	\$33.63
Single + 2 or More Dependents	34	\$47.51	\$47.51

