



# Oak Park Elementary School District 97

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TO: District 97 Board of Education  
Dr. Albert Roberts, Superintendent

FROM: Steve Cummins, Director of Human Resources

CC: Therese O'Neill, Assistant Superintendent for Finance & Operations

DATE: May 8, 2014

RE: Medical, Dental and Life Insurance Rates – 2014-2015 School Year

Following the conclusion of the Insurance Broker RFP in February the Benefits Committee has been working with the District's new insurance consultant, Corporate Benefits Consultants (CBC), and its representatives (Rhonda Sanders and John Herr) on the 2014-2015 renewal. The composition of the Benefits Committee includes representatives from all categories of staff (teachers, teacher aides, secretaries, custodians, administration and Board of Education).

The Benefits Committee has engaged in discussion and analysis of our health plan offerings identified the following goals as a basis for plan recommendations:

- Sustainability of the health insurance plans.
- Eliminating the HMO Illinois (HMOI) plan which was the cost driver of overall insurance cost to District at a time when over 99% of District 97 HMO participants have primary care providers that also participate in the Blue Advantage HMO (BAHMO) plan.
- Building a healthy health insurance terminal reserve fund over the next two years (as it has been depleted in the prior years).

The following are highlights of the rate increases, cost factors, and plan design from the final renewal presentation:

1. 6% increase to the premium rates for all medical plans (PPO, HSA and HMO) for 2014-2015.
2. All HMOI members will be enrolled in BAHMO following open enrollment, but will have the option through open enrollment to opt either the PPO or HSA plan. HMOI members moving to BAHMO plan will now have lower physician copayments compared to HMOI plan.
3. Change from a 3 Tier (Employee, Employee +1, Family) to a 4 Tier (Employee, Employee + Spouse, Employee + Child[ren], Family) medical rate structure. This allows increased choice for members that fall into the Family category to move to the Employee + Child tier at lower cost.
4. The employer contribution towards all medical plans will continue to be 100% of the HMO employee rate for single coverage, and 60% of the HMO family rate for those electing Employee + Spouse, Employee + Child[ren], or Family coverage.
5. Excess premium coupled with reduced cost for insurance consultant services will help to build the current health fund reserve by \$387,771.
6. The District 97 Board of Education is covering 4.39% of new monies towards the overall increase of the cost for all medical plans.

The following are the benefits that insurance plan participants will have in the 2014-2015 plan year:

- HMOI members will now have lower physician copayments under BAHMO.
- Expanded coverage tier (3 Tier to 4 Tier) allows more options for those that currently do not have a full family situation.
- Expanded tiers also provide lower cost options for families that include spouses with coverage under their own employer but participate under the District's plan. Some families may drop spouses and move to the Employee + Child tier.

The dental, vision, life, and disability insurance plans are fully insured plans (as opposed to our medical coverage which is self insured). As a result the District is bound to the rates being charged by carriers as a part of the renewal process. The 2014-2015 renewal for the dental, vision, and life insurance plans are decreasing primarily due to the fact that commissions from the prior consultant have been removed from employee premium rates:

1. 12% decrease to the premium rates for all dental plans.
2. 8.5% decrease to the employee vision premium rates and a 10% decrease to the dependent vision premium rates.
3. 27.3% decrease to the life premium rates.
4. 10% decrease to the AD&D premium rates.
5. 11.8% decrease to the Disability premium rates.

This premium reduction has great benefit to employees opting for these coverages. It will also benefit the District as the employer contribution towards dental plans (100% of the DHMO employee rate and 60% of the DHMO family rate) will decrease in the 2014-15 renewal year as a result of the premium reduction.

Therefore, the Assistant Superintendent for Finance & Operations, the Director of Human Resources, and the District's Insurance Committee, in concert with the District's insurance consultant, Corporate Benefits Consultants, are recommending the increase in medical rates as outlined above for the 2014-2015 school year. The renewal recommendations brought to you in April for review are being presented to you at the May 13, 2014 meeting for approval. Please let me know if you have any questions or comments.