

Executive Summary

Prepared for Board of Trustees Meeting May 12, 2015

Employee Health Insurance Report

Purpose of Report

This report is to present to the Board of Trustees, for their review and discussion, the proposed changes for our 2015-2016 Employee Health Insurance Program.

Objectives

- Review of plan benefits on an annual basis to determine if changes should be made.
- Stay competitive with benefits being offered by other school districts.

Operational Impact

To inform the Board of Trustees of the changes being made to the 2015-2016 Voluntary Benefits that are offered to the employees of DISD. We are hoping to address any issues or concerns at the May 12, 2015 Board of Trustees meeting.

Current plan options:

- Dental - Lincoln
- Vision – Superior Vision
- Basic Life – Lincoln
- Voluntary Term Life – Lincoln
- Fidelity Life - Fidelity
- Short-Term/Long-Term Disability – Standard
- Supplemental Cancer Coverage – Colonial
- Accident – Humana
- Medical Gap – SIS
- Section 125 Flexible Spending Plans – TASC
- Employee Assistance Program – BDA (Bensinger, DuPont & Associates)
- \$10,000 Basic Life/ADD provided by DISD

Program changes under consideration:

- Humana Cancer Plan payroll deductions will be discontinued
- Fidelity Permanent Life Insurance will be discontinued
- Humana Accident Insurance will be discontinued
- SIS Medical Gap Plan will be discontinued
- Dental carrier will change from Lincoln to Standard.
- The Dental Health Maintenance Organization (DHMO) will be discontinued and replaced with a Low plan under Standard.

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- Will offer a Voluntary Permanent Life policy under Texas Life Insurance
- Increase Basic Life/AD&D from \$10,000 to \$15,000 per employee

As a result of the recommended changes:

- **Payroll deductions are no longer available for the Humana Cancer plan** - The Humana cancer plan has not been available to new enrollees for 2 years. As a result, participation has dropped. The current cancer plan carrier is Colonial Life. Colonial has agreed to take over all policies on a guaranteed issue basis and will also waive pre-existing conditions for employees who currently have the Humana policy. Colonial's premiums are more affordable than the Humana policy, so employees will experience a cost savings by changing to Colonial. Should an employee want to retain the Humana policy, they can set up as direct pay with Humana.
- **Fidelity Permanent Life Insurance will be discontinued** - Fidelity will no longer take electronic enrollment forms, and wants everything done by hand, including a wet signature. This will not work in an electronic enrollment environment like we use in DISD. As a result, we will be discontinuing the sale of these policies and will begin offering a policy with Texas Life. The Texas Life policies are fully guaranteed and they will take electronic enrollments. Employees with Fidelity Life policies who want to change to Texas Life will be given an opportunity to do so. If an employee wants to keep their current Fidelity life policy, they will be provided the opportunity to set up a direct pay with Fidelity.
- **Humana Accident Insurance will be discontinued** – The Humana accident policy was not well received when we began offering it 2 years ago. The participation is less than 7% of our employees. This will eliminate numerous administrative issues associated with offering a plan with very minimal participation and avoid future rate increases as a result of the low participation.
- **SIS Medical Gap Plan will be discontinued** - The SIS Medical Gap policy was not well received when we began offering it 2 years ago. The participation is less than 6% of our employees. This will eliminate numerous administrative issues associated with offering a plan with very minimal participation and avoid future rate increases as a result of the low participation.
- **Dental carrier will change from Lincoln to Standard** - Lincoln Dental was the carrier for the DISD plan the previous 2 years. Coming off of a 2 year rate guarantee, rates went up 129%. Renewals on any type of policy coming off of a 2 year rate guarantee are always difficult, especially when claims run higher than expected. To ensure that the renewal offer from Lincoln was the most competitive offer, our Third Party Administrator – USEBSG

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solicited proposals from other carriers. Proposals were received from all major carriers and after a thorough review, it was determined that the proposal from Standard Insurance was the best offer for our employees. The Standard proposal gives us plan design flexibility that will help control costs and provide a low option plan that will allow us to offer more selection to our employees. The increase in premiums will only be 8% and they have provided a rate cap on the second year renewal. The 8% increase in premium is the first increase in dental premiums in 3 years.

- **The Dental Health Maintenance Organization (DHMO) will be discontinued and replaced with a Low plan under Standard** - Standard included an option within their proposal to replace the current DHMO plan with a Low option PPO plan. By replacing the DHMO, employees will have better benefits and provide greater access to providers and the opportunity to utilize non-participating dentist for their dental care and rates remain similar to current rates. The DHMO plan has been difficult for employees to understand and we have had constant provider issues. We feel the employees of DISD will be much better served by replacing the DHMO with a PPO offering.
- **Will offer a Voluntary Permanent Life policy under Texas Life Insurance** - Making the switch because of Fidelity no longer taking electronic enrollment. This change will allow for the continued electronic enrollment by our employees in the permanent life policy offered by DISD.
- **Increase Basic Life/Accidental Death and Dismemberment (AD&D)** – Denton ISD has always budgeted \$1.00 per employee per month for \$10,000 basic life coverage on all eligible employees. Effective 9/1/13 the base cost for this benefit went down to \$.67 per employee per month, however we continued to budget \$1.00 per employee per month (pepm). We ask our current life carrier to provide us with a quote for coverage that the \$1.00 pepm would pay for. Effective September 1, 2015, we are able to increase our basic life amount for each eligible employee by 50% to a total benefit of \$15,000 with no effect on the budget. Previously budgeted funds from 9/1/13-8/31/15 remain in our budget.

Other Options

The report being made represents an effort to keep our benefits current and comparable to products offered by other school districts and provide the best, most cost effective program to our employees with the resources available.