No._____

UNITED INDEPENDENT SCHOOL DISTRICT
AGENDA ACTION ITEM

TOPIC Discussion and Possible Action on Awarding of District Health Insurance Plan

SUBMITTED BY: Robert Chapa **OF:** Risk Management

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: June 15, 2015

RECOMMENDATION:

The Employee Benefits Committee (EBC) has concluded a review of proposals and has finalized negotiations for the district group health insurance plan and is prepared to make a recommendation to the board.

RATIONALE:

BUDGETARY INFORMATION

BOARD POLICY REFERENCE AND COMPLIANCE:

UNITED INDEPENDENT SCHOOL DISTRICT

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Laredo, Texas 78045
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Date: June 9, 2015
To: UISD Board of Trustees
From: Robert Chapa, Director of Risk Management
Re: Award of District Group Health Insurance Contract

Recommendation: The Employee Benefits Committee has finalized interviews for Group Health Insurance and recommends the Board award the district health insurance contract to the Blue Cross Blue Shield of Texas insurance company.

Additionally the EBC interviewed servicing agents and recommends the service contract be awarded to the Robert Laurel Insurance agency.

General Plan Features:

Plan changes funding to Self Insured
Projected total annual cost estimated to be same as or less than current cost
Employee premiums will remain unchanged for all plans
Insurance plan benefits will remain unchanged
Plan will require no additional funding by the district
Proposal is for 3 years fixed price Administrative Costs
Stop Loss Insurance premiums will be negotiated annually and based on losses

Financial Features:

Total annual cost shall not exceed current year health insurance cost.
(Estimated at $32,914,889)

Total Fixed Costs proposed are **$3,181,405**

UNITED I.S.D.

Health Insurance Proposals - Self-Insured - RFP #025-2015 BAFO

Effective Date: September 1 2015

Review Date: June 3, 2015

General				
Administrator		BlueCross BlueShield of Texas	Aetna	United HealthCare
Representative		Donald Coronado	Louie Heerwagen	Darryl Chapman
Service Office		San Antonio, TX	Dallas, TX	Houston, TX
Agent		Robert Laurel	Robert Laurel; Diane Mullen	Robert Laurel; Diane Mullen
Service Office		Laredo, TX	Laredo, TX; Laredo, TX	Laredo, TX; Laredo, TX
PPO Network		Blue Cross Blue Shield of Texas	Aetna	United HealthCare
Performance Guarantee		Yes	Yes	Yes
Prescription Drug		Prime Therapeutics	Aetna	United HealthCare
Type		Pass Thru Pricing	Traditional Pricing	Traditional Pricing
Rate Guarantee Administration		Yes, 3 Years	Yes, 3 Years	Yes, 3 Years
Stop Loss Insurance				
Specific Deductible		$350,000	$350,000	$350,000
Contract Basis		12/12	12/12	12/12
Aggregate Corridor		115% of Expected Claims	115% of Expected Claims	115% of Expected Claims
Contract Basis		12/12	12/12	12/12
Firm Quote		Yes	Yes	Yes
Comment		No Lasers	No Lasers	No Lasers

Annual Cost	Units	Rate	Annual	Rate	Annual	Rate	Annual
Administration Fees							
Claim Administration	5,445	$ 38.01	$ 2,483,573	$ 35.15	$ 2,296,701	$ 37.59	$ 2,456,131
Drug Administration	5,445	-	-	-	-	-	-
Agent Services	5,445	-	-	-	-	-	-
Wellness Services			Included		Included		Included
Network SVC - MC	5,445	$ 3.00	$ 196,020				
Drug Rebate Credit	5,445	$ (11.22)	$ (733,115)	$ (12.90)	$ (842,886)	$ (8.18)	$ (534,481)
Implementation Allowance	5,445	-	-	$ (5.58)	$ (364,597)	-	-
Total Administration		$ 29.79	$ 1,946,479	$ 16.67	$ 1,089,218	$ 29.41	$ 1,921,649
Stop Loss Premium							
Specific	5,445	$ 18.37	$ 1,200,296	$ 13.70	$ 895,158	$ 23.06	$ 1,506,740
Aggregate	5,445	$ 0.53	$ 34,630	$ .33	$ 21,562	$ 1.57	$ 102,584
Total Stop Loss		$ 18.90	$ 1,234,926	$ 14.03	$ 916,720	$ 24.63	$ 1,609,324
Fixed Cost	5,445	$ 48.69	$ 3,181,405	$ 30.70	$ 2,005,938	$ 54.04	$ 3,530,974
***Medical Discount Adjustment**			0		$ 2,311,415		$ 2,311,415
Guaranteed Discounts			66.7%		56.5%		No Guarantee
Adjusted Fixed Cost			$ 3,181,405		$ 4,317,353		$ 5,842,389

Comments:			
	Claim Admin. Fee includes On-Site Wellness Coordinator;	Implementation Allowance to be used by 12/31/2015. Fee also includes $30,000 communication allowance. The fee is mature. Includes run-out administration.	Claim Admin. Fee includes On-Site Nurse, 24 Hour Nurseline & Full Care Management.