



# School Board of Clay County Workshop

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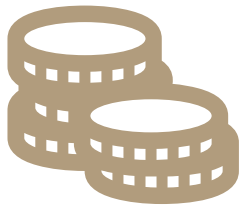
SELF-FUNDING OVERVIEW

APRIL 26, 2022



# Agenda

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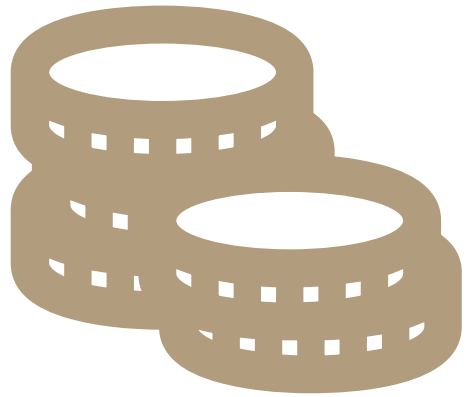
Self-Funding Program  
Overview



Clay County Self  
Funding Specifics



The Bailey Group  
Support



# Self-Funding Program Overview

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# Medical Self-Funding Strategies

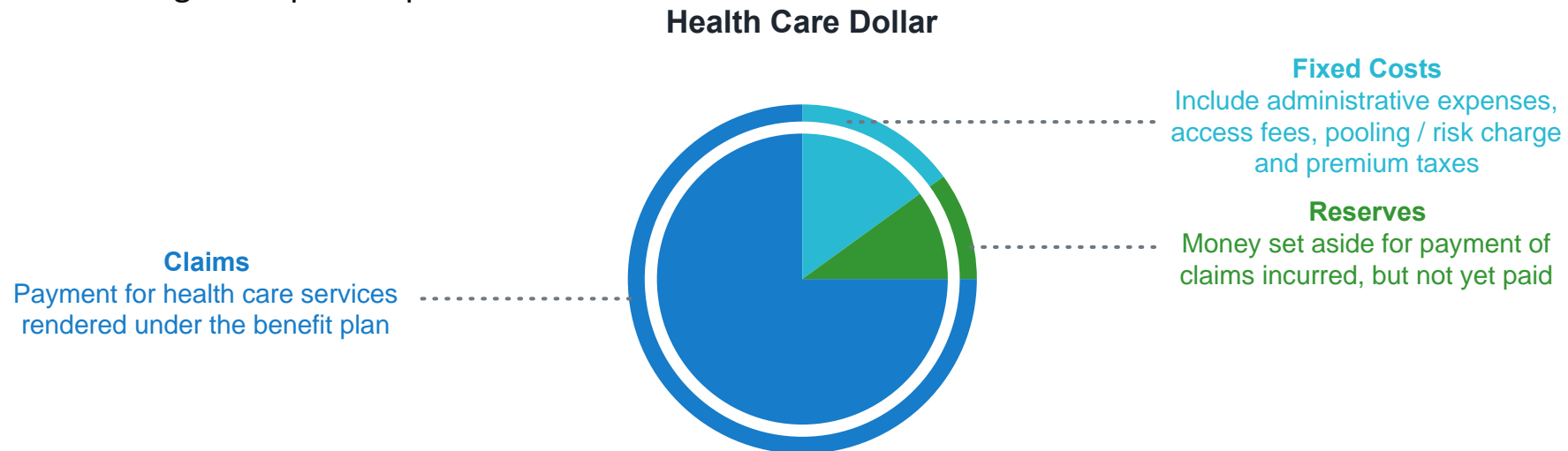
## Strategy

An employer assumes the financial risk for providing health care benefits to its employees through a self-funded plan. Self-funded employers pay for claims incurred by employees and their families instead of paying a pre-determined premium to an insurance carrier for a fully-insured plan.

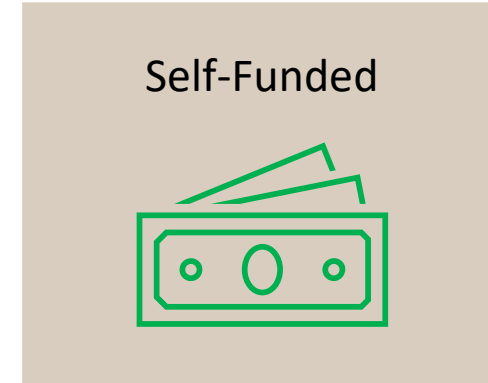
## Rationale

With an appropriately structured self-funded plan, many employers can take advantage of benefits, such as plan design flexibility, improved cash flow and potential financial savings.

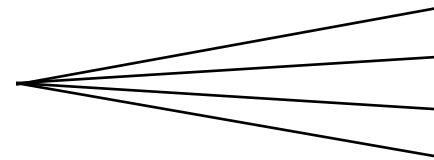
Catastrophic coverage is usually purchased to protect against a single catastrophic large claims and / or a ceiling on the dollar amount of eligible expenses paid.



# Fully-Insured and Self-Funded Dollars



Medical Premiums \$\$\$\$



- \$ Administrative Fee
- \$ Stop Loss Insurance
- \$ Pharmacy Benefit
- \$\$ Claims

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Any excess dollars from premiums to claims goes to Medical Carrier

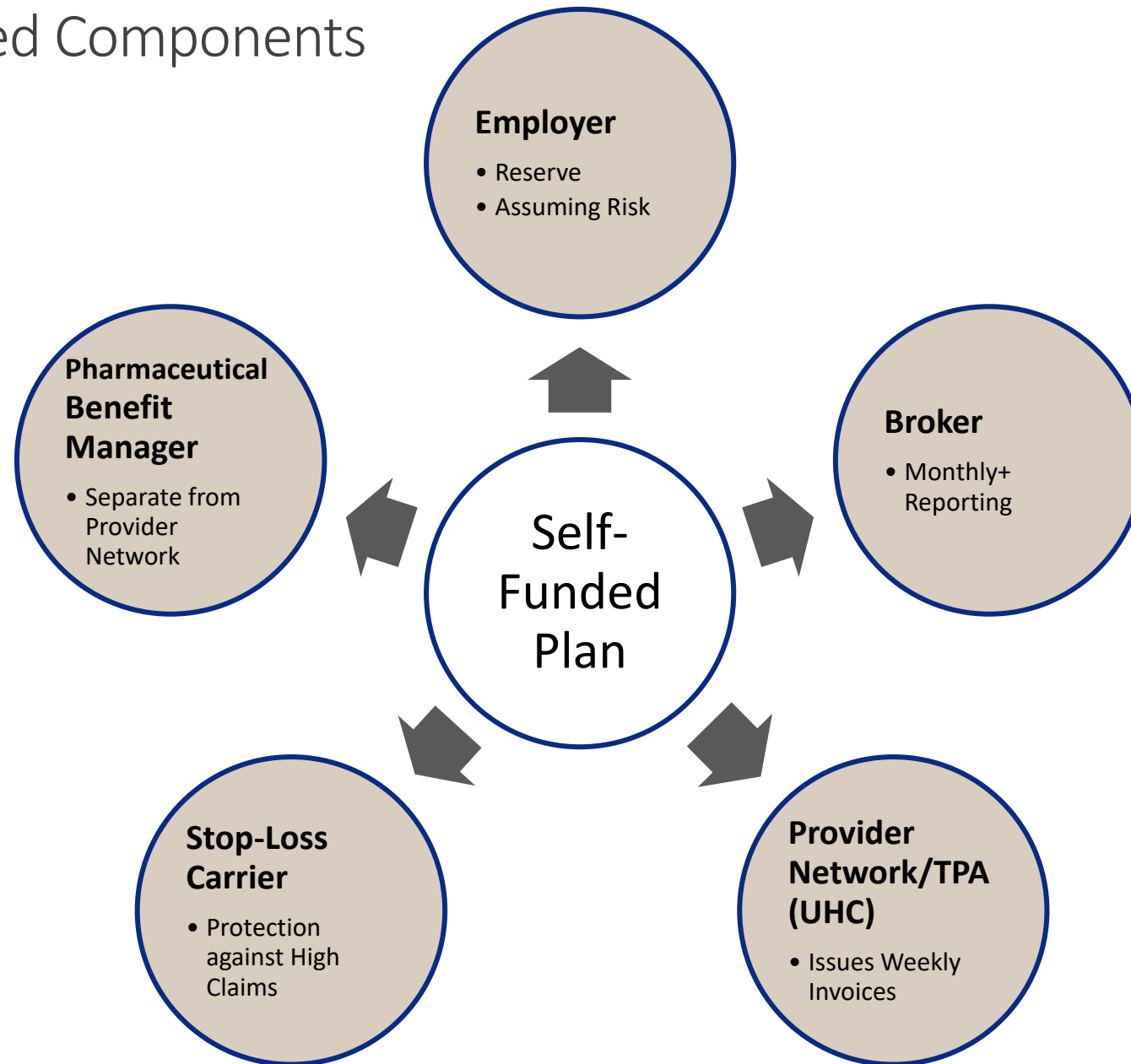


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Any excess dollars from premiums to claims goes to Employer Reserves



# Core Self-Funded Components



## Other Components:

- Spending Account Administration (FSA)
- Wellness Program Incentives
- Diabetes Management
- PCORI Fees

# Stop Loss Insurance

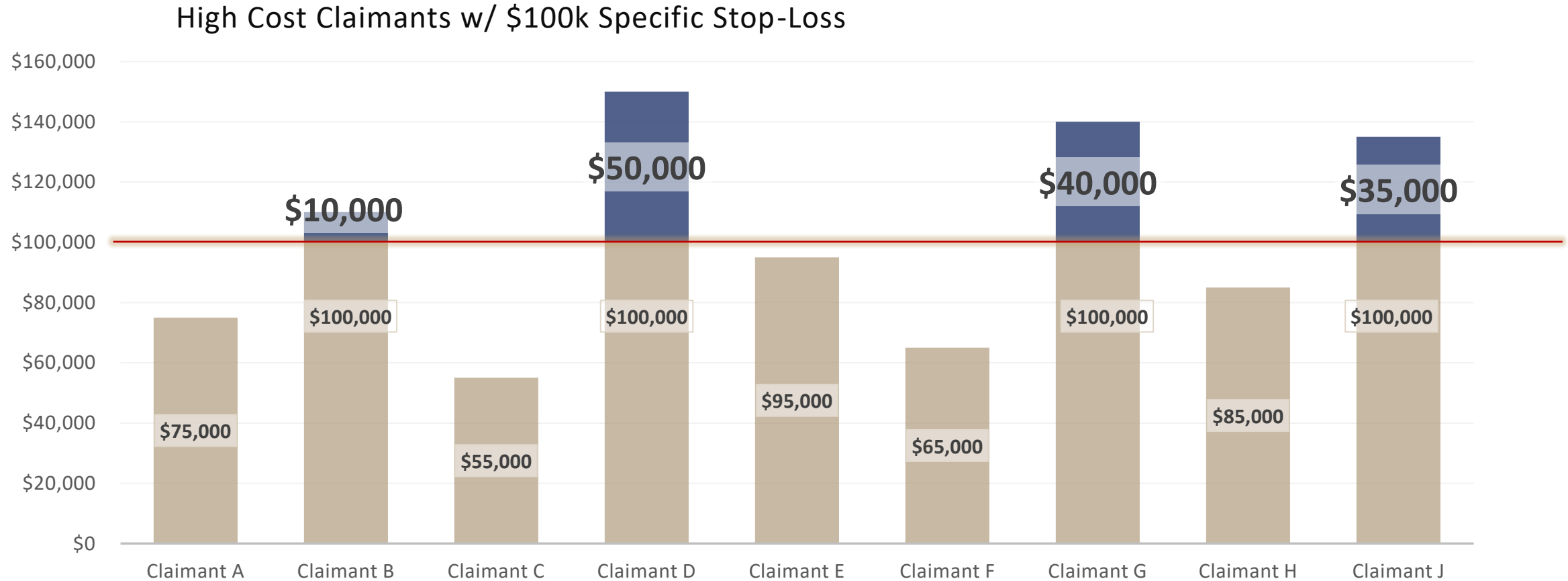
## **Specific Stop-loss Coverage**

- Specific stop-loss insures the employer against a catastrophic loss incurred by one individual over a certain dollar limit.
  - For example: premature birth, transplants, hemophilia, leukemia, etc.
- Individual's claims above the specific deductible are eligible to be reimbursed by the stop-loss carrier.

## **Aggregate Stop-loss Coverage**

- Aggregate stop-loss insures the employer against a large number of claims for the entire covered group.
- Aggregate stop-loss protects the employer from a high frequency of claims.
  - Ordinary claims: well care, colds, flu, Rx, vision, etc.
- Only claims below the specific deductible on covered individuals are eligible.

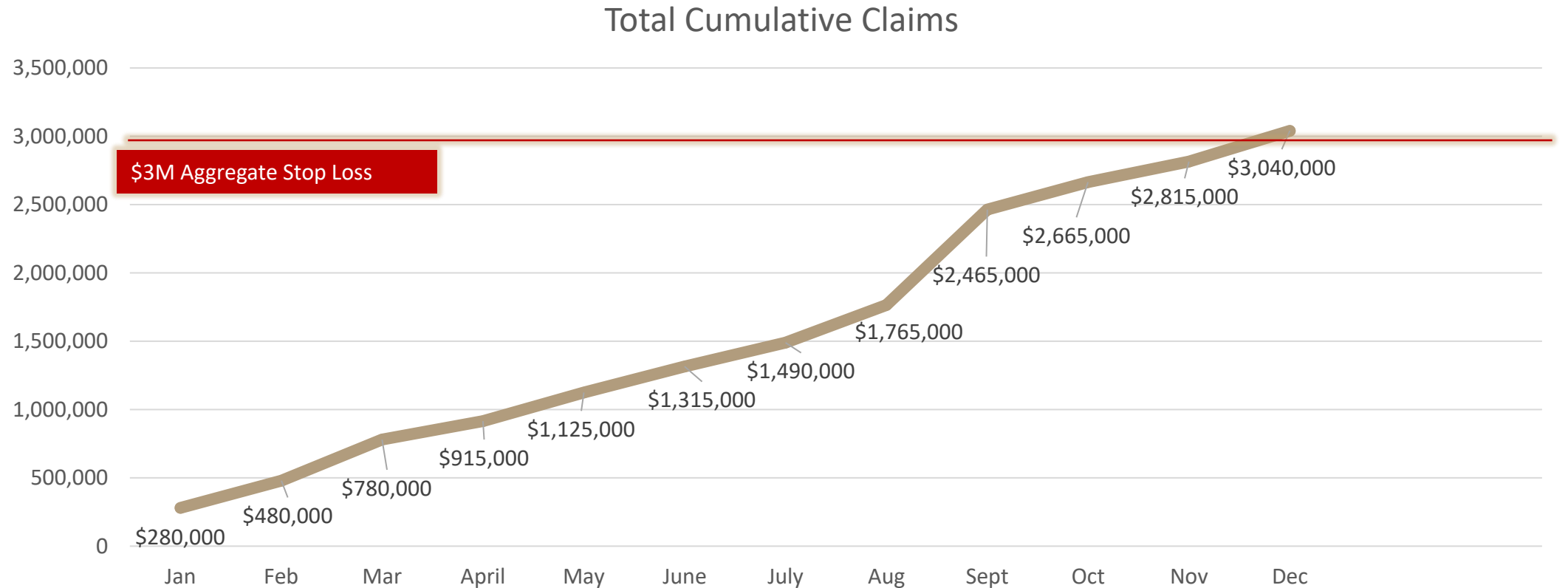
# Specific Stop Loss Insurance



Every dollar above the red line is reimbursed by the stop loss carrier.



# Aggregate Stop Loss Insurance



Aggregate Stop loss doesn't look at individual claimants, but instead the total gross claims paid by the company. The idea here is to protect the company from an extremely high number of medium cost claimants.

With aggregate stop loss set at \$3M, once total gross claims (minus stop loss reimbursements) reach that number, all subsequent claims are paid by the stop loss carrier.

# Self-Funded Advantages and Disadvantages

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"><li>• Elimination of premium tax and health insurance industry tax</li><li>• Lower cost of operation</li><li>• Elimination of carrier profit margin and risk charge</li><li>• Potential increased cash flow</li><li>• Flexibility of plan design, as plan is not subject to state mandates</li><li>• Greater access to data</li><li>• Control of reserves</li><li>• Wellness initiatives have a more direct result on financial experience</li></ul>	<ul style="list-style-type: none"><li>• Risk assumption</li><li>• Claims fluctuation may make budgeting unpredictable</li><li>• Asset exposure</li><li>• More responsibility and increased administration (equivalent rates, IBNR, annual filings, banking accounts, etc.)</li><li>• Provision of services: The employer must contract with an ASO or TPA to provide for the services that an insurance carrier would normally provide</li></ul>



# Clay County Self-Funding Specifics

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# Self-Funded Administrative Quote (United Healthcare)

Clay County District Schools Self-Funded Fee Breakdown	PEPM
Administration & Behavioral Care	\$30.62
PHS 3.0 (Tier 2) (Suite of Clinical Management, Disease Management, and Care Coordination Programs)	\$0.77
Simply Engaged (Does not include incentive dollars*)	\$2.29
UHC Claim Fiduciary	\$0.75
Onsite Wellness FTE	\$4.43
Rx Integration (Admin fee for carved out Rx)	\$0.75
Wellness Budget - Each Year	\$4.43
PEPM Bailey Group Compensation	\$2.00
<b>Total Fee</b>	<b>\$46.04</b>

## Rally Incentive Dollars Paid To Date\*

Date Range	Amount
19-20	\$233,215
20-21	\$190,530
21- March 22	\$174,195

## Flexible Spending Account Expense

Per Participant Per Month	\$2.95
504 Current Enrolled	\$1,486.80

United Healthcare					
Choice HSP HDHP AHJT-M rx 570 HSA-M		Choice Legacy HMO BWLJ-M Rx 570-M		Choice Plus PPO BWSN-M Rx D01-M	
SELF-FUNDED FEE PER SUBSCRIBER					
EEs		EEs		EEs	
544	\$46.04	1425	\$46.04	219	\$46.04
48	\$46.04	211	\$46.04	19	\$46.04
47	\$46.04	86	\$46.04	9	\$46.04
82	\$46.04	249	\$46.04	12	\$46.04
<b>721</b>	<b>\$135,864.04</b>	<b>1971</b>		<b>259</b>	
	<b>\$1,630,368.48</b>				

## Pharmacy Benefit Manager – Insurance Committee Voted on Express Scripts as PBM

	UnitedHealthcare ( Incumbent )	Express Scripts Traditional	Optum RX Traditional	WellDyne Traditional	CVS Traditional
Ingredient Cost:	\$7,498,735	\$6,973,823	\$7,092,637	\$7,134,229	\$7,043,562
Dispensing Fees:	\$31,762	\$28,974	\$29,232	\$28,131	\$28,131
Member Contribution:	(\$562,744)	(\$562,744)	(\$562,744)	(\$562,744)	(\$562,744)
Admin Fee:	Unknown	\$500,000	\$500,000	\$500,000	\$500,000
Carve Out Fee	\$0	\$25,416	\$25,416	\$25,416	\$25,416
Rebates:	Unknown	(\$1,741,938)	(\$1,502,521)	(\$1,551,287)	(\$1,585,164)
Net Plan Cost:	\$6,967,753	\$5,223,531	\$5,582,020	\$5,573,745	\$5,449,201
	<b>Annual Savings :</b>	<b>\$1,744,222</b>	<b>\$1,385,732</b>	<b>\$1,394,007</b>	<b>\$1,518,552</b>
		<b>25.0%</b>	<b>19.9%</b>	<b>20.0%</b>	<b>21.8%</b>

**Formulary:** Moving from UHC to another major national Big 3 PBM typically results in relatively low disruption of under 2.0%. Their formularies are usually not overly different.

**Preventative Drug Lists:** Preventative Drugs Lists do have slight differences from PBM to PBM due to interpretation of law and timing. Yet, again they are usually within 2.0% of each other at the NDC (National Drug Code) level.

- Express Scripts has 4 levels of Preventative Drugs Lists to best cater to the needs of their clients that we will match as close as possible.

**Utilization Management:** A great way to help move people to generics and other lower cost products. With carved out Rx, there is control over what you want to implement to best serve the population.

# Stop Loss Insurance Analysis

	QBE	QBE	Symetra	QBE	QBE	Symetra
	\$250,000	\$250,000	\$250,000	\$300,000	\$300,000	\$300,000
<b>Specific Deductible</b>	\$250,000	\$250,000	\$250,000	\$300,000	\$300,000	\$300,000
<b>Contract Type</b>	12/12 w. TLO	12/18	12/12 w. TLO	12/12 w. TLO	12/18	12/12 w. TLO
<b>Expenses Included</b>	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx
<b>Agg. Composite Factor</b>	\$900.11	\$1,092.91	\$969.07	\$908.81	\$1,103.48	\$981.02
<b>Annual Attachment Point</b>	\$32,782,006	\$39,803,782	\$35,293,529	\$33,098,860	\$40,188,742	\$35,728,748
<b>Agg Benefit Maximum</b>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Lasers</b>	None	None	None	None	None	None
<b>Premium Summary</b>						
<b>Monthly Rate - Specific</b>						
<b>EE Only</b>	\$49.94	\$54.32	\$58.93	\$41.26	\$44.85	\$48.55
<b>EE + SP</b>	\$99.48	\$108.20	\$117.38	\$82.19	\$89.34	\$96.73
<b>EE + CH</b>	\$88.05	\$95.75	\$103.89	\$72.74	\$79.06	\$85.60
<b>Family</b>	\$149.42	\$162.51	\$176.31	\$123.44	\$134.19	\$145.28
<b>Composite</b>	\$67.76	\$73.69	\$79.95	\$55.97	\$60.85	\$65.87
<b>Monthly Specific Premium</b>	<b>\$205,652</b>	<b>\$223,649</b>	<b>\$242,648</b>	<b>\$169,869</b>	<b>\$184,680</b>	<b>\$199,915</b>
<b>Monthly Rate Aggregate</b>	\$2.06	\$1.04	\$1.73	\$2.15	\$1.16	\$1.75
<b>Monthly Agg. Premium</b>	<b>\$6,252</b>	<b>\$3,156</b>	<b>\$5,251</b>	<b>\$6,525</b>	<b>\$3,521</b>	<b>\$5,311</b>
<b>Total Monthly Premium</b>	<b>\$211,904</b>	<b>\$226,806</b>	<b>\$247,899</b>	<b>\$176,394</b>	<b>\$188,200</b>	<b>\$205,227</b>
<b>Total Annual Premium</b>	<b>\$2,542,844</b>	<b>\$2,721,667</b>	<b>\$2,974,786</b>	<b>\$2,116,730</b>	<b>\$2,258,404</b>	<b>\$2,462,720</b>

## Diabetes Program Voted for by Insurance Committee: Omada

- Currently using United Healthcare's pilot program: **Level2**
  - ~40 Enrolled. The pilot has sunset and not considering any other enrollees at this time.
  - Includes CGM (Continuous Glucose Monitoring), Phone App, Personalized Coach, Ongoing support resources
  - Only offered to Type 2 Diabetics
- Must consider replacement as Level2 is not an option with being Self-Funded and carving out pharmacy
- Replacement: **Omada**
  - **\$70 PPM** (Per Participant Per Month)
  - CGM (Freestyle Libre), glucose meter, unlimited test strips, scale (for those with 25+ BMI), Certified Diabetes Educator, 24/7/365 support, meaningful interventions, peer group and topic-based communities, and more
  - **Offered to Type 1 and Type 2 Diabetics**
  - Program is compatible with current member CGMs (Dexcom), it does supply each member with a Freestyle Libre CGM (Twice a year and the remainder are through the participant's pharmacy. Due to 14-day sensor.)
  - With Omada, participants can use both a CGM and a Handheld Testing Monitor. Participants are provided with two Freestyle Libre 2s and can choose to get Freestyle Libre or Dexcom for the remainder of the time. With Omada, there is an option for everybody and their preferences.

## Diabetes Program Voted for by Insurance Committee: Omada

	Livongo	Omada
Cost	<b>\$75</b> Per Participant Per Month	<b>\$70</b> Per Participant Per Month
Monitoring Type	Only Handheld monitor and unlimited testing strips available	CGM AND Handheld monitoring system with unlimited test strips
CGM Type	None	Omada provides two CGMs with the remainder being filled at pharmacy. Participants are provided with two Freestyle Libre CGMs but can also use one that they currently have, Dexcom CGM. Dexcom and Freestyle Libre are two different brands of CGMs and have slight differences.
Provides 24/7 Support	Yes	Yes
Provides Weight Scale	No	Yes (Over 25 BMI)



# CCDS Health Plan Estimates by Plan Year

Period	Self-Funded Cost Estimate	PEPM	United Healthcare Fully Insured Premiums	PEPM	Self Insured Savings (Cost)	PEPM
Oct-17 to Sep-18	\$26,452,503	\$747.96	\$23,861,440	\$674.70	<b>(\$2,591,063)</b>	<b>(\$73.26)</b>
Oct-18 to Sep-19	\$24,156,099	\$724.26	\$24,856,302	\$745.25	<b>\$700,203</b>	<b>\$20.99</b>
Oct-19 to Sep-20	\$24,174,528	\$715.48	\$30,122,961	\$891.53	<b>\$5,948,433</b>	<b>\$176.05</b>
Oct-20 to Sep 21	\$27,016,052	\$797.85	\$32,211,778	\$951.29	<b>\$5,195,726</b>	<b>\$153.44</b>
Oct-21 to Dec-21	\$6,754,089	\$801.01	\$9,645,060	\$1,143.86	<b>\$2,890,970</b>	<b>\$342.86</b>
<b>Total</b>	<b>\$108,553,271</b>	<b>\$749.68</b>	<b>\$120,697,541</b>	<b>\$833.55</b>	<b>\$12,144,269</b>	<b>\$83.87</b>
<b>Projected*</b>						
Oct-22 to Sep-23*	\$30,371,629	\$899.38	\$32,269,787	\$955.59	<b>\$1,898,158</b>	<b>\$56.21</b>

# Historical Medical Renewals and Plan Design Changes

Plan Year	Initial Renewal	Negotiated (no changes)	Final Blended	Renewal Actions Taken
2022 - 2023	21.07%	0%	0%	<ul style="list-style-type: none"> <li>Renewal is accepted at 0% Increase with zero changes to plans.</li> </ul>
2021 - 2022	16.4%	0%	0%	<ul style="list-style-type: none"> <li>Renewal is accepted at 0% Increase with zero changes to plans.</li> </ul>
2020 - 2021	23.56%	5.9%	5.9%	<ul style="list-style-type: none"> <li>Renewal was accepted at 5.9% increase due to CCDS' partnership and commitment based on previous years' plan design changes and wellness initiatives, improved claims and gradually lower loss ratio, UHC's strong book of business.</li> </ul>
2019 - 2020	37.42%	19.5%	19.5%	<ul style="list-style-type: none"> <li>Renewal was accepted at 19.5% with the additional funding secured to move to a tier-based contribution strategy and to make the Choice HSP Employee Only Plan no cost.</li> </ul>
2018 - 2019	29.32%	28.00%	11.08%	<ul style="list-style-type: none"> <li>Initial renewal was presented at 29.32% and was negotiated down to 28% due to our high loss ratio</li> <li>Changes to the HMO and Choice HSP plans were made to minimize the premium increase                             <ul style="list-style-type: none"> <li>HMO - Increased Deductible from \$3k/\$6k to \$5k/\$10k &amp; copays from \$35/\$65 to \$45/\$75</li> <li>Choice HSP - Increased Deductible from \$1.5k/\$3k to \$4k/\$8k.</li> </ul> </li> </ul>
2017 - 2018	10.0%	10.0%	10.0%	<ul style="list-style-type: none"> <li>Year 1 renewal cap at 10% from UHC.</li> </ul>
2016 - 2017	Marketed plan design prior to receiving initial renewal		-10.9%	<ul style="list-style-type: none"> <li>Conducted medical RFP and moved to UHC based on results and quoted plans/premiums.</li> </ul>
2015 - 2016	13.8%	10.25%	9%	<ul style="list-style-type: none"> <li>Initial renewal in February at 13.8% with final negotiated renewal in May</li> </ul>
2014 - 2015	15.7%	12.5%	7.7%	<ul style="list-style-type: none"> <li>Medical renewal without rate guarantee specified in 2013 RFP was 19.4%</li> <li>Initially delivered at 15.7% increase (Rate cap 12% + 3.7% ACA fees)</li> <li>Aon negotiated to 12.5% with ACA fees; second look in May</li> <li>Final renewal with claims through April resulted in 9% increase with no changes to plan design</li> <li>Defined Board subsidy continued in 2014/15 plan year</li> </ul>
2013 - 2014	Marketed plan design prior to receiving initial renewal	9%	6%	<ul style="list-style-type: none"> <li>Medical Marketing for carrier change - Florida Blue awarded</li> <li>HMO (3% increase) and PPO (14% increase) replaced Aetna POS</li> <li>No change to District subsidy</li> <li>Began cost share for Employee Only coverage</li> </ul>
2012 - 2013	13-15%	2.5%	2.5%	<ul style="list-style-type: none"> <li>Projected increase of 13-15%.</li> <li>Aetna made a business decision - Rate pass for POS + HCR impact                             <ul style="list-style-type: none"> <li>Adding gatekeeper referral requirement</li> <li>Charged 2.5% for PPACA compliance impact</li> <li>No change to employee contributions</li> </ul> </li> </ul>
2011 - 2012	13.1%	8.5%	0.3%	<ul style="list-style-type: none"> <li>Review of over 15 Plan Alternatives &amp; 7 contribution models</li> <li>Moved from three (3) medical options to one Choice POS</li> <li>Reduced cost for Employee Only coverage to \$0</li> </ul>

# OIR Requirements (Florida Office of Insurance Regulation)

The Bailey Group + NFP's Actuarial Team will work with CCDS on providing the following:

- Copy of the plan, including a list of the offered benefits
- Form OIR-B2-570, "General Information on Self-Funded Health Benefit Plans"; as adopted in rule 69O-149.054, F.A.C.
- Form OIR-B2-571 "New Plan Operating Projections for Self-Funded Health Benefit Plans"; as adopted in rule 69O-149.054, F.A.C.
- Form OIR-B2-573, "Operating Projections for Self-Funded Health Benefit Plans"; as adopted in rule 69O-149.054, F.A.C.
- Certification as the actuarial soundness of the plan prepared by the actuaries accompanied by an explanation or basis of how the certification was made
- 90 Days worth of Reserves (60 days current + 30 days of IBNR (Incurred but not reported) Reserves)

# CCDS Estimated Self-Funded Program Costs (Annually)

Item		Annual Estimate
Administrative Fee (United Healthcare)	\$46.04 PEPM	\$1,630,368
Pharmacy Benefit Manager (Express Scripts)		\$500,000
Stop Loss Insurance	Based on \$300k Quote	\$2,116,730
Flexible Spending Account	\$2.95 PPPM	\$17,842
Diabetes Management (Omada) <sub>1</sub>	\$70 PPPM	\$84,000
Rally Incentive Dollars <sub>2</sub>		\$211,872
PCORI Fee	\$2.79 PMPY	\$11,106
		\$4,571,918

<sup>1</sup>Estimating 100 Enrolled (Currently 40 enrolled in Level2)

<sup>2</sup>Average of Previous Two Years

PEPM: Per Employee Per Month, PPPM: Per Participant Per Month, PMPY: Per Member Per Year



# The Bailey Group Support

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# Reporting Capabilities Provided by The Bailey Group

We provide reports on a monthly, semi-annual, and annual basis that assist us in monitoring your plan's performance and highlight any areas that need to be reviewed in future years.

## Monthly Reports

- Claims Analysis
- Budget Performance Metrics
- Rolling 12 Trend Tracking
- High-Cost Claimant Tracking
- Prescription Utilization

## Semi-Annual Reports

- Incurred But Not Reported (IBNR) Reserve Study
- Pre-Renewal and Post-Renewal Calculations

## Annual Reports

- Financial Projections
- Contribution and Enrollment Analysis
- Plan Modeling
- Proprietary Benchmarking and Comparative Examination
- Demographic Analysis

# Reporting Capabilities Provided by The Bailey Group

## Client Annual Budget Comparison For Plan Year January 1, 2021-December 31, 2021 with data through August 31, 2021

	YTD 2019	YTD 2020	YTD 2021	Year End 2019	Year End 2020	Projected Year End 2021
Paid Claims (Med and Rx)	\$ 2,075,953	\$ 1,949,640	\$ 2,388,728	\$ 3,064,091	\$ 3,115,130	\$ 3,560,526
Stop Loss Reimbursement	\$ (8,583)	\$ -	\$ (8,240)	\$ (8,583)	\$ (98,749)	\$ (8,240)
Rx Rebates	\$ (53,765)	\$ (52,652)	\$ (106,584)	\$ (104,136)	\$ (88,803)	\$ (88,803)
Employer HSA Contribution	\$ 101,001	\$ 108,300				
ASO Fees/COBRA/FSA Fees	\$ 173,193	\$ 177,727				
Stop Loss Premium	\$ 300,171	\$ 327,153				
HCR Fees Paid						

### GROSS COSTS TOTAL

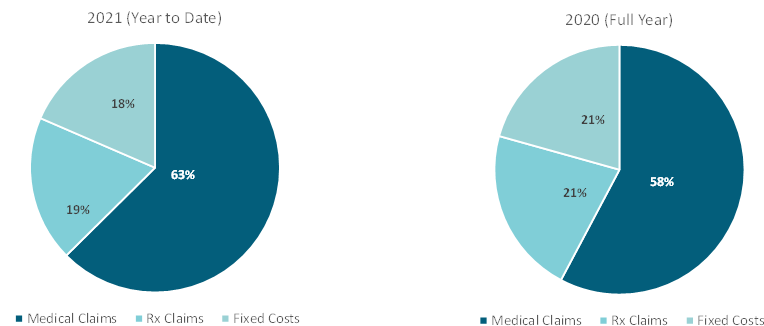
Employer Funding  
Employee Contribution

### GROSS FUNDING

### Current Plan Impact

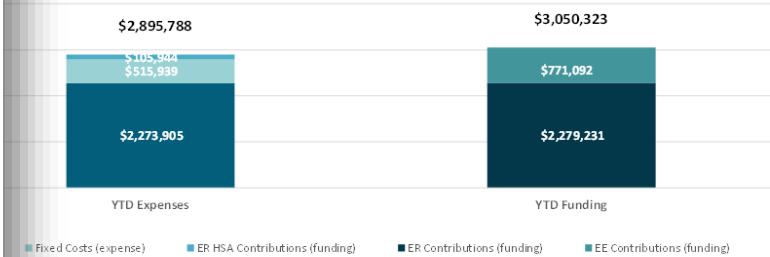
Note that medical and Rx claims are

### Client Distribution of Plan Expenses Year to Date For Plan Year January 1, 2021-December 31, 2021 with data through August 31, 2021



### Client Expenses vs Funding Year to Date For Plan Year January 1, 2021-December 31, 2021 with data through August 31, 2021

### Expenses vs Funding Year to Date



Claims expense: medical and Rx claims less stop loss reimbursements and Rx rebates  
Fixed Costs: Medical ASO fees, stop loss premiums, and HCR Fees

# Similar Clients We Serve

Account Name	Total Number of Employees
Alachua County Public Schools	4,003
Baker County School Board	891
City of Green Cove Springs	105
City of Keystone Heights	5
City of St. Augustine	428
Clay County District Schools	5,000
Flagler College	380
Flagler County	900
Jacksonville Port Authority	146
Jacksonville School for Autism	45
Nassau County	802
Nassau County School District	1,634
North Florida Educational Institute	56

Account Name	Total Number of Employees
North Florida School Of Special Education	75
Pace Center for Girls, Inc.	425
Putnam County Board of County Commissioners	665
River City Science Academy	200
SAGA Innovations	354
St. Augustine Public Montessori School	15
St. Johns Country Day School	93
St. Johns County	2,500
St. Johns County School District	6,526
The Bolles School	272
Town of Baldwin	7
Town of Orange Park	126



# Local and Regional Self-Funded Clients

## Local Clients

alivia  
care inc.

To care all ways.  
To care always.

FLAGLER COLLEGE



accesso

Flagler Health+



city



AMERIS BANK



BROOKS  
Rehabilitation



JPOFFHIT  
Jacksonville Police Officers & Fire Fighters  
Health Insurance Trust



BORLAND  
GROOVER.  
Exceptional care inside & out.



stellar  
TAKING SOLUTIONS FURTHER

Ring Power



Rayonier

COMMUNITY  
FIRST  
Credit Union  
Love Where You Bank

pace  
believing in girls

## Regional Clients



Electrolux

avidxchange



smile  
DIRECT CLUB

ingevity



MOVEMENTMORTGAGE



Thank you!

