

# School District of Clay County Clay County School Board Workshop

*June 19, 2008*



**AON** CONSULTING

June 19, 2008

Dr. George Copeland  
Assistant Superintendent of Business Affairs  
The School District of Clay County  
900 Walnut Street  
Green Cove Springs, FL 32043

Re: All Health and Benefits Program Renewals  
Plan Year 2008-2009

Dear Dr. Copeland,

We are pleased to present the Insurance Committee's recommendations for the medical plan renewal for the District's 4,800 eligible employees. Aon and Aetna worked together to provide the Board with a reasonable renewal, utilizing agreed upon methodology, trend factors and negotiated adjustments. The renewal and options presented are the result of our efforts.

In addition to the medical renewal, the Committee has approved the offering of Supplemental Life benefits to the spouses and children of the District's employees. The details and pricing for this new option are enclosed in this presentation.

While the other plans (dental, vision, life, disability and Accident and Injury) remain in a rate guarantee, we have included any updates on the plans and/or organizational changes within the context of our review today.

**Medical Plan  
Experience**

During the experience period for the renewal, the Basic HMO enrollment comprised 55.81% of the total medical enrollment, with the Premium HMO at 36.42%. While both plans experienced an 11.5% growth in enrollment, the enrollment split is nearly the same as the prior period (60% in the Basic Plan). With the introduction last year of a \$9.32 per pay period contribution for the single Basic HMO enrollment, it does not appear there was a reduction in membership in the single tier, nor was there a significant increase to any of the dependent tiers.

The detailed plan experience for the current and prior renewal periods are enclosed in the Medical Plan Experience section of this presentation. The Basic HMO premium equates to 52.69% of the total premium, while only accounting for 34.05% of the total claims. Conversely, the Premium HMO premium equates to 38.44% of the total premium, but 48.20% of the total paid claims. This is a larger differential than the prior year, which highlights the need to either increase the contribution of the Premium HMO enrollees (better equate with the plan spend for their benefits), or make plan changes (to lower the plan spend for their benefits).

### **Renewal**

At last year's renewal, the HealthFund (HRA) plan experience was affected by severe drop in overall enrollment (the initial HRA enrollment was 16% of the total enrollment; at renewal it was 10.04%). The downward enrollment trend of the HRA plan continues, as the current enrollment stands at 7.77% of the total plan enrollment. The minimal increases to the employee portion of the premium last year did prevent the dependent tiers from dropping off considerably, but the single tier enrollment eroded by 11%. The average age of the group also increased over the same time period, to 53 vs. 40 last year.

The target loss ratio utilized by Aetna for the renewal development was 86.25%, as compared to last year's 88.4%. The experience on the Premium HMO is above the target ratio again this experience period (102.8% current vs. 116.06% prior), but the Basic HMO is below (52.97% current vs. 63.35% prior) the target. The target loss ratio utilized for the HRA renewal was 90.52%, as compared with last year's 89.99%. Due to the additional enrollment drop and large claim activity, the HRA loss ratio continues to decline (164.13% vs. 141.51% last year).

At the end of January 2008, the HMO and HRA plans combined had 33 claimants with paid claims over \$50,000; last year's renewal had 31 claimants. With one claimant over the pooling point (of \$250,000), these claimants impacted the renewal, but not as significantly as last year. Of the eight claimants over \$100,000, but under the pooling point (\$250,000), three are no longer covered under the District's medical plan.

The initial renewal for the medical plans produced a renewal of 8.4%. Aetna's medical trend factor for the 2008-2009 year is 10.79%; prior year renewals were 12.4% (2007) and 13.5% (2006). This trend factor is lower than Aon's national medical trend factor; therefore, this was not a negotiating point for this year's renewal. However, after reviewing the renewal, Aetna was asked to consider the following:

- Lower Pharmacy Trend Factor from 11.94% to 9.4% (Aon's National HMO Rx trend rate)
  - Prior renewal trend factor was 12.4% (2007) and 13.5% (2006)

- Lower Capitation Trend Factor from 10.79% to 3%
  - Capitation is normally flat, or equal to inflation, but not equal to medical trend
- Change pooling point from \$225,000 to \$300,000
- Remove Large (over pooling point) Claim Experience until the trend, incurrals and adjustment factors are added

Aetna reviewed our observations and agreed to the following:

- Change pooling point to \$250,000
- Calculate claims over pooling point after all factors
- Overall underwriting concession, but no change in trend factors

Aetna did not agree to Aon's national trend factors, as Aetna believes Florida trends tend to be higher than the national average. However, the 11.94% used to calculate the pharmacy portion of the renewal this year is a full point lower than last year's renewal factor of 12.4%.

With the new methodology in place, the revised renewal calculated to an increase of 7% for the medical plans with no plan changes. While this is a favorable renewal, there are several plan options the Committee agreed to review to ensure the future viability of the medical plan as a whole.

#### ***Medical Plan Design Options***

##### ***Increasing Specific Copayments in the Premium HMO Plan***

As noted earlier, the Premium HMO has significantly higher plan costs than the Basic HMO. These members pay more in premium for their richer plan; however, the costs are trending higher year over year against the Basic HMO plan. In order to ensure the plan experience does not negatively impact the positive Basic HMO experience, the Committee was asked to consider raising specific copayments to ensure the fiscal viability of both plans.

Of particular concern is the increased plan cost for pharmacy. At last year's renewal, the Premium HMO plan equated to 41.87% of the total pharmacy costs. For this renewal's experience period, the Premium HMO pharmacy costs have increased by just over 9%, accounting for 50.47% of the pharmacy costs. Additionally, the Premium HMO plan paid 32.9% more in pharmacy costs over the prior experience period. This type of an increase in costs merits a change in the copayment structure; if not, the impact on next year's renewal will be significant. The recommended pharmacy copayment change for the 2008-2009 plan is year \$10/\$30/\$50 from the current \$15/\$25/\$40 structure.

The other recommended copayment changes for the 2008-2009 Premium HMO are the inpatient copayment from \$150 to \$200 and the emergency room copayment from \$100 to \$150. These increased copayments are based on the increasing cost of care when members are admitted to or receive services from hospitals. The Basic HMO has a cost share measure (coinsurance) in place for hospital services, which mitigates the inflationary nature of these services. The Premium HMO, with its hospital services all based on copayments, decreases the member's cost share as hospital costs are continuing to rise.

Lastly, an enhancement was recommended to raise the lifetime maximum from \$2,000,000 to an unlimited amount.

By selecting the Premium HMO plan changes, the Premium HMO increase is 5.60%, rather than 7%, lowering the overall plan increase by \$112,554 annually.

***After much discussion, the Committee agreed to recommend the plan changes to the Premium HMO.***

***Changing the HRA to a High Deductible Health Plan (HDHP)***

Although the Committee attempted to stabilize the HRA enrollment with a minimal increase to the employee's portion of the premium, the enrollment declined by 3.5% from the prior year. With the HRA plan enrollment continuing to decline and the increasing loss ratio, the HRA needs to change course completely. While the District continues to move to a Wellness-based culture, with the success of the Health Fair, the bi-annual Lunch and Learn seminars and the continuing effort towards the Well-Workplace designation, the elimination of the HRA is not an option. However, it is important this plan be a viable and worthy plan for those members that need a plan with out-of-network benefits. We are proposing a new plan that is similar to an HRA, a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA).

The HDHP is the medical plan that pays expenses once the deductible is met. The HDHP plan offers 100% in-network coverage once the deductible is met. All preventive care continues to be paid at 100% for in-network services, with no deductible. Pharmacy costs are paid as copayments once the deductible is met. The current HRA plan has in-network coverage of 80% once the deductible is met.

To help pay for claims and expenses within the deductible, members can contribute to an HSA on a pre-tax basis through payroll deductions. The HSA is a tax-advantaged account created to pay for qualified medical expenses, as defined in Internal Revenue Code ("IRC") §213(d). In addition to qualified medical expenses, individuals can use their account to pay for qualified long-term care insurance premiums, COBRA premiums, health plan premiums paid while receiving federal unemployment compensation, some retiree health

coverage (including SDCC Retiree Medical premiums), and over-the-counter drugs. Non-qualified withdrawals are also allowed, but may be subject to income tax and possibly a 10% penalty tax. Individuals may only contribute to an HSA if they are enrolled in a High Deductible Health Plan, as defined by the IRS. The HDHP plan design proposed to the Insurance Committee qualifies under this provision.

The amount an individual can contribute toward his/her HSA is limited to the statutory contribution maximum. For 2009, the contribution maximum is \$3,000 for self-only coverage and \$5,950 for family coverage. Contributions to an HSA can be made through pre-tax payroll deductions and also through separate deposits throughout the year. Mid-year deposits are tax-deductible and can be made by anyone, including individuals, employers, family members or a combination, up to the annual contribution maximum. The District's enrollment system can ensure that payroll deductions do not exceed the annual maximum; however it is up to the members to make sure that mid-year deposits do not exceed the maximum as set forth by the IRS.

Any unused HSA funds remaining in the account at the end of the year will roll over into the following year, as the account is always in the member's control. *The difference is this is not a use it or lose it plan; members NEVER lose their money, even if they terminate employment with the District.*

The reimbursement process begins with the submission of a medical claim by the provider. Once received by Aetna, the medical claims system will adjudicate the claim according to the plan of benefits in place and apply the appropriate discount if the claim submitted is for services received from an in-network health care provider. The claims system will then update the appropriate deductible and out-of-pocket maximum accumulators. The provider will receive an Explanation of Payment (EOP) identifying any member responsibility. In addition, the member can visit Aetna Navigator to view this information. If there is member responsibility, the member will receive a bill from the provider identifying the amount due based upon the claim being processed as described above. Members can withdraw tax free money from their HSA using their debit card or checkbook (if applicable), to be reimbursed for this out-of-pocket expense. Or they can choose to pay out-of-pocket and save the HSA for future qualified health-related expenses.

The following options are available for members to access funds from their HSA:

- *Debit card*

Members who choose to use their debit card to withdraw money from their HSA for medical expenses can write the debit card number on a health care provider's bill and return the bill to the provider as payment. Members can also provide the debit card number to the doctor's office over the phone.

For pharmacy expenses, members can present their card at the pharmacy for real-time access to their available HSA funds.

As when using other debit cards, such as those linked to a checking account, members will need to know the amount available for use in the account when using their HSA since the amount withdrawn cannot exceed the account balance or the transaction will be denied. If this happens, members would need to pay from another source and reimburse themselves once HSA funds have been replenished.

All HDHP/HSA members will receive a debit card in their Welcome Kit. The debit card must be activated before it can be used.

- *Checking Account*

The checkbook option allows members to write a check to cover all or a portion of their expenses up to the available balance in the HSA. For medical expenses, members can send a check to the doctor or other health care provider once the medical claim has been processed and the provider sends them a bill explaining the member's responsibility. At the pharmacy, the members will have the option to write a check to pay for pharmacy expenses with funds available in their account and make payment at the point of service. Checkbooks can be ordered by the member for an additional fee.

All HSA accounts earn interest, but the earned interest is not included in the member's income for tax purposes. All funds contributed to the HSA are FDIC insured.

The HDHP offers a deductible that is slightly higher than current (\$1,100 vs. \$1,000 for single). However, once members meet the deductible, all in-network physician and facility services are paid 100% by the plan. Pharmacy costs are paid as copayments once the deductible is met, similar to the current plan. This plan is offered at 4.5% decrease to the HRA plan renewal, for a \$63,000 annual decrease in premium.

The most significant issue in moving from an HRA plan to a HDHP plan is the loss of the HealthFund dollars. There are members that have saved their fund dollars over the past two years to eliminate future deductible costs. HealthFund participants would be disappointed to find the fund dollars they have saved will no longer be available for any deductible costs in the new plan year. To solve this, the District could fund any remaining balances as a one-time HSA contribution to those members with funds remaining in the HRA plan after a six-month run-out time period has passed. Last year, only 33 members, or 13.45%, had any HRA funds available for rollover, amounting to just over \$9,000.

***This is a decision that must be voted on by the Board.***



With 7.77% of the total enrollment in the HRA plan, the plan has a low overall affect on the blended renewal and total premium costs. However, with the large increase in plan costs over the past year, the Committee must take steps to make the cost manageable for this plan. With the added benefit of the HSA allowing members to save for retirement health care expenses, this may help to stabilize or potentially increase the enrollment in this plan.

***The Insurance Committee voted to recommend the HDHP with HSA as the replacement plan for the HRA.***

***Contribution Strategy***

In the Medical Contribution section, Aon has developed contribution strategies for the current plan designs and the proposed plan options. The first section reviews the current rates by plan and tier at renewal last year. The model also shows the historical data of the Board's contribution as a percentage of premiums paid each plan year.

With the Committee recommending the changes to the Premium HMO and the replacement of the HRA with the HDHP/HSA offering, there were multiple strategies to consider.

- Renewal with no plan changes
  - Renewal with HDHP/HSA and Premium HMO plan changes
  - Renewal with HDHP/HSA and Premium HMO plan changes with increased ER contribution
- 7.00% increase  
6.15% increase  
6.15% increase

The contribution model is behind the tab titled "Contribution Strategy".

***The Committee approved the contribution strategy with a 6.15% overall increase to the Board and no increase to the employees.***

**Accident and Injury Policy Plan Enhancements**

***Update***

After an extensive marketing effort in 2006, Unum was selected as the carrier for the Accident and Injury plan (replacing the Hospital Indemnity plan). As with every insured benefit offering in the state, the plan designs and rates are subject to regulatory and fiscal review before the plan is approved by the Department of Insurance.



The 2008 review proved the plan to be so fiscally sound, Unum has doubled most all of the plan provisions under this plan with no increase to the rates. There are a few benefits that did not change (emergency room and dismemberment benefits), but for most members this will increase the level of benefit they receive when a valid claim is submitted. Please refer to the tab titled "Accident and Injury" for a detailed review of the new plan.

The increased benefit levels were effective on April 1<sup>st</sup>, 2008 and members were notified in the Spring News of Note, delivered with the last paycheck in May. This rate is guaranteed until September 30, 2009.

**Supplemental Life Insurance for Spouses and Children**

***New Plan Offering Effective October 1, 2008***

During Annual Enrollment in August, the District's employees will be able to purchase life insurance for their spouse and dependent children. Unum, the current carrier for life and disability, will offer an amount equal to 50% of the employee's basic life insurance amount (\$25,000 for Plan B; \$10,000 for Plan A) for the same rates as the employee supplement life insurance. Additionally, employees may select coverage for their children (\$10,000 for Plan B; \$5,000 for Plan A), for a unit rate. The child premium covers all eligible children.

The rates per pay period are behind the Supplemental Dependent Life tab.

**Vision Plan**

***Update***

In June of 2007, Humana purchased VisionCare. This corporate sale was finalized in October of 2007. This change will have no immediate impact to the School District; however, it could potentially strengthen the local network and improve member satisfaction. It is our expectation we will see some changes, perhaps a re-branding to Humana Vision, when the plan renews in September 2008.

**Dental Plans**

***Update***

The dental plans offered by Delta Dental remain in a rate guarantee until September 30, 2009.

**Summary**

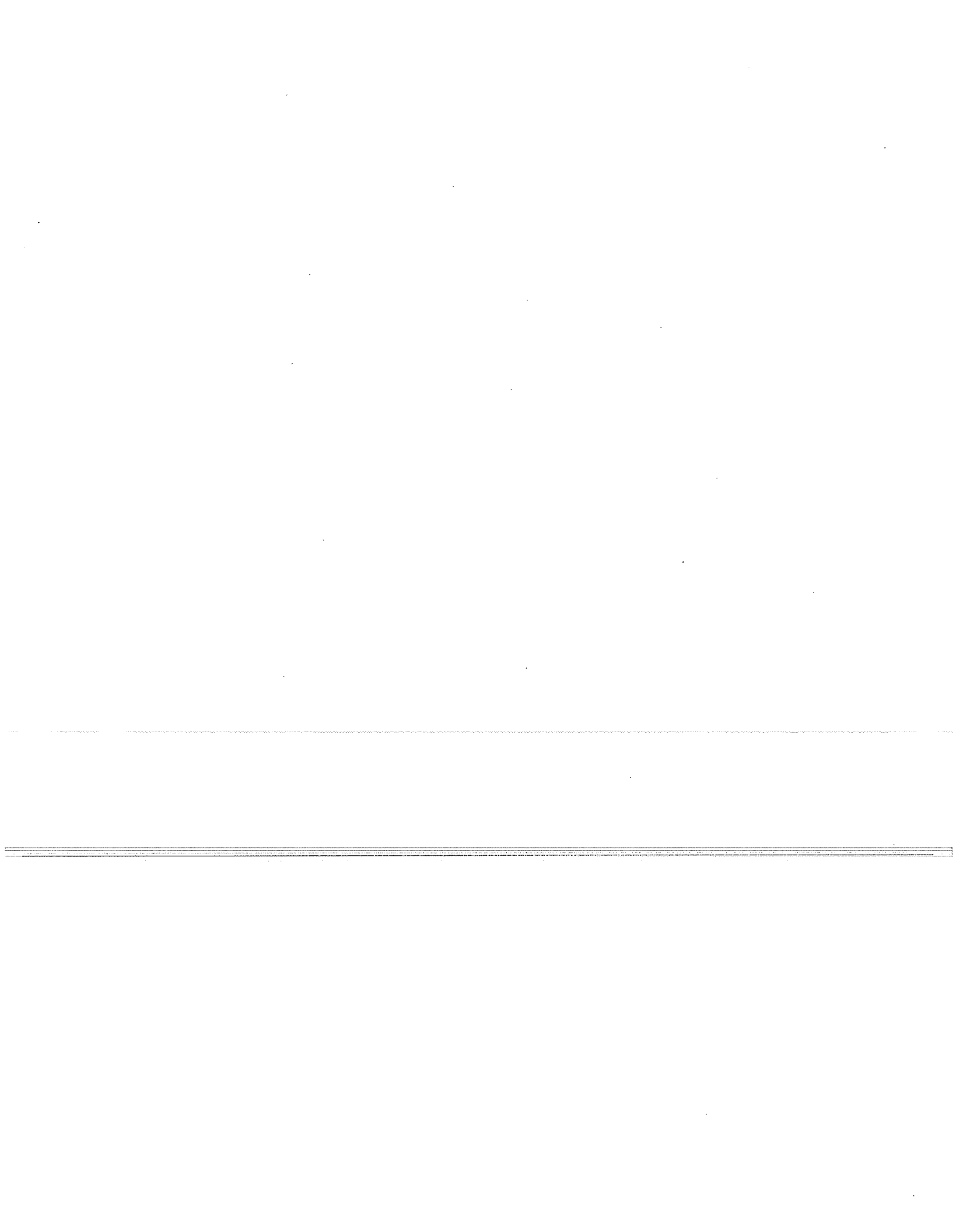
Thank you again for the opportunity to serve the School District employees and their families. This year's positive renewal is due to many factors: the hard work of the Committee to maintain a balanced benefit plan, the continuing communication efforts in the areas of chronic disease and wellness by the Insurance Department, and the partnership between the District, Aetna and Aon to develop a fair and consistent strategy for all the employees of Clay Schools.

During our Board Workshop, we look forward to discussing the Committee recommendations to bring this year's renewal efforts to a close and finalize our Annual Enrollment process for August.

Sincerely,

Gina Ciccio  
Assistant Vice President

CC: Sheila Gann, School District of Clay County  
Insurance Committee Members  
Debbie Poole, Aon Consulting



The School District of Clay County  
 Medical Plan Experience  
 October 2003 - February 2008

	Covered Employees	Medical Claims	Pharmacy Claims	Capitation	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
October-03	2,624	\$156,750	\$121,301	\$10,525	\$288,576	\$109.98	\$934,470	N/A
November-03	2,637	\$481,269	\$143,008	\$11,638	\$635,915	\$241.15	\$936,784	67.88%
December-03	2,642	\$654,576	\$152,971	\$11,967	\$819,514	\$310.19	\$942,707	86.93%
January-04	2,632	\$686,355	\$153,004	\$12,117	\$851,476	\$323.51	\$938,543	90.72%
February-04	2,647	\$610,437	\$151,915	\$12,162	\$774,514	\$292.60	\$933,724	82.95%
March-04	2,652	\$791,459	\$161,762	\$12,380	\$965,601	\$364.10	\$938,839	102.85%
April-04	2,651	\$889,412	\$159,279	\$12,709	\$1,061,400	\$400.38	\$943,044	112.55%
May-04	2,647	\$797,806	\$169,992	\$12,818	\$980,616	\$370.46	\$941,278	104.18%
June-04	2,642	\$843,293	\$175,817	\$12,826	\$1,031,936	\$390.59	\$940,541	109.72%
July-04	2,638	\$965,559	\$173,663	\$12,860	\$1,152,082	\$436.73	\$936,420	123.03%
August-04	2,646	\$884,330	\$177,074	\$12,872	\$1,074,276	\$406.00	\$253,829	423.23%
September-04	2,704	\$858,079	\$187,587	\$13,064	\$1,058,730	\$391.54	\$20	5293650.00%
<b>Plan Year Loss Ratio</b>								<b>110.94%</b>
October-04	2,819	\$760,564	\$152,444	\$12,969	\$925,977	\$328.48	\$1,001,998	92.41%
November-04	2,809	\$673,690	\$169,273	\$6,366	\$849,329	\$302.36	\$998,614	85.05%
December-04	2,807	\$706,035	\$193,936	\$13,337	\$913,308	\$325.37	\$1,002,193	91.13%
January-05	2,806	\$821,842	\$184,536	\$13,369	\$1,019,747	\$363.42	\$999,736	102.00%
February-05	2,803	\$841,953	\$190,519	\$14,692	\$1,047,164	\$373.59	\$992,581	105.50%
March-05	2,824	\$1,171,738	\$212,694	\$15,419	\$1,399,851	\$495.70	\$1,000,612	139.90%
April-05	2,822	\$794,261	\$215,559	\$14,365	\$1,024,185	\$362.93	\$1,005,294	101.88%
May-05	2,811	\$713,412	\$203,068	\$14,411	\$930,891	\$331.16	\$1,000,425	93.05%
June-05	2,812	\$974,695	\$230,109	\$13,867	\$1,218,671	\$433.38	\$1,001,066	121.74%
July-05	2,817	\$927,871	\$221,355	\$14,224	\$1,163,450	\$413.01	\$999,372	116.42%
August-05	2,819	\$874,358	\$226,596	\$14,114	\$1,115,068	\$395.55	\$1,002,056	111.28%
September-05	2,827	\$1,066,370	\$273,789	\$14,181	\$1,354,340	\$479.07	\$995,026	136.11%
<b>Plan Year Loss Ratio</b>								<b>108.03%</b>

The School District of Clay County  
 Medical Plan Experience  
 October 2003 - February 2008

	Covered Employees	Medical Claims	Pharmacy Claims	Capitation	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
October-05	2,949	\$596,992	\$175,882	\$13,717	\$786,591	\$266.73	\$1,326,458	59.30%
November-05	2,959	\$669,362	\$167,373	\$15,763	\$852,498	\$288.10	\$1,326,665	64.26%
December-05	2,962	\$749,770	\$185,954	\$15,974	\$951,698	\$321.30	\$1,291,809	73.67%
January-06	2,955	\$822,955	\$173,285	\$6,031	\$1,002,271	\$339.18	\$1,303,529	76.89%
February-06	2,946	\$793,414	\$201,398	\$5,977	\$1,000,789	\$339.71	\$1,306,956	76.57%
March-06	2,966	\$996,099	\$225,779	\$5,985	\$1,227,863	\$413.98	\$1,228,882	99.92%
April-06	2,977	\$826,516	\$201,225	\$6,001	\$1,033,742	\$347.24	\$1,294,930	79.83%
May-06	2,971	\$1,010,781	\$217,431	\$6,021	\$1,234,233	\$415.43	\$1,302,705	94.74%
June-06	2,975	\$1,114,879	\$228,931	\$6,068	\$1,349,878	\$453.74	\$1,298,207	103.98%
July-06	2,979	\$1,146,795	\$211,065	\$6,090	\$1,363,950	\$457.85	\$1,304,672	104.54%
August-06	2,983	\$1,277,880	\$225,439	\$6,101	\$1,509,420	\$506.01	\$1,305,202	115.65%
September-06	2,993	\$889,856	\$236,185	\$6,117	\$1,132,158	\$378.27	\$1,310,612	86.38%
<b>Plan Year Loss Ratio</b>								<b>86.18%</b>
October-06	3,157	\$1,013,485	\$221,410	\$5,595	\$1,240,490	\$392.93	\$1,541,194	80.49%
November-06	3,157	\$1,041,415	\$231,045	\$5,904	\$1,278,364	\$404.93	\$1,380,994	92.57%
December-06	3,168	\$1,136,035	\$219,399	\$5,982	\$1,361,416	\$429.74	\$1,462,641	93.08%
January-07	3,160	\$1,012,343	\$239,425	\$5,852	\$1,257,620	\$397.98	\$1,450,884	86.68%
February-07	3,155	\$819,001	\$221,085	\$5,886	\$1,045,972	\$331.53	\$1,453,409	71.97%
March-07	3,176	\$1,026,785	\$258,118	\$5,917	\$1,290,820	\$406.43	\$1,452,553	88.87%
April-07	3,196	\$1,134,243	\$222,211	\$5,949	\$1,362,403	\$426.28	\$1,470,261	92.66%
May-07	3,203	\$1,097,740	\$263,773	\$6,010	\$1,367,523	\$426.95	\$1,470,401	93.00%
June-07	3,202	\$1,029,533	\$248,765	\$6,029	\$1,284,327	\$401.10	\$1,472,374	87.23%
July-07	3,209	\$1,280,114	\$254,919	\$5,085	\$1,540,118	\$479.94	\$1,473,933	104.49%
August-07	3,215	\$1,245,610	\$265,544	\$5,111	\$1,516,265	\$471.62	\$1,478,200	102.58%
September-07	3,224	\$734,925	\$268,626	\$5,878	\$1,009,429	\$313.10	\$1,472,374	68.56%
<b>Plan Year Loss Ratio</b>								<b>90.31%</b>
October-07	3,267	\$959,478	\$232,578	\$5,589	\$1,197,645	\$366.59	\$1,704,658	70.26%
November-07	3,289	\$796,010	\$233,456	\$4,848	\$1,034,314	\$314.48	\$1,715,661	60.29%
December-07	3,294	\$907,701	\$249,102	\$4,877	\$1,161,680	\$352.67	\$1,716,472	67.68%
January-08	3,295	\$1,151,000	\$257,627	\$5,210	\$1,413,837	\$429.09	\$1,711,258	82.62%
February-08	3,303	\$1,022,017	\$251,406	\$5,266	\$1,278,689	\$387.13	\$1,716,090	74.51%

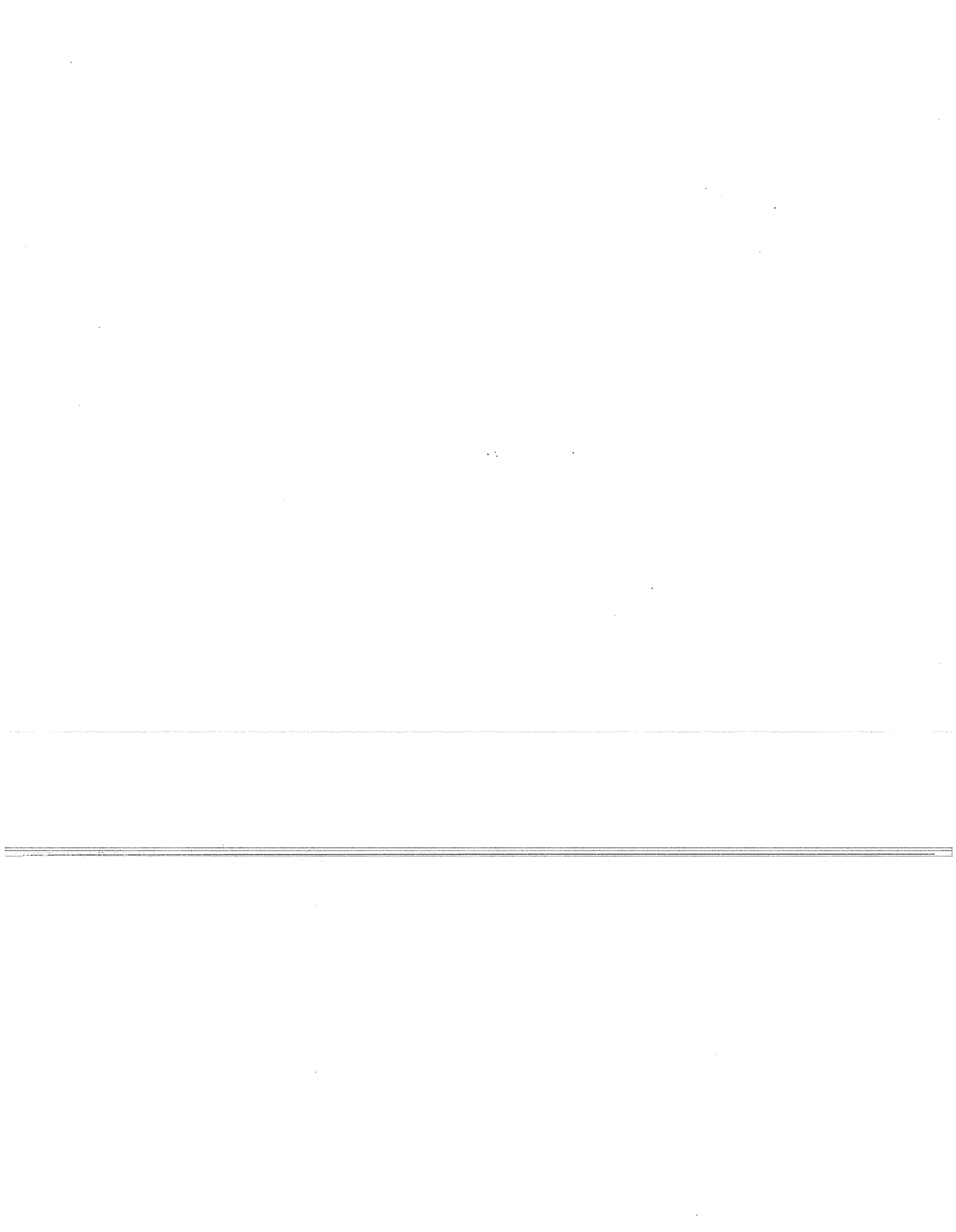
The School District of Clay County  
 Medical Plan Experience  
 October 2003 - February 2008

**Renewal Comparison All Plans Combined**

	Covered Employees	Medical Claims	Pharmacy Claims	Capitation	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
Current Renewal Experience Period Rolling 12 months	38,873	\$12,385,156 80.13%	\$3,006,125 19.45%	\$65,769 0.43%	\$15,457,050	\$397.63	\$18,854,235	81.98%
Ratios to total cost Premium PEPM							\$485.02	
Prior Renewal Experience Period February 06-January 07	36,432	\$12,259,498 81.78%	\$2,658,732 17.74%	\$71,693 0.48%	\$14,989,923	\$411.45	\$16,187,879	92.60%
Ratios to total cost Premium PEPM							\$444.33	
Experience Differential Renewal to Renewal PEPM Differential Renewal to Renewal	6.70%	1.02%	13.07%	-8.26%	3.12%	-3.36%	9.16%	-11.47%

**Renewal Comparison by Plan Type**

	Covered Employees	Medical Claims	Pharmacy Claims	Capitation	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
Current Renewal Experience Period Rolling 12 months	38,873	\$12,385,156 36.38%	\$3,006,125 23.69%	\$65,769 67.41%	\$15,457,050 34.05%	\$397.63 \$242.55	\$18,854,235 52.69%	81.98% 52.97%
Basic HMO	55.81%	47.73%	50.47%	32.59%	48.20%	\$526.25	38.44%	102.80%
Premium HMO	36.42%	15.88%	25.84%	0.00%	17.75%	\$908.90	8.87%	164.13%
HRA	7.77%							
Prior Renewal Experience Period February 06-January 07	36,432	\$12,259,498 36.27%	\$2,658,732 27.93%	\$71,693 68.18%	\$14,989,923 34.94%	\$411.45 \$272.06	\$16,187,879 51.08%	92.60% 63.35%
Basic HMO	52.84%	45.28%	41.87%	31.82%	44.61%	\$532.69	35.33%	116.90%
Premium HMO	34.46%	17.76%	30.69%	0.00%	19.97%	\$647.86	13.07%	141.51%
HRA	12.68%							





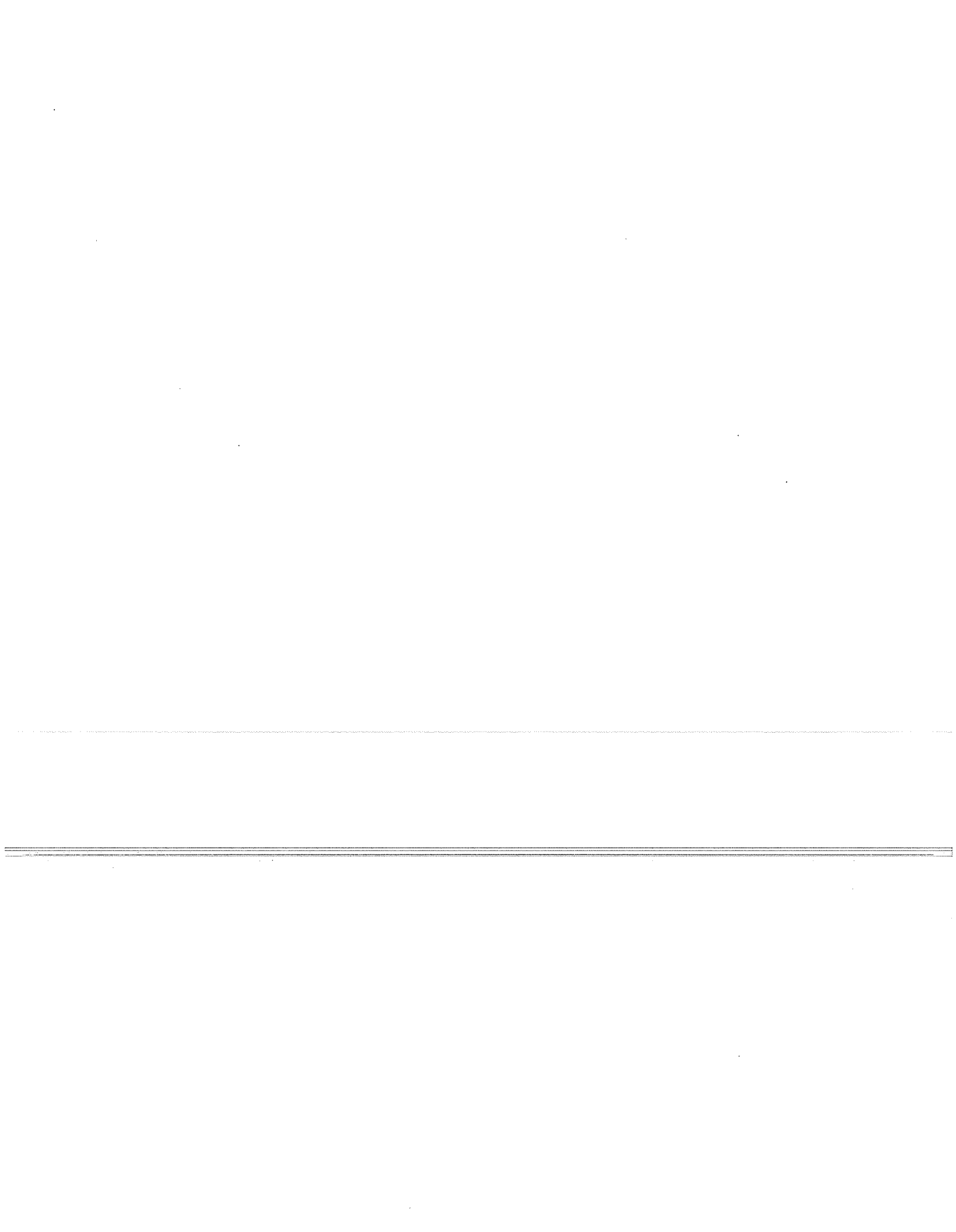
**School District of Clay County**  
**Basic HMO, Premium HMO (plan changes), and HDHP w/HSA Plans**  
**08 - 09 Plan Year Renewal Contribution Model**

	10/01/2007 - 09/30/2008 Per Pay Period				10/01/2008 - 09/30/2009 Per Pay Period				
	Estimated Enrollment	Employer	Employee	ER Annual Cost	Annual Cost	Employer	Employee	ER Annual Cost	Annual Cost
<b>Basic HMO</b>									
Employee	1,421	\$223.68	\$9.32	\$6,357,094.73	\$6,621,973.68	\$239.99	\$9.32	\$6,820,568	\$7,085,447
EE & SP	110	\$238.61	\$211.60	\$524,937.86	\$990,448.80	\$270.12	\$211.60	\$594,264	\$1,059,775
EE & Ch(s)	138	\$231.92	\$197.56	\$640,096.99	\$1,185,364.80	\$261.99	\$197.56	\$723,079	\$1,268,347
Family	171	\$253.68	\$336.27	\$867,589.29	\$2,017,649.52	\$294.98	\$336.27	\$1,008,828	\$2,158,889
<b>Premium HMO</b>									
Employee	1,024	\$232.01	\$46.83	\$4,751,523.84	\$5,710,602.24	\$247.65	\$46.83	\$5,071,818	\$6,030,897
EE & SP	98	\$252.42	\$286.29	\$494,743.20	\$1,055,871.60	\$282.64	\$286.29	\$553,968	\$1,115,096
EE & Ch(s)	41	\$241.25	\$272.64	\$197,823.36	\$421,388.16	\$270.07	\$272.64	\$221,457	\$445,022
Family	64	\$267.10	\$438.91	\$341,893.12	\$903,697.92	\$306.71	\$438.91	\$392,583	\$954,388
<b>HealthFund (08-09 HDHP)</b>									
Employee	187	\$238.96	\$61.62	\$893,702.62	\$1,124,154.24	\$249.01	\$61.62	\$931,312	\$1,161,764
EE & SP	37	\$272.93	\$307.77	\$201,968.85	\$429,720.96	\$292.37	\$307.77	\$216,354	\$444,107
EE & Ch(s)	5	\$265.90	\$288.05	\$26,589.60	\$55,395.00	\$284.44	\$288.05	\$28,444	\$57,250
Family	7	\$290.73	\$470.34	\$40,702.02	\$106,549.80	\$316.18	\$470.34	\$44,265	\$110,113
<b>Total Expected Premium</b>	<b>3,303</b>			<b>\$15,338,665</b>	<b>\$20,622,817</b>			<b>\$16,606,942</b>	<b>\$21,891,093</b>
<b>05 - 06 Funded By Clay County District Schools</b>				<b>71.82%</b>					
<b>06 - 07 Funded By Clay County District Schools</b>				<b>73.19%</b>					
<b>07 - 08 Funded By Clay County District Schools</b>				<b>73.12%</b>					
<b>08 - 09 Funded By Clay County District Schools</b>				<b>75.86%</b>					
<b>Increase from Prior Plan Year Contributions</b>				<b>\$1,266,276</b>					
				<b>Total Increase</b>				<b>6.15%</b>	



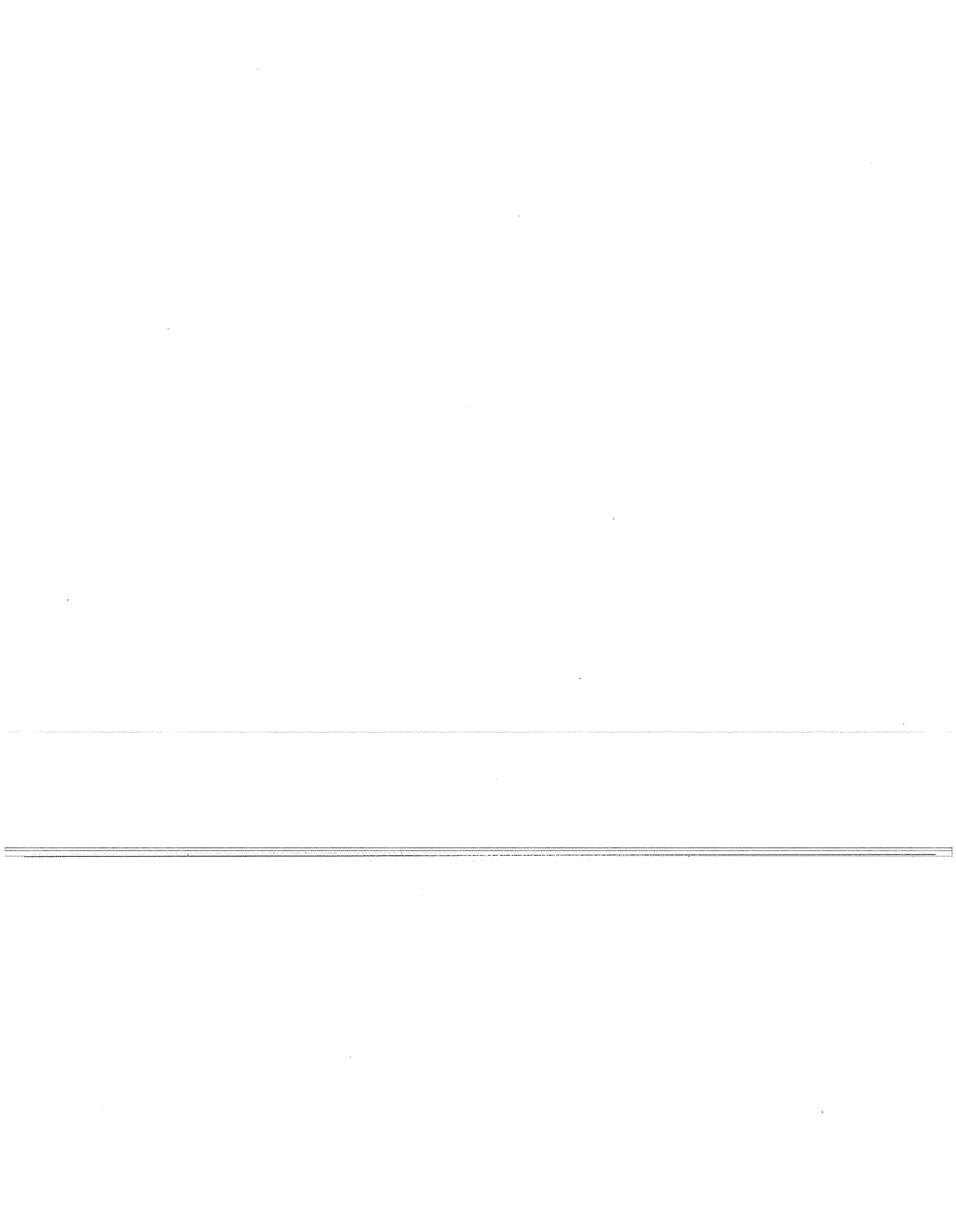
School District of Clay County Plan Year 2008 - 2009 Premium HMO Changes + HDHP/HSA			
Basic HMO		Premium HMO Open Access	High Deductible Health Plan (HDHP) with HSA
Employee Fund:		In-Network	Out-of-Network
<b>Benefits</b>			
<b>Employee Fund:</b>			
Single	None	None	\$0
Family	None	None	\$0
<b>Deductible:</b>			
Single	Hospital Services only: \$500	None	\$1,600
Family	Hospital Services only: \$1,000	None	\$3,200
<b>Coinsurance</b>	Hospital Services only: 20%	None	80%
<b>Out of Pocket:</b>			
Single	\$3,000	\$2,000	\$2,500
Family	\$6,000	\$4,000	\$5,000
<b>Lifetime Maximum</b>	\$2,000,000	Unlimited	Unlimited
<b>Physician Services</b>			
PCP Office Visits	\$35	\$25	80%
Specialist Visits	\$50	\$40	80%
Specialist Referral Required	Yes	No	No
Office Surgery	\$50	\$40	80%
Allergy Testing	\$0	\$0	80%
Allergy Injections (not by physician)	\$0	\$0	80%
<b>Preventive Care</b>			
Routine Physical Exam	\$35	\$25	80%
Well Woman/GYN Exam	\$35	\$25	80%
Mammograms	\$0	\$0	80%
Well Child Care	\$35	\$25	80%
Pediatric Immunizations	\$35	\$25	80%
<b>Maternity</b>			
Pre-natal Exams	\$50	\$40	80%
(Initial visit only)			
Hospital Delivery	20%	\$200 per day/5 days	80%
<b>Hospital Services</b>			
Inpatient	20%	\$200 per day/5 days	80%
Outpatient	20%	\$150	80%
<b>Emergency Services</b>			
Emergency Room	\$100	\$150	80%
Urgent Care Center	\$50	\$50	80%
Ambulance	\$0	\$0	80%

School District of Clay County Plan Year 2008 - 2009 Premium HMO Changes + HDHP/HSA		High Deductible Health Plan (HDHP) with HSA	
Basic HMO		In-Network	Out of Network
Premium HMO Open Access		100%	80%
<b>Benefits</b>			
Diagnostic X-ray/Lab	\$0 with PCP referral		
Physician's Office, Hospital, or Facility	\$0 with PCP referral		
<b>Prescription Drugs</b>			
Retail (30-day supply)	n/a	combined with medical plan	
Deductible			
Generic	\$20	\$15	\$15 then 80%
Brand	\$40	\$30	\$20 then 80%
Non-Formulary	\$70	\$40	\$40 then 80%
Mail Order (90-day supply)			
Generic	\$40	\$30	n/a
Brand	\$80	\$40	n/a
Non-Formulary	\$140	\$80	n/a
Oral Contraceptives	covered	covered	n/a
<b>Mental/Nervous</b>			
Inpatient	20%	100%	80%
Annual Maximum	30 Days	30 Days	30 Days
Outpatient	\$50	100%	80%
Annual Maximum	20 Visits	30 Visits	30 Visits
Combined with Substance Abuse	no	combine max in/out	
<b>Substance Abuse</b>			
Inpatient	\$200 per day/5 days		
Annual Maximum	30 Days	100%	80%
Outpatient	\$40	30 Days	30 Days
Annual Maximum	30 Visits	100%	80%
Combined with Mental/Nervous	no	30 Visits	30 Visits
<b>Routine Hearing Benefit</b>			
Screening	\$35 at PCP	not covered	not covered
Exam	no	not covered	not covered
<b>Vision/Benefit</b>			
Screening	Included in preventative care exam	Discount plan	Discount plan
Exam	\$50	Discount plan	Discount plan
<b>08-09 Rates/Per Pay/Period (20)</b>			
Single	\$249.31	Proposed	\$310.63
Plus Spouse	\$481.72		\$600.14
Plus Child(ren)	\$459.55		\$572.50
Family	\$631.25		\$786.52



**School District of Clay County  
Unum Accident and Injury Plan with Sickness Rider  
Plan Changes Effective April 1, 2008**

<u>Accident/Injury</u>	<u>Benefit Amount</u>	<u>Enhanced Benefit Amount</u>	<u>Accident/Injury</u>	<u>Benefit Amount</u>	<u>Enhanced Benefit Amount</u>
<b>Ambulance</b> air ambulance	\$150 \$500	\$300 \$1,000	<b>Fractures</b> open closed	up to \$5,000 up to \$2,000 25% of closed amount	up to \$10,000 up to \$5,000 25% of closed amount
<b>Appliance</b>	\$100	\$200	chips		
<b>Blood, plasma and platelets</b>	\$300	\$600	<b>Knee cartilage</b>		
<b>Burns</b> flat amount for 2nd degree for 36% or more of bo 3rd degree for 36% or more of body, 9-34 sq. in 35 or more sq. in.	\$750 \$1,500 \$10,000 25% of burn benefit \$100	\$1,500 \$3,000 \$20,000 25% of burn benefit \$200	Torn Cartilage Exploratory Knee Surgery Laceration	\$500 \$100 \$25 - \$400	\$1,000 \$200 \$50 - \$800
skin grafts			<b>Lodging</b> per night up to 30 days	\$100	\$200
<b>Concussion</b>			<b>Loss of finger, toe, hand, foot or sight of an eye</b> loss of both hands, feet, sight of both eyes, or any combination of two or more losses	\$40,000 \$20,000	\$40,000 \$20,000
<b>Dental work, emergency</b>			loss of one hand, foot or sight in one eye loss of two or more fingers, toes or any combination of two or more losses	\$2,000 \$1,000	\$2,000 \$1,000
extraction crown	\$50 \$150	\$100 \$300	loss of one finger or toe <b>Physical therapy (6 treatments)</b> up to 6 treatments	\$25 per treatment	\$50 per treatment
<b>Dislocations</b> open closed	up to \$4,000 up to \$2,000 \$50 \$150	up to \$8,000 up to \$4,000 \$100 \$150	<b>Prosthetic device or artificial limb</b> one more than one	\$500 \$1,000 \$400	\$1,000 \$2,000 \$800
<b>Doctor's office initial visit</b>	\$200	\$400	<b>Ruptured disc</b>		
<b>Emergency room treatment (X-Rays included)</b>	\$50	\$100	<b>Surgery benefit</b> open abdominal, thoracic exploratory	\$1,000 \$100	\$2,000 \$200
<b>Eye injury</b> requires surgery or removal of foreign body			<b>Tendon/ligament and rotator cuff</b> repair of one repair of more than one exploratory only	\$400 \$600 \$100	\$800 \$1,200 \$200
<b>Follow-up treatment for accident</b> initial follow-up visit	\$375	\$750	<b>Transportation</b> (100 miles+ up to 3 trips)	\$300	\$600
<b>Hospital admission</b> per admission	\$100 \$100 \$75	\$200 \$200 \$150			
<b>Hospital confinement</b> per day for up to 365 days for Injury Only per day for up to 30 days for each illness per day for up to 30 days for a child's illness	\$200 \$100 \$75	\$200 \$200 \$150			
<b>Hospital intensive care unit</b> per day for up to 15 days for Injury Only	\$200	\$400			





**School District of Clay County  
Unum Proposal  
Dependent Life and AD&D Rate Table**

Employee Age Band	Supp. Life and AD&D per \$1,000 (tenthsly)	2008-2009 Per Pay Period Rates	
		Plan A Spouse \$10,000	Plan B Spouse \$25,000
Less than 30	\$0.081	\$0.41	\$1.01
30 - 34	\$0.103	\$0.52	\$1.29
35 - 39	\$0.167	\$0.84	\$2.09
40 - 44	\$0.181	\$0.91	\$2.26
45 - 49	\$0.195	\$0.98	\$2.44
50 - 54	\$0.481	\$2.41	\$6.01
55 - 59	\$0.809	\$4.05	\$10.11
60 - 64	\$1.124	\$5.62	\$14.05
65 - 69	\$1.566	\$7.83	\$19.58
70 - 74	\$2.424	\$12.12	\$30.30
75 plus	\$4.136	\$20.68	\$51.70
		Plan A Child \$5,000	Plan B Child \$10,000
Dependent Child	\$0.32	\$0.81	\$1.62



School District of Clay County  
 Plan Year 2008 - 2009  
 Dental and Vision Plans

Current Premium for PPO	Tenthy Rate	Per Pay Period
Single	\$37.78	\$18.89
Plus One	\$73.12	\$36.56
Family	\$117.43	\$58.72

Current Premium for DMO	Tenthy Rate	Per Pay Period
Single	\$13.88	\$6.94
Plus One	\$24.68	\$12.34
Family	\$36.67	\$18.34

*The Dental PPO & DHMO Rates are guaranteed for two years, ending on September 30, 2009*

Current Premium for Vision Plan	Tenthy Rate	Per Pay Period
Single	\$6.00	\$3.00
Plus One	\$21.58	\$10.79
Family	\$21.58	\$10.79

*The Vision Rate is guaranteed for two years, ending on September 30, 2009*

**School District of Clay County  
Plan Year 2008 - 2009  
Life and Disability Plans**

**Tenthy Rate per \$1,000**

**Current Life Insurance Plans**

Basic Life	\$0.137
AD&D	\$0.024
Voluntary Life	
Less than age 25	\$0.057
25 - 29	\$0.057
30 - 34	\$0.079
35 - 39	\$0.143
40 - 44	\$0.157
45 - 49	\$0.171
50 - 54	\$0.457
55 - 59	\$0.785
60 - 64	\$1.100
65 - 69	\$1.542
70 - 74	\$2.400
75 and over	\$4.112
Voluntary AD&D	\$0.024

*The Life Insurance Rates are guaranteed for three years, ending on September 30, 2010*

**Tenthy Rate**

**Current Disability Plans - Plan A Employees**

Short Term Disability	\$1.26 per \$10 weekly benefit
Long Term Disability	\$0.794 per \$100 total covered payroll

**Tenthy Rate**

**Current Disability Plans - Plan B Employees**

Short Term Disability	\$8.93 per employee
Long Term Disability	\$4.748 per employee

*The Disability Rates are guaranteed for three years, ending on September 30, 2010*

**Aon Observations:**

UNUM was selected from marketing the life and disability plans last year. The rates reflect 3.59% reduction to the District paid rates and no rate increase to Employee paid rates in effect with The Standard. Unum's proposal included a three year rate guarantee for all plans, plus an additional discount to the Enrollment System of \$.75 PEPM (annualized savings of \$40,500).