



Clay County School Board Workshop

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Review of Committee Approved Renewals

Life and Disability Coverage Renewals

- Basic and Supplemental Life Rates
 - Ending three-year rate guarantee
 - Increase of 19%
 - Still lower than prior carrier four years ago (FCL)
- Basic and Supplemental AD&D Rates
 - No Increase
- Short-Term Disability
 - No Increase (2nd renewal)
- Long-Term Disability
 - Increase of 19%
 - Ending three-year rate guarantee

Reasons for Life and Disability Plans Renewal Increase

- Basic and Supplemental Life
 - Loss ratio of 128% vs. target of 73.2%
 - Negotiated to 19% overall
- Long-Term Disability
 - More claimants than industry normatives
 - Most are closed cases, resulting in low reserve rate
 - 133% loss ratio (including reserves) vs. target of 82%
 - New experience year improved slightly, helped on negotiation points
 - Negotiated to 35% overall
- All Standard Rates guaranteed for 12 months
- Increased cost of \$46,952 (13.22%) annually to the Board for Plan B enrollees

Delta Dental Experience and Renewal

- Enrollment Mix significantly changed from inception
 - Single enrollment estimated at 75.6%, actual 50.9%
 - Family enrollment estimated at 13.2%, actual 27.9%
- Poor Claims Experience against premium yield
 - Due to the increase in enrollment in the family tier, premium yield did not meet expectations to pay claims
 - Estimated enrollment of 967, currently 1,957 enrolled in PPO plan
 - Loss ratio of 126.5% vs. a target loss ratio of 70.9%
- Renewal
 - Increase of 55% for 12 months
 - Done on a slope basis, so families will carry most of the renewal burden

Delta Dental Renewal Rates

- DHMO plan
 - No Increase

- PPO Plan
 - 55% Increase
 - 20 Pay Rates

	Current	Renewal
Single	\$14.98	\$17.99
Plus One	\$22.46	\$34.82
Family	\$29.96	\$55.92

- Rates Guaranteed for 12 months
- Increased cost of \$41,473 (18.49%) annually if Plan B single cost is paid 100% by Board

Aetna Medical Plan Renewal Presentation

Aetna's Formal Renewal Offer

- The pooling point increased from \$175,000 to \$200,000, helping to eliminate some high dollar claimants from the experience period.
- The HMO plans are fully credible and rated by the plan's actual experience. The HRA, with only 2 months of credible data, should be considered 0% credible. However, due to the size (3,000 lives) of the overall group, Aetna gave the positive experience 37.08% credibility.
- The renewal rates are based on the current plan designs for the Health Fund HRA and Basic HMO plans. The Premium HMO plan change decreased the co-payments for the prescription drugs.

HMO Experience for 06-07 Renewal

- Experience Period for Renewal
 - February 2005 to January 2006
- Members and Employee Enrollment
 - 41,879 Total (or an average of 3,490 per month)
 - 2,511 Employees in January
- Current Premium Yield
 - \$1,083,593 Monthly
 - 3,800 Members in January
 - **\$285.16 Per Member Per Month (PMPM)**
- Medical Claims (adjusted for plan changes)
 - \$7,333,745
- Pharmacy Claims (adjusted for plan changes)
 - \$1,397,270
- **Net Adjusted Incurred Claims PMPM**
 - \$173.19 Medical
 - \$33.00 Pharmacy
 - **\$206.19 Combined**

HMO Renewal Development for 06-07 Plan Year

- Annual Trend
 - 13.5% for both Medical and Pharmacy
- Months to Trend Experience
 - 20 (start of Experience period to end of Renewal Period)
- Trended Experience PMPM
 - \$213.89 Medical
 - \$40.75 Pharmacy
 - **\$254.64 Total**
- Large Claim Adjustment
 - \$9.65 PMPM
- Target Loss Ratio
 - 87.10% Medical
 - 92.54% Pharmacy
 - 87.90% Total

HMO Renewal Development for 06-07 Plan Year

- State Taxes and Commissions
 - \$5.05 PMPM
- Total of Projected Incurred Claims, Taxes and Commissions with no Plan Change Adjustments
 - \$260.95 Medical
 - \$44.78 Pharmacy
 - **\$305.73 Total**
- Current Premium Yield vs. Renewal Projection Premium Need
 - \$285.16 Current
 - \$305.73 Renewal

Projected Renewal Increase for both HMO plans 7.2%

HRA Experience for Renewal 06-07

- Experience Period for Renewal
 - October 2005 to February 2006
- Employee Enrollment
 - Adjusted for Incurred Months
 - 1,029 enrolled (average of 514 monthly)
- Current Premium Yield
 - \$475.69 Per Employee Per Month (PEPM)
- Medical, Pharmacy and Fund Claims
 - \$262,515 in Medical Claims
 - \$90,684 in Fund payments
 - \$133,914 in Pharmacy Claims
- Net Adjusted* Incurred Claims PMPM
 - \$285.19 Medical
 - \$67.26 Pharmacy
 - \$50.92 Fund
 - \$403.37 Total

* Morbidity Adjustment
due to population change
from projected enrollment.

HRA Renewal Development for 06-07 Plan Year

- Annual Trend
 - 11.5% for both Medical and Pharmacy
 - 1.81% for the Fund
- Months to Trend Experience
 - 17 (start of Experience period to end of Renewal Period)
- Trended Experience PEPM
 - \$399.30 Medical
 - \$37.14 Fund
 - \$152.13 Pharmacy
 - **\$588.58 Total**
- Large Claim Adjustment
 - \$12.56 PEPM
- Projected Claims PEPM
 - \$411.99 Medical
 - \$37.14 Fund
 - \$152.13 Pharmacy
 - **\$601.13 Total**

HRA Renewal Development for 06-07 Plan Year

- Manual Claims (Aetna's)
 - \$466.42 Medical
 - \$80.14 Pharmacy
- Credibility Split
 - Experience
 - 37.08% Medical and 44.26% Pharmacy
 - Manual
 - 62.92% Medical and 55.74% Pharmacy
- Blended Claims Experience
 - \$459.96 Medical
 - \$112.00 Pharmacy
 - **\$571.96 Total**
- Target Cost Ratio
 - 89.25% Medical
 - 93.15% Pharmacy
 - 89.99% Total

HRA Renewal Development for 06-07 Plan Year

- Taxes and Commissions
 - \$18.64
- Other Adjustment (Aetna Concessions)
 - \$90.18 Medical
 - \$21.02 Pharmacy
 - \$111.20 Total
- Total of Projected Incurred Claims, Taxes and Commissions with Aetna Concessions
 - \$440.30 Medical
 - \$102.74 Pharmacy
 - **\$543.04 Total**
- Current Premium Yield vs. Renewal Projection Premium Need
 - \$475.69 Current
 - \$543.04 Renewal

Renewal Increase for HealthFund HRA 14.16%

Aetna's Final Renewal Offer

- Basic HMO
 - 7.2% Increase
 - \$13.60 more for Single per Pay Period
- Premium HMO
 - 7.2% Increase
 - \$15.99 more for Single per Pay Period
- HealthFund HRA
 - 14.16% Increase
 - \$32.39 more for Single per Pay Period
- Total Blended Increase
 - 8.3% Overall
 - Appendix contains all rates and contribution model

Premium HMO Plan Design Change

- Premium HMO participants requesting lower pharmacy co-pays due to higher premium cost for this plan
 - Current Retail Pharmacy co-pays \$15/\$35/\$60
 - Current Mail Order Pharmacy co-pays \$30/\$70/\$120
 - 90 day supply
- Option I was selected
 - Retail Pharmacy co-pays will change to \$15/\$25/\$40
 - Mail Order Pharmacy co-pays will change to \$30/\$50/\$80
 - Premium HMO Rates increase the renewal rate of 7.2% by 1.9% (overall increase 9.1%)
 - Rates by tier in attachment section

Vision Plan Update

- Enhanced plan for 2006
 - No forms necessary at time of service
 - Lowered frame co-payment
- Fewer complaints on service or eligibility
 - Attentive account manager
- Rates guaranteed through September 2007

Review of Committee Approved New Plan Offerings

New Hospital Indemnity Plan

- Current Plan offers coverage for in-patient hospitalization only
- Administrative issues since inception
 - Claims processing errors
 - Billing errors
 - Poor service to members
- With an average enrollment each month of 2,159, this equates to less than 1% of enrollees utilizing the plan over a 26 month period
 - Low utilization suggests that Plan B members may forget to file a claim for this benefit or there are very few in-patient stays for this group
 - Committee wanted to review proposals from other organizations to offer members a plan that would potentially cover more than just hospitalization

UNUM Voluntary Accident and Illness Plan

- All benefits are for Accident or Injury only
 - Benefits are in attachment
- Additional rider allows for hospital per day benefits for Illnesses
 - \$100 per day for adults
 - \$75 for minor children
 - 30 day limitation for each illness
 - Re-hospitalization within 90 days or discharge for same illness combined with previous days
 - If for unrelated illness, 30 day limitation begins anew
- Increase in Cost
 - \$51.40 per Plan B employee **annual** increase to Board Contribution
 - Current enrollment of 1,478
 - Increased cost of \$75,969 annually for single coverage on Plan B based on current enrollment

UNUM Voluntary Critical Illness

- Another UNUM benefit
- Will replace current critical illness plan from American General
- Benefits and plan design identical
- Members wanting to keep plan with American General will be direct billed and maintain same coverage at same cost as current
- Plan designs and rates in attachment section
- Previously submitted in marketing process

UNUM Long Term Care

Why offer?

- Medicare only pays for the first 100 days of care!
 - Planning ahead helps the family's financial burden
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- Product pricing is based on the amount of coverage (\$1,000 or \$3,000 in monthly benefits), type of coverage (facility or in-home care) and age at the time the policy is written (rates do not increase with age)
 - Can be purchased for self, spouse, parents and grandparents
 - Group rated, resulting in lower costs than if purchased individually
 - Able to “piggy-back” onto Duval School's contract

Committee Recommendation

- Due to the low increase for the medical plan, the Committee would like the Board to review and potentially offer a basic coverage to the Plan B enrollees at no cost to the employee
- Plan B enrollees would be eligible to buy-up to a more enhanced plan, as well as enroll any family member
- Plan A enrollees would enroll on a voluntary basis
- Costs and plan designs are included in the appendix