



June 26, 2007

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

RE: Vision and Dental Plans
Experience, Renewals and Committee Recommendations

Dear Dr. Copeland,

Aon is pleased to present the experience and renewals for the Vision and Dental plans, as well as the final Insurance Committee recommendations.

VisionCare Plan (VCP) Experience, Renewal and Options

Last year, VisionCare plan made an enhancement as to how members access their benefits. Previously, members requested a benefit form and waited to receive the form via regular U.S. mail. The form then needed to be given to their provider at the time of service. Now, VisionCare issues ID cards to all (current and new) members, eliminating the need for benefit forms. If a member does not have their ID card at the time of service, the provider can verify benefits telephonically with VisionCare by the employee's social security number. This change has improved how members now view their vision benefits.

The vision plan experience (paid claims vs. premium paid) is shown in the Vision section of this binder. As noted in the comparison section of the experience report, the current renewal experience period (January 2006 to December 2006) has a loss ratio of 64.04%, against VisionCare's target loss ratio of 71%. With the District below the target loss ratio, VisionCare initially offered the renewal with no increase and a three-year rate guarantee.



During the marketing effort two years ago, the Committee had the option to increase the benefit, but elected to keep the plan at the same benefit level. Members continue to ask for an improvement to the contact lens benefit. Since the plan is running well against the target loss ratio, Aon suggested increasing the benefit level should have minimum impact to the employee's and the District's cost. The Committee agreed to review options in the plan design at renewal.

For an increase of 5% to the premium, VisionCare proposed an increase the wholesale frame allowance by \$5 and an increase to the contact lens allowance by \$20. Due to the positive experience of the plan, as well as VisionCare's long-term partnership with the District, Aon was able to negotiate these plan options to a 0% increase with a two-year rate guarantee.

The Committee discussed the optional plan and voted to recommend the plan change to the Board. The new plan increases the employee's benefit levels, with no increase in premiums for the next two years.

Delta Dental Experience and Renewal

The DHMO, or Pre-Paid dental plan, renewed last year with no increase to the premium for an additional 12 months. The DHMO plan continues to run well against Delta's projections. The plan will incur no increase again this year for another 12 month period. At Aon's request, Delta has also offered a two-year rate guarantee with a 5.02% rate increase.

DHMO		All Rates are Tentatively & Per Pay Period	
Coverage	Current and Renewal Rates	2-Year Renewal Rates	Percentage Increase for 2-year renewal
Single	\$13.22 or \$6.61	\$13.88 or \$6.94	4.99%
Plus One	\$23.50 or \$11.75	\$24.68 or \$12.34	5.02%
Family	\$34.92 or \$17.46	\$36.67 or \$18.34	5.01%

The PPO dental plan, although rated for high participation, enrolled double the expected number of families into the plan during the 2004 - 2005 plan year under a two year rate guarantee. With the enrollment mix skewing higher in the family tier than expected, the premium yield did not meet the claims need. The actual loss ratio over the initial two-year period was at 126.5%, mostly due to the change in the enrollment. As a result, the overall increase to the PPO plan last year was 55%. However, the Insurance Committee voted to allocate most of the increase to the family tier. This type of rating basis is common when the enrollment outcome varies from the underwriting prediction.



For this year's renewal, the PPO plan experience for the current renewal period is reviewed in this section. The current experience period calculates a loss ratio of 102.43%, against a target loss ratio of 76%. However, the last four months of experience are trending much lower, as the 2006-2007 premium increase has positively impacted the paid loss ratios. This positive trend has enabled Aon to negotiate a renewal of 5.05% for the next two years.

DPPO	All Rates are Tenthly & Per Pay Period		
Coverage	Current Rates	2-Year Renewal Rates	Percentage Increase
Single	\$35.98 or \$17.99	\$37.78 or \$18.89	5.06%
Plus One	\$69.64 or \$34.82	\$73.12 or \$36.56	5.05%
Family	\$111.84 or \$55.92	\$117.43 or \$58.72	5.06%

The Committee voted to approve both dental plans for a two-year rate guarantee. The final rates for the vision and dental plans are located in the tab "Final Dental and Vision Renewal".

Summary

Thank you for the opportunity to assist the School District of Clay County with the renewals for the upcoming 2007 - 2009 plan years. With the increasing costs for benefits every year, we are pleased to offer the Board a renewal package with some enhancements to the plan designs with a limited financial impact to the Board and its employees.

Sincerely,

Gina Ciccio
Consultant

CC: Sheila Gann, School District of Clay County

Insurance Committee Members
John M. Cooney, Aon Consulting
Debbie Seatz, Aon Consulting



The School District of Clay County
PPO Dental Experience
2005 - 2006 and 2006 - 2007 Plan Years



	Covered Employees	Total Dental Claims	PEPM Claim Cost	Total Premium	Loss Ratio
January-05	1,534	\$59,180	\$38.58	\$52,085	113.62%
February-05	1,530	\$73,834	\$48.26	\$51,085	144.53%
March-05	1,549	\$72,214	\$46.62	\$53,635	134.64%
April-05	1,546	\$62,879	\$40.67	\$53,145	118.32%
May-05	1,551	\$47,355	\$30.53	\$53,498	88.52%
June-05	1,557	\$76,497	\$49.13	\$53,455	143.10%
July-05	1,560	\$68,254	\$43.75	\$53,223	128.24%
August-05	1,562	\$73,639	\$47.14	\$52,237	140.97%
September-05	1,565	\$59,433	\$37.98	\$54,945	108.17%

	Covered Employees	Total Dental Claims	PEPM Claim Cost	Total Premium	Loss Ratio
October-05	1,954	\$61,812	\$31.63	\$64,645	95.62%
November-05	1,955	\$75,829	\$38.79	\$65,664	115.48%
December-05	1,965	\$75,473	\$38.41	\$65,791	114.72%
January-06	1,965	\$102,805	\$52.32	\$65,823	156.18%
February-06	1,965	\$64,320	\$32.73	\$68,035	94.54%
March-06	1,984	\$70,218	\$35.39	\$68,597	102.36%
April-06	1,990	\$81,440	\$40.92	\$68,385	119.09%
May-06	1,987	\$75,868	\$38.18	\$69,583	109.03%
June-06	1,988	\$67,821	\$34.12	\$68,447	99.09%
July-06	1,989	\$83,146	\$41.80	\$68,447	121.47%
August-06	1,990	\$105,868	\$53.20	\$68,947	153.55%
September-06	1,999	\$56,077	\$28.05	\$67,449	83.14%
October-06	2,081	\$89,067	\$42.80	\$105,000	84.83%
November-06	2,084	\$74,594	\$35.79	\$102,560	72.73%
December-06	2,095	\$71,993	\$34.36	\$99,526	72.34%

The School District of Clay County
 PPO Dental Experience
 2005 - 2006 and 2006 - 2007 Plan Years



PPO Renewal Comparison

	Covered Employees	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
Current Renewal Rolling 12 months	24,117	\$943,216	\$39.11	\$920,799	102.43%
<i>Ratios to total cost Premium PEPM</i>				<i>\$38.18</i>	

Last Renewal Rolling 12 months	19,828	\$806,400	\$40.67	\$673,408	119.75%
<i>Ratios to total cost Premium PEPM</i>				<i>\$33.96</i>	

Experience Differential Renewal to Renewal PEPM Differential	21.63%	16.97%	3.99%	36.74%	-14.46%
Renewal to Renewal				12.42%	

The School District of Clay County
 Vision Plan Experience
 For 2007-2009 Plan Year Renewal



	Covered Employees	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
February-05	2,378	\$11,490	\$5.03	\$20,896	57.63%
March-05	2,399	\$11,783	\$4.83	\$20,824	55.18%
April-05	2,393	\$14,575	\$4.91	\$23,697	49.72%
May-05	2,400	\$8,723	\$6.09	\$21,050	69.24%
June-05	2,399	\$8,668	\$3.63	\$21,090	41.36%
July-05	2,404	\$14,056	\$3.61	\$20,966	41.34%
August-05	2,405	\$25,912	\$5.85	\$20,999	66.93%
September-05	2,409	\$11,924	\$4.95	\$21,012	56.75%

	Covered Employees	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
October-05	2,521	\$19,012	\$7.54	\$21,858	86.98%
November-05	2,552	\$13,425	\$5.26	\$23,318	57.57%
December-05	2,546	\$11,068	\$4.35	\$22,913	48.30%
January-06	2,549	\$13,235	\$5.19	\$20,563	64.36%
February-06	2,549	\$16,017	\$6.28	\$22,569	70.97%
March-06	2,568	\$13,535	\$5.27	\$23,567	57.43%
April-06	2,510	\$11,793	\$4.70	\$21,930	53.78%
May-06	2,535	\$17,522	\$6.91	\$21,855	80.17%
June-06	2,536	\$9,884	\$3.90	\$21,953	45.03%
July-06	2,531	\$14,269	\$5.64	\$22,072	64.65%
August-06	2,527	\$22,685	\$8.98	\$22,032	102.97%
September-06	2,531	\$12,183	\$4.81	\$22,297	54.64%
October-06	2,434	\$15,102	\$6.20	\$26,263	57.50%
November-06	2,989	\$17,696	\$5.92	\$26,013	68.03%
December-06	2,924	\$13,341	\$4.56	\$25,683	51.94%

The School District of Clay County
 Vision Plan Experience
 For 2007-2009 Plan Year Renewal



Renewal Comparison

	Covered Employees	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
Current Renewal Rolling 12 months	31,183	\$177,261	\$5.68	\$276,797	64.04%
<i>Ratios to total cost Premium PEPM</i>				<i>\$8.88</i>	

Last Renewal Rolling 12 months	29,198	\$162,679	\$5.57	\$238,622	68.17%
<i>Ratios to total cost Premium PEPM</i>				<i>\$8.17</i>	

Experience Differential Renewal to Renewal PEPM Differential	6.80%	8.96%		16.00%	-6.06%
Renewal to Renewal			<i>11.60%</i>	<i>8.61%</i>	



The School District of Clay County
Vision Plan



Current and New Plan for 2007-2009

Benefits and Services	VisionCare Plan			
	Plan Year 2005-2007		Plan Year 2007-2009	
	In Network	Out of Network- Reimbursement	In Network	Out of Network- Reimbursement
Benefits and Services				
Vision Exam	\$10	\$35	\$10	\$35
Frames	\$15	\$40	\$15	\$40
Wholesale Allowance	\$40	N/A	\$45	N/A
Standard Lenses				
Single Vision	\$15	\$25	\$15	\$25
Bifocal	\$15	\$40	\$15	\$40
Trifocal	\$15	\$60	\$15	\$60
Lenticular	\$15	\$100	\$15	\$100
Lens Options				
Standard Progressive	Not Covered	Not Covered	Not Covered	Not Covered
Polycarbonate	Not Covered	Not Covered	Not Covered	Not Covered
Scratch Resistant Coating	Not Covered	Not Covered	Not Covered	Not Covered
UV Coating	Not Covered	Not Covered	Not Covered	Not Covered
Solid or Gradient Tint	Not Covered	Not Covered	Not Covered	Not Covered
Glass (non-minors only)	Not Covered	Not Covered	Not Covered	Not Covered
Photo chromatic	Not Covered	Not Covered	Not Covered	Not Covered
Anti-Reflective Coating	Not Covered	Not Covered	Not Covered	Not Covered
Standard Anti-reflective	Not Covered	Not Covered	Not Covered	Not Covered
Contact Lenses				
Contact Exams				
Exam Fee	\$10	Exam reimbursed as part of \$105 benefit	\$10	Exam reimbursed as part of \$125 benefit
Elective Benefit	\$105 reimbursement for all other elective contact services	\$105 reimbursement for all elective contact services	\$125 reimbursement for all other elective contact services	\$125 reimbursement for all elective contact services
Medically Necessary	\$10	\$210	\$10	\$210
Pre-Approval Required	Yes	Yes	Yes	Yes
Frequency				
Exams	1 per 12 months	1 per 12 months	1 per 12 months	1 per 12 months
Frames	1 per 24 months	1 per 24 months	1 per 24 months	1 per 24 months
Lenses or Contact Lenses	1 per 12 months	1 per 12 months	1 per 12 months	1 per 12 months
20 Pay Rates	Current	Renewal	Option 2	
Employee	\$3.00	\$3.00	\$3.00	
Employee + Family	\$10.79	\$10.79	\$10.79	
Projected Costs				
Monthly (10 Months)	\$22,469	\$22,469	\$22,469	
Annual Total (Based on 20 Pay)	\$224,693	\$224,693	\$224,693	

**The School District of Clay County
Final Plan Year 2007 - 2009 Renewals
Dental and Vision Plans**



	Tenthly		Per Pay Period	
	Current	Renewal	Current	Renewal
Single	\$35.98	\$37.78	\$17.99	\$18.89
Plus One	\$69.64	\$73.12	\$34.82	\$36.56
Family	\$111.84	\$117.43	\$55.92	\$58.72

The PPO Rate is for two years, ending on September 30, 2009

	Tenthly		Per Pay Period	
	Current	Renewal	Current	Renewal
Single	\$13.22	\$13.88	\$6.61	\$6.94
Plus One	\$23.50	\$24.68	\$11.75	\$12.34
Family	\$34.92	\$36.67	\$17.46	\$18.34

The DMO Rate is for two years, ending on September 30, 2009

	Tenthly		Per Pay Period	
	Current	Renewal	Current	Renewal
Single	\$6.00	\$6.00	\$3.00	\$3.00
Plus One	\$21.58	\$21.58	\$10.79	\$10.79
Family	\$21.58	\$21.58	\$10.79	\$10.79

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

Aon Observations:

The Dental PPO plan experienced a large increase after the initial two year rate guarantee, mostly due to the larger than expected enrollment in the family tier. The rates were adjusted last year, and the experience over the first three months of the plan year are as expected. Aon was able to negotiate a two-year rate guarantee with only a 5% increase.

The Dental HMO plan has incurred no increase since inception 3 years ago. The plan experience is running within normatives for a plan of this type. Delta initially proposed a one year rate guarantee with no increase and a two-year rate guarantee with a 5% increase. The Insurance committee voted to accept the two-year renewal with a 5% increase. Over a five year span of time, the plan will have only experienced a single increase, limited to 5%.

The Vision Plan experienced a slight increase in the premium two years ago. The initial renewal with the same plan design was offered with no increase for three years. However, the employees have been vocal on improvements (higher allowances) to the contact lens and frame benefits. Aon was able to negotiate higher allowances to both components of the current plan, with no rate increase for the next two years.