



School Board of Clay County Board Workshop

June 8, 2015



Topics for Discussion

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- Updated Claims
- History
- Medical Renewal and Impact

SECTION 2 – Medical Gap

- Renewal

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- Renewal
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Section 1: Medical

- Updated Claims
- History
- Medical Renewal and Impact



Current Rolling 12 Month Claims Experience

Clay County School Board Medical Experience Report

	Covered Employees	Medical Claims	Pharmacy Claims	Capitation	Total Claims	PEPM Claim Cost	Annualized Premium	Loss Ratio
April-14	3,180	\$863,643	\$516,097	\$18,567	\$1,398,307	\$439.72	\$1,785,970	78.3%
May-14	3,184	\$887,653	\$398,609	\$18,272	\$1,304,533	\$409.72	\$1,778,336	73.4%
June-14	3,183	\$1,326,867	\$358,236	\$18,372	\$1,703,475	\$535.18	\$1,777,947	95.8%
July-14	3,185	\$1,254,632	\$496,785	\$18,128	\$1,769,545	\$555.59	\$1,782,893	99.3%
August-14	3,183	\$1,100,256	\$330,222	\$18,477	\$1,448,955	\$455.22	\$1,620,148	89.4%
September-14	3,182	\$1,078,360	\$366,827	\$18,615	\$1,463,801	\$460.03	\$1,619,364	90.4%
October-14	3,180	\$998,775	\$456,453	\$18,807	\$1,474,035	\$463.53	\$1,931,980	76.3%
November-14	3,184	\$1,088,005	\$331,630	\$17,861	\$1,437,496	\$451.47	\$1,922,760	74.8%
December-14	3,194	\$941,314	\$433,791	\$18,573	\$1,393,678	\$436.34	\$1,934,928	72.0%
January-15	3,192	\$997,099	\$352,430	\$18,131	\$1,367,660	\$428.46	\$1,922,874	71.1%
February-15	3,183	\$846,855	\$371,062	\$18,457	\$1,236,374	\$388.43	\$1,936,024	63.9%
March-15	3,175	\$1,211,785	\$356,434	\$18,340	\$1,586,559	\$499.70	\$1,919,680	82.6%
2014-2015 Plan Year Total	19,108	6,083,833	2,301,800	110,169	8,495,802	\$444.62	\$11,568,245	73.4%
Rolling 12-Month Total	38,205	\$12,595,244	\$4,768,575	\$220,599	\$17,584,418	\$460.26	\$21,932,902	80.2%
Rolling 12-Month Average	3,184	\$1,049,604	\$397,381	\$18,383	\$1,465,368	\$460.26	\$1,827,742	
14/15 Plan Year Average	3,185	\$1,013,972	\$383,633	\$18,361	\$1,415,967	\$444.62	\$1,928,041	73.4%



Medical Claim Experience: Prior Years

Plan Year	Employee Count	Total Premium	Total Claims	Loss Ratio	Premium PEPM	% Change	Claims PEPM	% Change
2006-2007 Total	38,222	\$ 17,579,218	\$ 15,554,747	88.5%				
2006-2007 Average	3,185	\$ 1,464,935	\$ 1,296,229		\$ 459.92		\$ 406.96	
2007-2008 Total	39,701	\$ 20,598,985	\$ 16,958,758	82.3%				
2007-2008 Average	3,308	\$ 1,716,582	\$ 1,413,230		\$ 518.85	12.8%	\$ 427.16	5.0%
2008-2009 Total	40,655	\$ 22,200,238	\$ 21,202,632	95.5%				
2008-2009 Average	3,388	\$ 1,850,019	\$ 1,766,886		\$ 546.06	5.2%	\$ 521.53	22.1%
2009-2010 Total	39,541	\$ 22,406,383	\$ 20,152,108	89.9%				
2009-2010 Average	3,295	\$ 1,867,199	\$ 1,679,342		\$ 566.66	3.8%	\$ 509.65	-2.3%
2010-2011 Total	38,577	\$ 22,630,150	\$ 20,017,710	88.5%				
2010-2011 Average	3,215	\$ 1,885,846	\$ 1,668,142		\$ 586.62	3.5%	\$ 518.90	1.8%
2011-2012 Total	39,061	\$ 20,506,203	\$ 18,372,710	89.6%				
2011-2012 Average	3,255	\$ 1,708,850	\$ 1,531,059		\$ 524.98	-10.5%	\$ 470.36	-9.4%
2012-2013 Total	39,304	\$ 20,494,030	\$ 16,524,194	80.6%				
2012-2013 Average	3,275	\$ 1,707,232	\$ 1,381,610		\$ 521.42	-0.7%	\$ 420.42	-10.6%
2013-2014 Total	38,176	\$ 21,076,762	\$ 17,398,419	82.5%				
2013-2014 Average	3,181	\$ 1,756,397	\$ 1,449,868		\$ 552.09	5.9%	\$ 455.74	8.4%
2014-2015 Rolling 12	38,205	\$ 21,932,902	\$ 17,584,418	80.2%				
2014-2015 Rolling 12 Avg	3,184	\$ 1,827,742	\$ 1,465,368		\$ 574.08	4.0%	\$ 460.26	1.0%



Historical Medical Renewals and Plan Design Changes

Plan Year	Initial Renewal	Negotiated (no changes)	Final Blended	Renewal Actions Taken
2014 – 2015	15.7%	12.5%	9%	<ul style="list-style-type: none"> Medical renewal without rate guarantee specified in 2013 RFP was 19.4% Initially delivered at 15.7% increase (Rate cap 12% + 3.7% ACA fees) Aon negotiated to 12.5% with ACA fees; second look in May Final renewal with claims through April resulted in 9% increase with no changes to plan design Defined Board subsidy continued in 2014/15 plan year
2013 - 2014	Marketed plan design prior to receiving initial renewal	9%	6%	<ul style="list-style-type: none"> Medical Marketing for carrier change – Florida Blue awarded HMO (3% increase) and PPO (14% increase) replaced Aetna POS No change to District subsidy Began cost share for Employee Only coverage
2012-2013	13-15%	2.5%	2.5%	<ul style="list-style-type: none"> Projected increase of 13-15%. Aetna made a business decision - Rate pass for POS + HCR impact <ul style="list-style-type: none"> Adding gatekeeper referral requirement Charged 2.5% for PPACA compliance impact No change to employee contributions
2011-2012	13.1%	8.5%	0.3%	<ul style="list-style-type: none"> Review of over 15 Plan Alternatives & 7 contribution models Moved from three (3) medical options to one Choice POS Reduced cost for Employee Only coverage to \$0
2010-2011	28.4%	26.9%	4.7%	<ul style="list-style-type: none"> Medical Marketing for carrier change – Aetna retained and awarded Review of multiple plan design and funding alternatives post-award Changes were made to all three plan designs
2009-2010	15.3%	10.8%	0%	<ul style="list-style-type: none"> Review of over 20 plan designs and over 12 contribution scenarios <ul style="list-style-type: none"> Plan design changes to all three plans Reduced employee contribution for all family tiers and HDHP plan
2008-2009	8.4%	7%	6.15%	<ul style="list-style-type: none"> Review of 10 plan design alternatives and contribution adjustments Replaced HRA with HSA and increased District subsidy Some changes to Premium HMO



Florida Blue Final Renewal

Florida Blue provided the following renewal for the 2015/2016 plan year:

- Initial renewal was delivered in February using claims through January
 - Initial calculation called for 13.86%
 - Florida Blue reduced to 10.25%
- In March, Aon offered to reduce commissions to 0.25%, for an estimated savings valued at **\$61,000**
 - The Insurance Committee reviewed seven plan design alternatives to reduce the overall cost, including two in-network only high deductible health plans compatible with a Health Savings Account (HSA).
- In April, Florida Blue reviewed claims through March and reduced the renewal to a flat 9.0% above current
 - As an alternative, Florida Blue offered a 7.5% renewal above current if the pooling point is moved to \$500,000 effective 10-1-15
- In May, Florida Blue reviewed claims through April and calculated the same required increase, holding to the 9% renewal.

The Florida Blue underwriting **formula** for calculating the renewal is based on the plan experience, trend, and adjustments for anticipated claims. Their formula calculated a **required premium increase of 13%**, including ACA impact and fees. They did not change their underwriting factors, but instead made a business decision to reduce the renewal to the **9%**.



Final Renewal: Aon Underwriting Comparison

Aon's actuarial team provided projected renewal which called for a 7.6% increase over current.

	Florida Blue	Aon Rebuttal
Adjusted Claims	\$17,584,419	\$17,584,419
IBNR adjustment	\$219,805	\$0
Est Incurred Adjusted Claims	\$17,804,224	\$17,584,419
Benefit Adjustment	\$0	\$0
Adjusted Est Incurred Experience Rated Claims	\$17,804,224	\$17,584,419
Trend	1.1555	1.135
Trended Incurred Adjusted Claims	\$20,572,782	\$19,958,316
Add back claims Under Pooling Point	\$0	\$0
Adjusted Est Incurred Experience Rated Claims	\$20,572,782	\$19,958,316
Adjust to Current Enrollment	\$20,753,822	\$20,133,948
Pooling Charge	\$1,099,952	\$906,028
Total Annual Claims and Pooling	\$21,853,774	\$21,039,976
Retention (with .25% Commission)	\$4,431,658	\$3,785,954
Total Needed Premium	\$26,285,432	\$24,825,930
Annualized Premium Based on Current Enrollment	\$23,260,722	\$23,260,722
Indicated % Increase from Current	13.0%	6.73%
Transitional Reinsurance Fee		\$192,676
PCORI Fee		\$9,546
Total Needed Premium plus HCR		\$25,028,153
Annualized Premium Based on Current Enrollment		\$23,260,722
Florida Blue Best and Final / Aon Projected Increase	9.0%	7.60%



Aon Pooling Point Analysis

We reviewed the large claim experience from prior years to analyze the feasibility of increasing the pooling point.

- There are 3 large claims in the current rolling 12 months that are on the verge of breaching the pooling point of \$295,000.
- In each of the prior plan years there are several claims at more than 67% of the \$295,000 and at least 4 claims above the 50% level.

October 1, 2013 - September 30, 2014

45 claimants with claims over \$50,000
13 claimants with claims over \$100,000
1 claimant with claims over \$300,000

Total for all claimants with claims above \$50,000 was \$4,063,013 or approximately 25% of the total

October 1, 2012 - September 30, 2013

31 claimants with claims over \$50,000
11 claimants with claims over \$100,000
2 claimants with claims over \$200,000

Total for all claimants with claims above \$50,000 was \$3,099,715 or approximately 21% of the total

October 1, 2011 - September 30, 2012

41 claimants with claims over \$50,000
13 claimants with claims over \$100,000
3 claimants with claims over \$300,000

Total for all claimants with claims above \$50,000 was \$4,360,276 or approximately 26% of the total



Aon Pooling Point Analysis

The exhibit below demonstrates the impact to the District if the pooling point were increased to \$500,000.

	<u>4/1/14 - 3/31/15</u>	<u>Projected 10/1/15 - 9/30/16</u>	<u>Reimbursement at \$295,000</u>	<u>Reimbursement at \$500,000</u>
Claimant 1	\$232,239	\$263,591	\$0	\$0
Claimant 2	\$211,776	\$240,366	\$0	\$0
Claimant 3	\$202,553	\$229,898	\$0	\$0
Subtotals	\$646,568	\$733,855	\$0	\$0

	<u>10/1/13 - 9/30/14</u>	<u>Projected 10/1/15 - 9/30/16</u>	<u>Reimbursement at \$295,000</u>	<u>Reimbursement at \$500,000</u>
Claimant 1	\$302,883	\$357,402	\$62,402	\$0
Subtotals	\$302,883	\$357,402	\$62,402	\$0

	<u>10/1/12 - 9/30/13</u>	<u>Projected 10/1/15 - 9/30/16</u>	<u>Reimbursement at \$295,000</u>	<u>Reimbursement at \$500,000</u>
Claimant 1	\$366,980	\$466,065	\$171,065	\$0
Claimant 2	\$243,510	\$309,258	\$14,258	\$0
Claimant 3	\$217,990	\$276,847	\$0	\$0
Subtotals	\$828,480	\$1,052,170	\$185,322	\$0



Committee Recommendation – Medical

Below is the committee recommendation for the 2015 – 2016 plan year. The insurance committee recommends to keep the current HMO and PPO plans in place with no changes to the benefits and add a third HSA plan for employees to have a lower cost option.

	Current BlueCare HMO	Current BlueOptions PPO		New BlueCare HSA
	In Network	In Network	Out of Network	In Network
Annual Deductible	\$3,000/\$6,000	\$3,000/\$6,000	\$6,000/\$12,000	\$1,500/\$3,000
Out of Pocket Max	\$6,350/\$12,700	\$6,000/\$12,000	\$12,000/\$24,000	\$4,500/\$9,000
Coinsurance	30%	100%	40% AD	20%
Office Visits	\$35 / \$65	\$40/\$60	40% AD	20% AD
Emergency Room	\$300	\$300	\$300	20% AD
Prescription Drugs	\$20/40/70 (2x M.O.)	\$15/\$30/\$60 (2x M.O.)	Not Covered	\$10/50/80 AD (2.5x M.O.)
Increase over current HMO	9%	9%		-2.7%

AD = After Deductible



What is a Health Savings Account (HSA)?

- A Health Savings Account (HSA) is an interest-bearing spending and savings account that employees can use to pay for eligible health care expenses using tax-free dollars. An employee must be enrolled in the BlueCare HSA plan to contribute to the HSA offered through Florida Blue.
- Employees can choose how much they would like to contribute to their HSA account during annual enrollment. This amount will then be divided out by the number of paychecks and deducted from their paycheck on a pre-tax basis.
- Employees can use their tax-free HSA money to pay for eligible medical, dental, vision, and prescription drug expenses. To make managing their HSA easier, employees automatically receive an HSA debit card when you enroll. Their HSA funds are theirs to use now and in the future. Any money left in their HSA at the end of the plan year automatically rolls over to the next plan year. The account is theirs to keep, even if they leave the District.
- Aon currently pays the fees to Health Equity for the District's Flexible Spending Account administration. If the Board approves the BlueCare HSA plan, Aon will extend our commitment to the District and pay for HSA administrative expenses.



2015/2016 Total Cost with HSA

Based on current enrollment counts with no estimated migration into the HSA plan, the exhibit below illustrates the impact of the committee's recommendation to add a third HSA plan.

	2014-2015 Medical Plan Rates				10/01/2014 - 09/30/2015 Per Pay Period		2015 -2016 Medical Plan Rates			
	Enrollment	12 month	10 month	Per Pay Period	District	Employee	12 month	10 month	COBRA	Per Pay Period
Blue Options PPO										
Employee	531	\$538.54	\$646.25	\$323.12	\$258.49	\$64.63	\$587.02	\$704.42	\$598.76	\$352.21
EE & SP	56	\$1,040.60	\$1,248.72	\$624.36	\$258.49	\$365.87	\$1,134.26	\$1,361.11	\$1,156.95	\$680.56
EE & Ch(s)	33	\$992.68	\$1,191.22	\$595.61	\$258.49	\$337.12	\$1,082.02	\$1,298.42	\$1,103.66	\$649.21
Family	40	\$1,363.62	\$1,636.34	\$818.17	\$258.49	\$559.68	\$1,486.36	\$1,783.63	\$1,516.09	\$891.82
BlueCare HMO										
Employee	1,907	\$483.56	\$580.27	\$290.14	\$258.49	\$31.65	\$527.08	\$632.50	\$537.62	\$316.25
EE & SP	207	\$934.34	\$1,121.21	\$560.60	\$258.49	\$302.11	\$1,018.44	\$1,222.13	\$1,038.81	\$611.06
EE & Ch(s)	98	\$891.36	\$1,069.63	\$534.82	\$258.49	\$276.33	\$971.58	\$1,165.90	\$991.01	\$582.95
Family	179	\$1,224.42	\$1,469.30	\$734.65	\$258.49	\$476.16	\$1,334.64	\$1,601.57	\$1,361.33	\$800.78
HS A										
Employee							\$480.12	\$576.14	\$489.72	\$288.07
EE & SP	No						\$873.76	\$1,048.51	\$891.24	\$524.26
EE & Ch(s)	Assumptions						\$833.66	\$1,000.39	\$850.33	\$500.20
Family							\$1,145.22	\$1,374.26	\$1,168.12	\$687.13

3,051

Total Annual Cost: \$ 22,243,480

Total Annual Cost: \$ 24,245,535

Difference in Total Premium

\$2,002,055

Increase

9.0%





Section 2: Medical Gap

- ❑ Gap Renewal



Medical Gap Plans with Kemper Benefits

The Medical Gap plans call for a **3% increase to current rates**. This increase is due to the impact of ACA. The increase per pay period ranges from \$0.34 to \$1.99 for the 1500 plan and \$0.67 - \$2.98 for the 3000 plan.

The Medical Gap plan is 100% employee paid.

Benefit	Plan 1500		Plan 3000	
Inpatient Hospital Benefit Individual/Family	\$1,500/\$4,500		\$3,000/\$9,000	
Outpatient Hospital Benefit Individual/Family	\$750/\$2,250		\$1,500/\$4,500	
Ambulance Benefit (Accident only)	\$350 Per Person Per Benefit Year		\$350 Per Person Per Benefit Year	
	2015 Rates			
Coverage Tier	<u>10 month pay period</u>	<u>Payroll Deduction</u>	<u>10 month pay period</u>	<u>Payroll Deduction</u>
Employee only	\$39.05	\$19.52	\$55.03	\$27.52
Employee + Spouse	\$78.00	\$39.00	\$112.45	\$56.23
Employee + Child(ren)	\$70.98	\$35.49	\$97.43	\$48.71
Family	\$118.32	\$59.16	\$165.79	\$82.90





Section 3: Dental

- Dental Renewal
- Experience



Dental Renewal

- The DeltaCare Prepaid DHMO and Delta Dental PPO plans renewed with **no cost to current rates**, guaranteed for 2 years through September 30, 2016. This will be the second year of their 2 year rate guarantee.
- There are no modifications to either benefit option for the 2015/2016 plan year.

Dental PPO	Renewal 10 month Premiums 2015 - 2016	Renewal Per Payroll Deduction 2015 - 2016
Employee	\$40.67	\$20.33
Employee + One	\$78.68	\$39.34
Family	\$126.40	\$63.20

DeltaCare DHMO	Renewal 10 month Premiums 2015 - 2016	Renewal Per Payroll Deduction 2015 - 2016
Employee	\$14.94	\$7.47
Employee + One	\$26.56	\$13.28
Family	\$39.47	\$19.73





Section 4: Vision

- Vision Renewal and Experience



Humana Vision Renewal

- 2015/2016 Renewal
 - 9.5% increase with 2 year rate guarantee
 - Increase is due to reductions in premium and increase in claims. The Loss ratio increased 9%.

	Average Employees	Average Premium	Average Claims	Overall Loss Ratio	Claims Paid PEPM
Current	3,644	\$34,109	\$24,119	70.7%	\$6.62
Prior	3,600	\$35,374	\$22,870	64.7%	\$6.35
Year over Year	1%	-4%	5%	9%	4%

Note: Current Period represents April 2014 – March 2015; Prior Period represents April 2013 – March 2014

- Vision Renewal History
 - No increase since 2011
 - All ACA fees have been included in Humana’s costs
- Overall Cost Impact to Plan A employees per pay period (based on 20 pay deductions). The Humana Vision Plan is 100% employee paid under Plan A and is 100% Board Paid under Plan B.

	Current Rates Per 20-Pay Period	Renewal Rates Per 20-Pay Period	Difference Per 20-Pay Period
Employee	\$3.27	\$3.58	\$0.31
Employee + Family	\$11.76	\$12.85	\$1.09





Section 5: Ancillary Plans

- Life and Disability
- Voluntary Plans



Life and Disability with Liberty Mutual

The 2015/2016 renewal will represent the third year of a three year contract. **Rates will remain the same** for the 2015 - 2016 plan year.

Term Life and Accidental Death and Dismemberment (AD&D) Insurance

- Basic Life and AD&D
- Voluntary Employee Life and AD&D
- Voluntary Spouse Life and AD&D
- Voluntary Child Life and AD&D

Disability

- Short Term Disability
- Long Term Disability

Liberty Mutual was awarded the life and disability coverage a result of the 2013 RFP, honoring proposed rates for three years through September 30, 2016.



Unum Voluntary Plans

Unum will continue to offer the Accident and Injury, Critical Illness and Whole Life programs with **no rate increase** to CCDS employees for the 2015 - 2016 plan year.

Accident and Injury

- Accident and Injury provides a lump sum benefit based on the type of injury or covered incident you encounter or the type of treatment you need.

Critical Illness

- Critical Illness insurance provides financial support if you or your dependents suffer from a serious disease

Whole Life

- Whole Life insurance is offered to you as additional life insurance coverage which is portable. When employees enroll in Whole Life insurance, their rates are locked in at the age they enroll.





Section 6: Renewal Overview



Committee Recommendation Renewal Overview

The table below lists all of the CCDS benefit plans and the 2015 – 2016 renewal for each plan. The Insurance Committee has voted to accept the following renewals.

Benefit Plan	Carrier	Renewal
Medical	Florida Blue	9% increase
Medical Gap Plan	Kemper Benefits	3% increase
Vision	CompBenefits/Humana	9.5% increase until 2017
Dental	Delta Dental	Rate guaranteed until 2016
Accident and Injury Plan	Unum	Rate Pass
Critical Illness	Unum	Rate Pass
Whole Life	Unum	Rate Pass
Basic Life Insurance	Liberty Mutual	Rates guaranteed until 2016
Long Term Disability	Liberty Mutual	Rates guaranteed until 2016
Short Term Disability	Liberty Mutual	Rates guaranteed until 2016
Flexible Spending Account	Health Equity	Rate Pass
Benefit Enrollment System	Univers	Rate guaranteed until 2016

