

# Clay County District Schools Board Workshop

*June 10, 2014*



# Topics for Discussion

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## SECTION 1 – Overview

- Summary of All Benefit Plan Renewals

## SECTION 2 – Medical

- History
- Renewal
- Updated Claims

## SECTION 3 – Medical Gap

- Renewal
- Experience

## SECTION 4 – Dental

- Renewal
- Experience

## SECTION 5 – Ancillary Plans in Rate Guarantee Contract

- Liberty Mutual
- UNUM

## SECTION 6 – Enrollment System



# Section 1: Renewal Overview



- Renewal results for all benefit plans



## Renewal Overview

The table below lists all of the CCDS benefit plans and the 2014 - 2015 renewal for each plan.

Benefit Plan	Carrier	Renewal
Medical	Florida Blue	9.0% increase until 2015
Medical Gap Plan	Kemper Benefits	15% increase until 2015
Dental	Delta Dental	5% increase until 2016
Vision	CompBenefits/Humana	Rates guaranteed until 2015
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



## Section 2: Medical Renewal



- History
- Medical Renewal
- Updated Claims



# 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	38,691	\$ 20,984,228	\$ 16,584,622	79.0%				
2013-2014 Average	3,181	\$ 1,127,321	\$ 809,014		\$ 542.35	4.0%	\$ 428.64	2.0%



# Historical Medical Renewals and Plan Design Changes

Plan Year	Initial Renewal	Negotiated (no changes)	Final Blended	Renewal Actions Taken
2013 - 2014	N/A	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>
2010-2011	28.4%	26.9%	4.7%	<ul style="list-style-type: none"> <li>• Medical Marketing for carrier change – Aetna retained and awarded</li> <li>• Review of multiple plan design and funding alternatives post-award</li> <li>• Changes were made to all three plan designs</li> </ul>
2009-2010	15.3%	10.8%	0%	<ul style="list-style-type: none"> <li>• Review of over 20 plan designs and over 12 contribution scenarios                             <ul style="list-style-type: none"> <li>• Plan design changes to all three plans</li> <li>• Reduced employee contribution for all family tiers and HDHP plan</li> </ul> </li> </ul>
2008-2009	8.4%	7%	6.15%	<ul style="list-style-type: none"> <li>• Review of 10 plan design alternatives and contribution adjustments</li> <li>• Some changes to Premium HMO</li> </ul>
2007-2008	15.5%	15.1%	15.1%	<ul style="list-style-type: none"> <li>• No plan design changes</li> <li>• Began cost share for Basic HMO Employee Only coverage</li> <li>• Increased pooling point</li> </ul>
2006-2007	8.3%	8.3%	8.3%	<ul style="list-style-type: none"> <li>• Review of 8 contribution and plan design alternatives.</li> <li>• Changes to prescription drug copayments under Premium HMO.</li> </ul>



## 2014 Initial Medical Renewal

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Within the 2013 Medical RFP, the responding vendors were asked to provide a rate guarantee for the 2014 Renewal.

Florida Blue guaranteed a maximum increase of **12% PLUS** any charges related to Health Care Reform.

- Rate cap of 12% applies to medical plan renewal rates based on plan experience
- Excludes fees related to the Affordable Care Act:
  - Patient Centered Outcomes Research Institute (PCORI) fee
  - Transitional Reinsurance Fee
  - Health Insurer Fee
  - Plan design changes required by ACA
    - 2014 Plans must have all cost sharing applied to Out of Pocket Maximums

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 19.4%**, including ACA impact and fees.

- Rate Guarantee was honored
- Renewal was reduced to **15.7%**
  - 12% increase for plan experience (up to the rate cap) plus,
  - **3.7% for ACA impact and fees (non negotiable)**



# Renewal Negotiations

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Aon negotiated renewal points with Florida Blue underwriting

- Aon underwriters projected a 8 – 9% renewal using different actuarial factors.
  - Aon factors included a lower medical trend, and lower completion factors for immature claims.
- Based on the negotiation, the renewal was further reduced by \$689,000 overall.
- Negotiated rates reflected an increase of **12.5% (well below the rate cap)**.
- Florida Blue agreed to update the renewal with claims thru April for additional reduction.
- In April, the Insurance Committee voted to wait until additional claims were available and meet again in May to determine if claims improved sufficiently to further lower rates.

Florida Blue updated the renewal with claims through April and presented the results at a May 29<sup>th</sup> Insurance Committee meeting.

- Their formula lowered the calculated required premium increase to **16.4%**, including ACA impact and fees.
- Florida Blue further reduced the renewal to a **best and final 9%, representing a 5.3% increase in plan experience plus 3.7% for HCR fees**.
- **Best and final represents a reduction of approximately \$1.5 million** by Florida Blue from their underwriting formula required premium.



# Rolling 12 Month Claims Experience (includes Aetna Claims)

## Clay County School Board Medical Experience Report

	Covered Employees	Medical Claims	Pharmacy Claims	Capitation	Total Claims	PEPM Claim Cost	Total Premium	Loss Ratio
May-13	3,288	\$892,001	\$360,640	\$1,623	\$1,254,264	\$381.47	\$1,718,827	73.0%
June-13	3,287	\$870,200	\$395,324	\$1,715	\$1,267,238	\$385.53	\$1,718,702	73.7%
July-13	3,284	\$1,085,747	\$400,825	\$1,903	\$1,488,475	\$453.25	\$1,714,455	86.8%
August-13	3,284	\$1,094,127	\$443,761	\$2,105	\$1,539,993	\$468.94	\$1,717,228	89.7%
September-13	3,280	\$908,304	\$416,166	\$2,010	\$1,326,480	\$404.41	\$1,714,481	77.4%
October-13	3,150	\$954,771	\$340,950	\$19,719	\$1,315,440	\$417.60	\$1,753,859	75.0%
November-13	3,175	\$1,003,671	\$351,562	\$19,276	\$1,374,510	\$432.92	\$1,765,805	77.8%
December-13	3,187	\$907,329	\$323,091	\$18,991	\$1,249,411	\$392.03	\$1,781,621	70.1%
January-14	3,200	\$1,148,388	\$468,009	\$18,297	\$1,634,694	\$510.84	\$1,772,474	92.2%
February-14	3,191	\$992,659	\$377,782	\$18,580	\$1,389,021	\$435.29	\$1,783,664	77.9%
March-14	3,184	\$904,374	\$423,917	\$18,436	\$1,346,727	\$422.97	\$1,770,145	76.1%
April-14	3,181	\$863,705	\$516,097	\$18,567	\$1,398,369	\$439.60	\$1,772,967	78.9%
<b>2013-2014 Plan Year Total</b>	<b>22,268</b>	<b>\$6,774,897</b>	<b>\$2,801,409</b>	<b>\$131,866</b>	<b>\$9,708,172</b>	<b>\$436</b>	<b>\$12,400,536</b>	<b>78.3%</b>
<b>2013-2014 Plan Year Avg (October - April)</b>	<b>3,181</b>	<b>\$967,842</b>	<b>\$400,201</b>	<b>\$18,838</b>	<b>\$809,014</b>	<b>\$436</b>	<b>\$1,127,321</b>	<b>71.8%</b>
<b>Rolling 12-Month (May - Apr)</b>	<b>38,691</b>	<b>\$11,625,275</b>	<b>\$4,818,125</b>	<b>\$141,222</b>	<b>\$16,584,622</b>	<b>\$5,145</b>	<b>\$20,984,228</b>	<b>79.0%</b>
<b>Rolling 12-Month Average</b>	<b>3,224</b>	<b>\$968,773</b>	<b>\$401,510</b>	<b>\$11,769</b>	<b>\$975,566</b>	<b>\$429</b>	<b>\$1,234,366</b>	



# Impact of Value Based Rx Benefit

Florida Blue's value based benefit design focuses on five (5) categories of medications used to treat the following chronic conditions: high blood pressure, high cholesterol, diabetes, depression and respiratory.

For the 2013-2014 plan year Clay County utilized the value based program to more effectively manage five (5) drug categories, (high blood pressure, high cholesterol, diabetic supplies, depression and respiratory), that traditionally have had the greatest impact on plan cost.

Value based savings from 10/01/2013 – 12/31/2013 to district employees using \$0 cost generics was **\$87,954**

Benefit Indicator	# of Claims	# of Generic Claims	GUR	# Distinct Utilizers	Total Member Paid	Total Plan Paid	Total Paid	Reprice Member Paid	Reprice Plan Paid	Reprice Total Paid	
Asthma/COPD	494	225	45.6%	494	\$15,553.07	\$39,488.21	\$55,041.28	\$15,553.07	\$39,488.21	\$55,041.28	
Depression	1,257	1,123	89.3%	1,257	\$20,546.37	\$34,445.99	\$54,992.36	\$20,546.37	\$34,445.99	\$54,992.36	
Diabetes	923	359	38.9%	923	<b>\$120.00</b>	\$166,478.47	\$166,598.47	<b>\$29,633.92</b>	\$136,964.55	\$166,598.47	
High Blood Pressure	2,272	2,079	91.5%	2,272	\$0.00	\$57,842.13	\$57,842.13	<b>\$32,094.13</b>	\$25,748.00	\$57,842.13	
High Cholesterol	1,152	873	75.8%	1,152	\$0.00	\$95,720.67	\$95,720.67	<b>\$26,346.41</b>	\$69,374.26	\$95,720.67	
Other	9,689	7,000	72.3%	9,689	\$157,874.05	\$730,027.87	\$887,901.92	\$157,874.05	\$730,027.87	\$887,901.92	
<b>Total:</b>	<b>15,787</b>	<b>11,659</b>	<b>73.9%</b>	<b>15,787</b>	<b>\$194,093.49</b>	<b>\$1,124,003.34</b>	<b>\$1,318,096.83</b>	<b>\$282,047.95</b>	<b>\$1,036,048.88</b>	<b>\$1,318,096.83</b>	
								<b>Costs/Savings:</b>	<b>(\$87,954.46)</b>	<b>\$87,954.46</b>	<b>\$0.00</b>



## Section 3: Medical Gap



- Medical Gap Plan Renewal
- Medical Gap Plan Experience



## Medical Gap Plans with Kemper Benefits

In the 2012-2013 plan year, there were 658 claims. The premium for the year was \$314,675 and claims were \$341,165, a loss ratio of **108%**. From the start of the current plan year through December, 129 claims have been paid, a total of \$52,553 with premium paid of \$87,926.

The Medical Gap plans call for a **15%** increase to current rates. This increase is due to the impact of ACA as well as the poor experience of the plan. The increase per pay period ranges from \$5.01 to \$14.91 for the 1500 plan and \$7.00 - \$20.85 for the 3000 plan.

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	
	<b>2014 Rates</b>			
<b>Coverage Tier</b>	<b>10 month pay period</b>	<b>Payroll Deduction</b>	<b>10 month pay period</b>	<b>Payroll Deduction</b>
Employee only	\$38.38	\$19.19	\$53.70	\$26.85
Employee + Spouse	\$75.71	\$37.85	\$108.73	\$54.37
Employee + Child(ren)	\$68.99	\$34.49	\$94.32	\$47.15
Family	\$114.35	\$57.17	\$159.85	\$79.93



## KeyGap Plan Experience

Coverage Period	Gross Premium	Claims	Loss Ratio
10/1/11 - 9/30/12	\$ 288,690.05	\$ 418,209.98	145%
10/1/12 – 9/30/13	\$ 314,675.47	\$ 341,164.92	108%
10/1/13 – 12/31/2013	\$ 87,926.40	\$ 52,522.55	60%
<b>10/2011 – 12/2013</b>	<b>\$ 691,291.92</b>	<b>\$ 811,897.45</b>	<b>117%</b>

- The first year the GAP plan was implemented, the utilization was high, which is not uncommon. The second year utilization was lower but still resulted in a 108% loss ratio.
- Kemper Benefits did not increase the rates for the 2013 – 2014 plan year, although an increase was warranted.
- Overall, the experience is improving, but Clay County Schools is still in a loss position.

### 2013 – 2014 Enrollment

Coverage Tier	Plan 1500	Plan 3000
EE	143	449
EE+ SP	21	57
EE + CH	8	19
Family	13	17
<b>Total</b>	<b>185</b>	<b>542</b>



# Section 4: Dental Renewal



- Dental Renewal
- Claims



## Dental Renewal

- The DeltaCare Prepaid and Delta Dental PPO plans are scheduled to renew with a new 2 year rate guarantee effective October 1, 2014 – September 30, 2016.
- There are no modifications to either benefit option for the new plan year.
- Premiums for both plans are **5% higher** with **3% impact from ACA**.

Dental PPO	Current 10 month Premiums 2013 - 2014	Renewal 10 month Premiums 2014 - 2015	Current Per Payroll Deduction 2013 - 2014	Renewal Per Payroll Deduction 2014 - 2015
Employee	\$38.72	\$40.67	\$19.36	\$20.33
Employee + One	\$74.94	\$78.68	\$37.47	\$39.34
Family	\$120.37	\$126.40	\$60.19	\$63.20

DeltaCare	Current 10 month Premiums 2013 - 2014	Renewal 10 month Premiums 2014 - 2015	Current Per Payroll Deduction 2013 - 2014	Renewal Per Payroll Deduction 2014 - 2015
Employee	\$14.23	\$14.94	\$7.12	\$7.47
Employee + One	\$25.30	\$26.56	\$12.65	\$13.28
Family	\$37.58	\$39.47	\$18.79	\$19.73



## Dental Experience

Month	Primary Enrollees	Premium	Administration	Claims Paid	Number of Claims Paid
1/13	2,867	\$139,885	\$27,929	\$128,392	943
2/13	2,868	\$140,286	\$28,006	\$99,827	781
3/13	2,865	\$139,872	\$27,923	\$101,722	767
4/13	2,865	\$139,532	\$27,855	\$107,027	791
5/13	2,857	\$139,508	\$27,850	\$103,820	779
6/13	2,833	\$139,364	\$27,822	\$99,425	759
7/13	2,835	\$139,137	\$27,776	\$144,272	1,103
8/13	2,836	\$138,367	\$27,623	\$112,722	826
9/13	2,836	\$139,259	\$27,800	\$83,440	678
10/13	2,872	\$153,171	\$30,578	\$134,217	995
11/13	2,881	\$130,956	\$26,143	\$106,545	742
12/13	2,892	\$143,525	\$28,653	\$113,829	839
<b>Totals</b>	<b>34,307</b>	<b>\$1,682,863</b>	<b>\$335,957</b>	<b>\$1,335,238</b>	<b>10,003</b>



## Dental Classification

Enrolled (monthly average)	Premium	Total Claims Paid	Number of Claims Paid	Loss Ratio
2,859	\$1,682,863	\$1,335,238	10,003	79.3%

Dental Category	Claims Paid	Number of Procedures
Diagnostic	\$338,588	10,360
Preventive	\$290,661	7,051
Restorative	\$126,540	2,147
Crowns / Inlays	\$231,198	1,302
Endodontics	\$96,173	298
Periodontics	\$63,423	1,453
Prosthodontics	\$38,224	312
Oral Surgery	\$80,877	853
Orthodontics	\$55,636	579
Miscellaneous	\$13,918	691
<b>Total</b>	<b>\$1,335,238</b>	<b>25,046</b>



## Section 5: Ancillary Plans



- Liberty Mutual - Life and Disability
- UNUM – Critical Illness, Accident & Injury and Whole Life



## Life and Disability with Liberty Mutual

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The 2014 renewal will represent the second year of a three year contract. **Rates will remain the same** for the 2014-2015 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

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Unum will continue to offer the Accident and Injury, Critical Illness and Whole Life programs with **no rate increase** to CCDS employees for the 2014-2015 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: Web Enrollment System



## Univers Web Enrollment System

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The contract with Univers enrollment system runs through December 31, 2016. **The rate through 2016 is \$1.75 PEPM.** Univers purchased the District's original vendor, Tricerion, in 2013. Tricerion was awarded the contract as a result of an RFP issued in 2010.

### Impact of the Tricerion acquisition:

- System and platform changes were made for the 10/1/2013 annual enrollment to bring the District on the Univers platform
- Key account personnel left the company resulting in a loss of continuity
- Loss of important programming history resulting in enrollment logic problems
- Significant learning curve for new account team
- Univers, Aon and District are completing a detailed requirements document prior to this year's open enrollment to assure accuracy

### 2014/2015 Annual Enrollment Process

- UNUM can no longer fund year round call center support or onsite enrollers; call center will be open for 4 weeks during annual enrollment assist employees with their enrollment
- Benefit booklet will continue to be produced and offered to all employees
- Based on feedback from employees, meetings will not be held at each location but will be held at select locations, including evenings, for those employees who wish to attend

