



# **School Board of Clay County 2016 / 2017 Benefit Renewal Recommendations**

March 22, 2016



# Topics for Discussion

---

## 2016-2017 Clay County District Schools Benefit Program as Recommended by the Insurance Committee

- Medical Plan Marketing and Final Selection
- Renewals for All Other Insured Benefits

**NOTE ALL RATES SHOWN IN THIS PRESENTATION ARE SUBJECT TO COLLECTIVE BARGAINING.**



# Medical Plan RFP Process

---

## **September 22, 2015**

The Insurance Committee voted to market the medical insurance

- Renewal from FI Blue had not yet been provided or projected
- All Insurance Committee Members agreed to be included in the RFP review and final selection process

## **October 19, 2015**

Aon draft of the Medical RFP and Questionnaire was reviewed and revised by the Insurance Committee

## **November 16, 2015**

Medical RFP was posted by SBCC Purchasing Department

## **January 6, 2016**

SBCC Purchasing Department received and distributed responses to all RFP Committee Members for review and to AonHewitt for analysis. Three carriers responded; Aetna, FI Blue and United Healthcare.

## **February 10 - 11, 2016**

Aon Hewitt presented a complete comparative analysis of all RFP responses to RFP Committee, and Director of Purchasing. The RFP Committee selected two finalists, Aetna and United Healthcare

## **February 24, 2016**

Finalists were interviewed by the RFP Committee. The Committee voted to recommend changing carriers from Florida Blue to United Healthcare.



## Medical RFP Response Summary

---

The purpose of the RFP was to compare medical insurance carriers in the marketplace who may provide an equal or better program for the same or lower cost. The RFP requested rates and benefits based on the current plan designs.

### **Medical carriers were requested to provide:**

- Fully insured proposals matching current plan designs
- A \$200,000 first year Wellness Allowance, \$100,000 in year two
- A Premier Wellness Package including a new onsite Wellness Representative
- Flexible Spending Account administration
- Second year underwriting commitments

### **Three medical carriers responded:**

- Aetna, Florida Blue (Incumbent), and United Healthcare

### **Vendors were scored based on the following criteria:**

- Net cost considerations
- Carrier qualifications and network features
- Benefit Provisions
- Administrative Services; and
- Other Features (Wellness, Flexible Spending, Health Risk Assessments, etc.)



## Finalist Selection and Interviews

---

During the February 10<sup>th</sup> and 11<sup>th</sup> meetings, the RFP Committee selected Aetna and United Healthcare as Finalists.

The RFP Committee eliminated FI Blue from consideration

- Elimination based on overall cost, proposing increasing the rates 3% over current; while Aetna and United Healthcare proposed rates lower than current rates, and due to other non-competitive responses.

Each Finalist received a Finalist Agenda that requested the following:

- Best and Final pricing
- Presentation of the value added benefits contained within their proposals:
- Premier Wellness Program
- FSA Administration
- 2 onsite representatives

Finalist Presentations were made to the RFP Committee on February 24<sup>th</sup>.

- Both finalist offered improved financials either through additional rate reductions or additional one time premium credits



## Best and Final Medical Proposals

The Insurance Committee selected United Healthcare as the recommended new medical insurance carrier for 2016-2017.

Plans	Current Enrollment	Current Florida Blue	Aetna	UHC
<b>Best and Final Response</b>				
PPO	<b>616</b>	\$5,130,612	\$4,843,283	\$4,984,035
HMO	<b>2243</b>	\$17,181,274	\$16,219,052	\$16,691,672
HSA	<b>200</b>	\$1,522,589	\$1,437,319	\$1,479,287
2016/2017 Total Annual Premium	<b>3,059</b>	<b>\$23,834,475</b>	<b>\$22,499,654</b>	<b>\$23,154,993</b>
<b>\$ Increase from 2015/2016</b>			<b>(\$1,334,821)</b>	<b>(\$679,481)</b>
<b>% Increase from 2015/2016</b>			<b>-5.60%</b>	<b>-2.85%</b>

Additional Premium Considerations	Aetna	UHC
Flexible Spending Account Administration	\$36,309	\$0
One time Premium Credit	<b>(\$350,000)</b>	<b>(\$1,929,583)</b>
Net Cost Increase / Decrease from Current \$	<b>(\$1,648,512)</b>	<b>(\$2,609,064)</b>
Net Cost Increase / Decrease from Current %	<b>-6.9%</b>	<b>-10.9%</b>
Performance Guarantees / Premiums at Risk	<b>(\$224,997)</b>	<b>(\$191,050)</b>

### Aetna

Wellness incentives @ \$50 / EE **\$152,950** Provided in addition to Wellness Allowance

### UHC

Wellness incentives @ \$200 / EE **\$ 611,800** Provided in addition to Wellness Allowance



# Best and Final Medical Proposals

Blue Options PPO	Best and Final Rates				Best and Final Rates	
	Curent Inforce Plan		Aetna Response	Aetna	UnitedHealthcare Response	United Healthcare
Class: All Employees	Lives	Monthly Rates	Monthly Rates	Tenthly	Monthly Rates	Tenthly
Employee Only	509	\$587.02	\$554.15	\$664.97	\$570.25	\$684.30
Employee + Spouse	55	\$1,134.26	\$1,070.74	\$1,284.88	\$1,101.85	\$1,322.22
Employee + Child(ren)	27	\$1,082.02	\$1,021.42	\$1,225.70	\$1,051.11	\$1,261.33
Family	25	\$1,486.36	\$1,403.12	\$1,683.74	\$1,443.89	\$1,732.67
<b>Annual Total</b>	<b>616</b>	<b>\$5,130,612</b>	<b>\$4,843,283</b>		<b>\$4,984,035</b>	
Blue Care HSA	Lives	Monthly Rates	Monthly Rates	Tenthly	Monthly Rates	Tenthly
Employee Only	140	\$480.12	\$453.23	\$543.88	\$466.85	\$560.22
Employee + Spouse	23	\$873.76	\$824.82	\$989.78	\$848.12	\$1,017.74
Employee + Child(ren)	9	\$833.66	\$786.97	\$944.36	\$809.20	\$971.04
Family	28	\$1,145.22	\$1,081.09	\$1,297.30	\$1,111.62	\$1,333.94
<b>Annual Total</b>	<b>200</b>	<b>\$1,522,589</b>	<b>\$1,437,319</b>		<b>\$1,479,287</b>	
Blue Care HMO	Lives	Monthly Rates	Monthly Rates	Tenthly	Monthly Rates	Tenthly
Employee Only	1,814	\$527.08	\$497.56	\$597.07	\$512.06	\$614.47
Employee + Spouse	202	\$1,018.44	\$961.40	\$1,153.68	\$989.42	\$1,187.30
Employee + Child(ren)	91	\$971.58	\$917.17	\$1,100.60	\$943.89	\$1,132.67
Family	136	\$1,334.64	\$1,259.89	\$1,511.87	\$1,296.61	\$1,555.93
<b>Annual Total</b>	<b>2243</b>	<b>\$17,181,274</b>	<b>\$16,219,052</b>		<b>\$16,691,672</b>	



## 2016/2017 Ancillary Renewals

Below are the SBCC benefit plans for the 2016-2017 plan year and renewals recommended by the Insurance Committee:

Benefit Plan	Carrier	Renewal Action
Medical Gap Plan	Key Benefit Resources	Initial Renewal - 60% increase to rate was reduced to 40% over current however committee voted to replace both plans with new KeyGap 2000 plan at current Gap 3000 plan rates
Dental	Delta Dental	Initial Renewal of 6.1% was reduced to 3.93% with 2 year rate guarantee
Vision	CompBenefits/Humana	Rates Guaranteed until 9/30/2017
Accident and Injury Plan	Unum	Rate Hold for one year
Critical Illness	Unum	Rate Hold for one year
Whole Life	Unum	Rate Hold for one year
Basic Life Insurance	Liberty Mutual	Rate Hold for two years
Long Term Disability	Liberty Mutual	Rate Hold for two years
Short Term Disability	Liberty Mutual	Rate Hold for two years





## Medical Gap Plans: Experience and Rate History

The Medical GAP plan was implemented to help employees offset out of pocket costs in the wake of increasing deductibles. It has been a valuable option for employees and heavily utilized since its introduction in 2011.

Coverage Period	Gross Premium	Claims	Loss Ratio
10/1/11 - 9/30/12	\$ 288,690	\$ 418,210	145%
10/1/12 – 9/30/13	\$ 314,676	\$ 341,165	108%
10/1/13 – 9/30/14	\$ 324,425	\$305,614	94%
10/1/14 – 9/30/15	\$ 282,350	\$254,245	90%
<b>All Policy Years</b>	<b>\$1,210,141</b>	<b>\$1,319,234</b>	<b>109%</b>

### Rate History

- Key Benefit Resources did not increase the rates for the 2013 – 2014 plan year, although an increase was warranted.
- The 2014 rates were increased by 15%
- The 2015 rates were increased by 2-4%



# Medical Gap Plans: Negotiated Renewal

Current Benefit	Plan 3000	Plan 1500	New Plan 2000
Inpatient Hospital Benefit Individual/Family	\$3,000/\$9,000	\$1,500/\$4,500	\$2,000 / \$6,000
Outpatient Hospital Benefit Individual/Family	\$1,500/\$4,500	\$750/\$2,250	\$1,000 / \$3,000
Ambulance Benefit (Accident only)	\$350 Per Person Per Benefit Year	\$350 Per Person Per Benefit Year	\$350 Per Person Per Benefit Year

	Current Rates Per 20-Pay				New Plan 2000 Per 20-Pay
	KeyGap 3000	Enrolled	KeyGap 1500	Enrolled	KeyGap 2000
Employee	\$27.52	449	\$19.52	143	\$27.52
Employee + Spouse	\$56.23	57	\$39.00	21	\$56.23
Employee + Child(ren)	\$48.71	19	\$35.49	8	\$48.71
Employee + Family	\$82.90	17	\$59.16	13	\$82.90



## Delta Dental: Negotiated Renewal

Delta Dental has reduced the initial renewal to a **3.93% renewal increase** effective October 2016 for 2 years. Below are the rate increased to employees per pay period.

Plan	Current Plan Year 2015 - 2016		Renewal Rate Plan Year 2016 - 2018		Increase Per Pay
	Tenthsly Rate	Employee Per Pay (20)	Tenthsly Rate	Employee Per Pay (20)	
<b>Dental DHMO - Plan A</b>					
Employee Only	\$14.94	\$7.47	\$15.53	\$7.77	\$0.30
Employee + One Dependent	\$26.56	\$13.28	\$27.59	\$13.80	\$0.52
Family	\$39.47	\$19.73	\$41.02	\$20.51	\$0.78
<b>Dental DHMO - Plan B</b>					
Employee Only	\$14.94	\$0.00	\$15.53	\$0.00	\$0.00
Employee + One Dependent	\$26.56	\$5.81	\$27.59	\$6.03	\$0.22
Family	\$39.47	\$12.26	\$41.02	\$12.75	\$0.48
<b>Dental PPO - Plan A</b>					
Employee Only	\$40.67	\$20.33	\$42.26	\$21.13	\$0.80
Employee + One Dependent	\$78.68	\$39.34	\$81.78	\$40.89	\$1.55
Family	\$126.40	\$63.20	\$131.36	\$65.68	\$2.48
<b>Dental PPO - Plan B</b>					
Employee Only	\$40.67	\$0.00	\$42.26	\$0.00	\$0.00
Employee + One Dependent	\$78.68	\$19.01	\$81.78	\$19.76	\$0.75
Family	\$126.40	\$42.86	\$131.36	\$44.55	\$1.69



# Humana: Vision Plan and Rates

The Vision plan is currently in a rate guarantee for the 2016/17 plan year.

Service	Frequency	In-Network Benefit	Out-of-Network Benefit (reimbursement only)
Examination	Once per 12 months	\$10 Copayment	Up to \$35 reimbursement
Lenses	Once per 12 months	\$15 Copayment Single, Bifocal, Trifocal	Single lens: Up to \$25 reimbursement Bifocal lens: Up to \$40 reimbursement Trifocal lens: Up to \$60 reimbursement
Frames	Once per 24 months	\$50 Wholesale allowance select frames	Up to \$50 reimbursement
Contact Lenses	Once per 12 months	\$10 Exam \$150 maximum allowance for lenses, fitting, and follow-up	Up to \$35 reimbursement for exam; up to \$150 reimbursement for lenses

	Current/Renewal Rates Per 20-Pay Period
Employee	\$3.58
Employee + Family	\$12.85



## Liberty Mutual: Life and Disability Renewal

Liberty Mutual has provided a **2 year rate hold** effective October 1, 2016 for the Life and Disability Plans.

Overall Loss Ratio	Premium	Incurred Claims	Loss Ratio
Basic Life	\$741,968	\$650,332	<b>87.6%</b>
Optional Life	\$724,090	\$245,465	33.9%
Dependent Life	\$132,636	\$135,250	<b>102.0%</b>
STD	\$874,896	\$490,202	56.0%
LTD	\$417,256	\$533,708	<b>127.9%</b>
<b>Total</b>	<b>\$2,890,846</b>	<b>\$2,054,957</b>	<b>71.1%</b>

