

School District of Clay County Board Workshop

May 13, 2010

AON CONSULTING

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Medical Renewal

- On March 10, 2010 the Insurance Committee received the initial renewal from Aetna.
- The renewal was delivered with an increase of 28.4% to current rates.
- The Committee voted unanimously to market the medical plans for the 2010-2011 plan year.
- An RFP Committee was formed as a sub committee to review the RFP responses and select finalists.
 - RFP Committee was composed of 5 Insurance Committee members (2 CCEA, 2 CESPA, 1 Administrative), one Board member, and one Insurance Department representative for a total of 7 RFP Committee members.
 - RFP Committee was directed by the Insurance Committee to select carrier finalists. Specific plan design was not a factor of the finalist decision.
 - Once Finalists were selected, the RFP Committee would adjourn and the Insurance Committee would reconvene to select the final vendor and plan designs.



Medical Marketing: RFP Overview

Request for Proposal

- The District Purchasing Department directed the RFP process and released a request for proposal on March 22, 2010 requesting medical plan proposals from Aetna, AvMed, Blue Cross Blue Shield of Florida, Cigna, Humana, and United Healthcare. In addition the RFP was posted on the District website and advertised publicly through local media. The bid was therefore open to potential bidders not on the District's bid list.
- The RFP requested pricing for the current plans, pricing for the elimination of the Premium HMO plan, and a third proposal with a carrier recommended option that provided no increase to the current medical plan costs. In addition, the RFP requested pricing of the options on a self insured basis.
- The RFP also requested a proposal for Flexible Spending Account (FSA) Administration as well as information regarding the carrier's ability to establish on-site clinics either internally or through a third party contract.
- Vendors were directed to respond to the SDCC Purchasing Department.
- RFP responses were evaluated by the RFP Committee based on net cost considerations, carrier qualifications, benefit provisions, administrative service capabilities, disruption, and overall response.



Medical Marketing: Vendors

Vendor Responses were due April 13, 2010

- ↳ Cigna and Humana declined to bid.
- ↳ Aetna, BCBSF, and UHC provided pricing to renew the current plans, eliminate the Premium HMO, and a third alternative that provides “near flat” renewal.
- ↳ AvMed did not provide a carrier recommended third option.
- ↳ AvMed did not provide a quote for Flexible Spending Account Administration.
- ↳ Plan design deviations, pricing, formulary match, and provider disruption were provided by Aetna, AvMed, BCBFL, and UHC.



RFP Committee Meetings

April 14, 2010

- Review of provider disruption report only

April 21, 2010

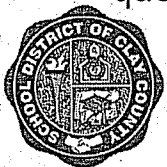
- Review all Marketing Responses
 - RFP Committee voted unanimously to eliminate AvMed.
 - Questions were collected and forwarded to Aetna, BCBSF, and UHC requesting additional clarifications to be presented the following afternoon.

April 22, 2010

- Clarifications received and reviewed by Committee
 - RFP Committee requested additional information/clarifications from Aetna, BCBSFL, and UHC.
 - Score sheets were distributed to Committee members (based on evaluation criteria set forth in the RFP).

April 27, 2010

- Review of updated plan designs, provider reports and additional information submitted by Aetna, BCBSFL, and UHC
 - Scoring worksheets were completed and submitted to RFP Committee Chairperson.
 - BCBSF scored lowest in every category and was eliminated by unanimous Committee vote.
 - Committee selected Aetna and UHC as RFP finalists.
 - RFP Committee was adjourned.
- Immediately following the RFP Committee adjournment, the Insurance Committee met to review the marketing results, finalist selection, and plan designs, and began compiling additional follow up questions for the finalists.



Insurance Committee Meetings

April 28, 2010

- The Insurance Committee met on April 28, 2010 to review the plan designs proposed by the Marketing Finalists, Aetna and United Healthcare.
- The Committee requested pricing for a richer plan option that would replace the Premium HMO. General benefit features for this selected plan were as follows:
 - \$1000/\$2000 Annual Deductible
 - 20% Coinsurance
 - Office visit copay \$35/\$50
 - No Specialist referral requirement
- The Committee had additional questions for both Aetna and United Healthcare, regarding their original proposals. Those questions were captured during the meeting.
- The Committee requested Aetna provide a trend guarantee in their 2-year formula guarantee.
- Finalist Meeting was scheduled for Thursday, May 6, 2010.



Finalist Meeting: May 6, 2010

Finalist Meeting Agenda

- I. Objective: Demonstrate “Best Match”
- II. Financial: Cost effective plan designs, rate formula guarantee
- III. Plan Design: Adding plan enhancements
- IV. Contribution Strategy: Clarify range of adjustment allowed before rates change
- V. On-Site Clinic: Demonstrate capabilities and rate concession
- VI. General Questions: Varied by carrier



Finalist Response

United Healthcare

- Pricing was provided for the requested plan design.
- The plans contain provisions for a Premium Provider network with a benefit differential to the member at the point of service.
- An updated provider disruption report was provided based on the Premium Network, resulting in a 28% match to current utilization.
- Benefit Summaries were provided, but additional clarification is needed to gain a complete understanding of benefits.
- An implementation timeline with key dates was provided
- A current formulary that indicates each drug's tier was provided
- UHC indicated they do not currently partner directly with an onsite clinic vendor
- UHC was instructed to prepare a finalist presentation (hard copy) for each attendee that addresses each component of the Agenda and contains all of the documents sent to Aon.



Finalist Response

Aetna

- ↳ Pricing was provided for the requested plan design, as well as several alternate program options, with and without preventive care enhancements.
 - Triple Option 1
 - Triple Option 2
 - Triple Option 3
 - Triple Option 4
 - Dual Option 1
 - Dual Option 2
 - Dual Option 3
- ↳ Aetna reduced the rates overall from the prior proposal.
- ↳ Overall cost of alternatives ranged from 4.9% below to 7.1% above current cost.
- ↳ Aetna guaranteed a trend of 14% and reduced the pooling charge by \$1.00 per employer per month in their renewal formula guarantee.
- ↳ Aetna confirmed their partnership with Concentra for onsite clinics and the ability to provide prospective rate reduction.
- ↳ Aetna was instructed to prepare a finalist presentation (hard copy) for each attendee that addresses each component of the Agenda and contains all of the documents sent to Aon.



Finalist Decision

- ↳ Committee voted to keep medical with Aetna, 7 approved, 1 opposed and 1 absent.
- ↳ Committee requested additional plan design and rate consideration from Aetna.
- ↳ Next Insurance Committee Meeting was scheduled for Tuesday, May 11, 2010
 - Review additional plan designs
 - Review contribution strategy



Final Plan Decision

↳ Plan Design Alternatives – May 11, 2010

- Committee unanimously agreed to eliminate dual options for consideration
- Committee reviewed three plan design program alternatives offering three plan options to employees
 - Comparison of cost sharing features (deductible, coinsurance, out of pocket maximums)
 - Comparison of benefit enhancements (wellness, bariatric surgery)
- Committee voted on final plan design combination for 3.9% increase to total plan cost

↳ Basic HMO Plan Design Clarification Meeting - May 13, 2010

- Committee was convened to clarify a benefit provision contained in the Basic HMO option agreed to on May 11
- Upon review of the benefit provision the Committee voted 8 approved and 1 opposed to reaffirm their decision from May 11, 2010.
- **Contribution Study**
- Committee reviewed contribution scenarios that illustrated the employee cost per pay period
- Committee recommends a contribution scenario in which the Board absorbs the increase with no increase to employee deductions
- If Board does not agree to their first recommendation, Committee has recommended two alternative cost sharing scenarios sharing the plan cost increase with employees



Insurance Committee Recommendations

On-Site Clinic

The Insurance Committee recommends implementing an On-site Clinic for District Employees and their dependents in the 2010-2011 plan year.

- ➔ Aetna agreed to offer prospective rate reductions to the medical plans, based on the services offered and the potential savings impact to the plans.
- ➔ Next Steps:
 - Identify the breadth of service to be offered
 - Hours of operation
 - Staffing
 - Location
 - Scope of services (Prescription drug dispensing, lab/x-ray, etc.)
 - Tour a functional on-site clinic offered by Concentra, Aetna's on-site clinic management partner

