



Request for Proposal:
**Evaluation of the School
District's Self-Insurance
Health Plan**

November 2019

Timeline

Friday, November 22, 2019	Advertisement Published in the <i>Chicago Tribune</i>
Thursday, December 5, 2019	Proposals Due at 10:00 AM
Tuesday, December 10, 2019	Proposals Presented by Vendors to District Administration
Tuesday, December 17, 2019	Finalist Interviews with Finance Committee
Monday, January 13, 2020	Recommendation Presented to the Board of Education at 7:00 PM
Monday, January 27, 2020	Board of Education Approves Recommendation at 7:00 PM

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This document was last updated on November 20, 2019, at 1:31 PM.

Section 1 - About Glenbrook High School District 225

Overview of the School District

Glenbrook High School District 225 (the District) located approximately twenty-five miles north of downtown Chicago, Illinois, is a high school district serving students in grades 9 – 12. During the 2018-19 school year, the District served 5,198 students in two traditional high schools, Glenbrook North, located in Northbrook, and Glenbrook South, located in Glenview, as well as in a therapeutic day school (Glenbrook Off Campus). This represented an increase of 47 students compared to the 2017-18 school year.

The District’s governing body consists of a seven-member Board of Education elected from within Glenbrook’s boundaries, who each serve a four-year term. Board members are volunteers who do not receive a salary for their services. The Board of Education is responsible for the formulation, adoption, and modification of Board policies, subject only to mandatory collective bargaining agreements, and other agreements entered into by the Board, and State and federal law. To fulfill their duties, the Board of Education meets regularly on the second and fourth Mondays of each month. In addition to the regular meetings, the Board of Education has established standing committees to facilitate the review of topics relevant to the operation of the school district.

To fulfill the mission and objectives of the school district, the Board of Education has recruited an experienced, professional administrative team. This team consists of district and school leaders that are responsible for the day-to-day operations of the school district, and the implementation of the Board Policy.

The Board of Education has entered into collective bargaining agreements with three associations that represent employee groups. These associations include:

Table 1
Collective Bargaining Agreements

Association	Current Contract	Negotiation Topics
Glenbrook Education Association (GEA)	July 1, 2018 – June 30, 2023	<ul style="list-style-type: none"> • 2022-23 School Year All Contract Language
Glenbrook Educational Support Paraprofessional Association (GESPA)	July 1, 2018 – June 30, 2022	<ul style="list-style-type: none"> • 2019-20 School Year Compensation • 2021-2022 School Year All Contract Language
Glenbrook Educational Support Staff Association (GESSA)	July 1, 2018 – June 30, 2022	<ul style="list-style-type: none"> • 2021-22 School Year All Contract Language

Through the collective bargaining agreements referenced in Table 1, the Board of Education has established a medical insurance cost containment committee (cost containment committee). This committee was formed with a shared understanding that, “there is a mutually beneficial need to contain the increases in medical insurance costs” (Appendix A). The committee is charged with reviewing plans, procedures for setting premiums, benefit costs and utilization rates, potential savings and enhancements, and deductibles and copays. However, it is understood that the Board retains the sole right to determine premiums. The cost containment committee meets on an as-needed basis, typically in preparation for determining the factors that will be considered in setting the premium equivalent rates for the upcoming plan year.

Employee Benefits Philosophy

At the Board of Education retreat on May 12, 2016, the Board reaffirmed its goals and principles with respect to employee benefits¹ as follows:

- The Board desires to have a high-quality benefit plan;
- The benefits plan must be affordable for all parties;
- All parties and participants should have a basic knowledge of the cost of the plan;
- There should be a high level of employee satisfaction in the benefit plan;
- The Board desires to maintain a good working relationship with the employee unions;
- The benefit plans should be comparable with other school districts in the area;
- The benefit plans should contain mechanisms to control costs;
- The benefit plans should be flexible to afford expert advice in various areas;
- Employee benefit plans should be equitable to all employees.

Since May 2016, the District has engaged in an external review of the self-insurance plan. This review was performed by DSP Insurance Services during the fall of 2016 and helped inform future cost containment and plan design changes. Significant changes to how health benefits are designed and offered were implemented as part of the 2018 collective bargaining cycle. Since that time, the Board of Education continues to actively monitor the expense of health insurance to ensure that the school district remains fiscally responsible with this large expense (approximately 9.9% of the 2019-20 operating budget).

Foundations of the Self-Insurance Plan

The District has maintained a purchasing cooperative relationship for health-related insurance products and services with other local high school districts through the Secondary School Cooperative Risk Management Program Health Pool (SSCRMP Health Pool). This relationship was formed in June 2006 by Districts 207, 214, and 225. Since that time, participating school districts have achieved monetary savings through volume discounts on health and life insurance products and services for a combined population of employees, compared to the population of each individual district.

While the District benefits from savings through volume discounts on health and life insurance products (e.g. fixed costs) and services, each member of the SSCRMP pool retains full autonomy and authority in designing its specific health plans and related offerings. The limitations that exist within the confines of membership in the pool include the requirements that all members:

- Utilize the same consultant/broker (e.g. Gallagher Benefits Services, Inc.);
- Utilize the same provider for health lines of coverage (e.g. Blue Cross and Blue Shield of Illinois);
- Utilize the same provider for pharmacy benefit procurement and administration (e.g. RxBenefits)
 - Individual SSCRMP District may select the Pharmacy Benefit Manager (PBM);
- Utilize the same provider for life, accidental death and dismemberment and long term disability lines of coverage (e.g. Voya);
- Utilize the same provider for PPO reinsurance/stop-loss (e.g. TMS Re), and agree to a consistent reinsurance level (e.g. \$250,000).

Each school district is responsible for the payment of all expenses related to their specific plans. This includes payments for claims and associated fixed expenses. At the current time, the pool has not implemented a risk-sharing model.

In September 2019, the Board of Education took action to confirm its membership in the SSCRMP Health Pool through the adoption of new pool bylaws (see Appendix B). Under the terms of the pool's bylaws,

¹ The memo presented to the Board of Education titled, [Board Retreat Follow-Up - Employee Benefits](#) during the June 13, 2016, Special Board Meeting.

any member may withdraw from the pool by providing six months' notice prior to the end of any pool year through the passage of a resolution by my member's Board of Education. Should the District desire to withdraw from the SSCRMP Health Pool prior to the 2021 plan year, a resolution would need to be approved by the Board of Education no later than the May 18, 2020 Board of Education meeting.

Covered Employees and Plan Year

The District provides health insurance and related products to approximately 850 benefits-eligible employees (plan participants). Plan participants include educational support personnel (e.g. clerical personnel, custodial and maintenance personnel, instructional assistants, specialists, and technology personnel), teachers, administrators, and eligible retirees². The school district's plan year begins on January 1st and concludes on December 31st.

Establishment of Premium Equivalent Rates for Health Plans

As the District operates a self-insurance plan, premium equivalent rates for the health plans are developed in partnership with a consultant/broker and their actuarial team on an annual basis. These rates are typically presented in draft form during the month of August and finalized in October. Calculating the premium equivalent rates takes into consideration the following factors:

- Claims experience for the prior 24 months;
 - 80% weight for the most recent 12 months (e.g. September 1, 2018 - August 31, 2019)
 - 20% weight for months 13 - 24 (e.g. September 1, 2017 - August 31, 2018)
- Increase trend factor for next twelve months forecast;
 - 5.4% for medical claims
 - 7.3% for prescription claims
- Estimated fixed expenses based on the current insured population, based on contractual commitments and/or increases based on trend experience;
- Substantial plan changes for the new plan year that would impact the actuarial calculations.

For the 2020 plan year, the school district will offer (5) health care plans to employees, all with (4) coverage tiers. Table 2 presents the 2019 and 2020 rates, and the implementation of a consistent coverage tier structure.

² As a result of the 2018 collective bargaining cycle, licensed educators (including teachers and administrators) declaring retirement after June 30, 2018, will no longer be able to retain coverage on the District's insurance plan upon their retirement. (Note: This does not apply to non-licensed personnel.) See Appendix C for additional information.

Table 2
Comparison of 2019 to 2020 Rates within a 2-3 Tier and 4 Tier Structure

Plan	Coverage Tier	2019 Rates	2-3 Tiers		4 Tiers	
			2020 Rates	% Change	2020 Rates	% Change
Glenbrook PPO	Single	\$9,932.04	\$9,505.92	-4.5%	\$9,431.88	-5.3%
	Single +1				\$19,806.84	
	Single +CH				\$17,920.44	
	Family	\$27,809.76	\$26,616.48	-4.5%	\$28,295.52	1.7%
High Deductible PPO	Single	\$8,680.56	\$8,225.64	-5.5%	\$8,161.56	-6.4%
	Single +1				\$17,139.24	
	Single +CH				\$15,507.00	
	Family	\$24,305.64	\$23,031.72	-5.5%	\$24,484.68	0.7%
New High Deductible PPO	Single	\$7,130.28	\$6,824.28	-4.5%	\$6,771.12	-5.3%
	Single +1	\$14,260.44	\$13,648.56	-4.5%	\$14,219.52	-0.3%
	Single +CH				\$12,865.20	
	Family	\$21,390.72	\$20,472.84	-4.5%	\$20,313.48	-5.3%
HMO Illinois	Single	\$7,077.24	\$7,070.64	-0.1%	\$7,058.28	-0.3%
	Single +1				\$14,822.40	
	Single +CH				\$13,410.72	
	Family	\$19,816.32	\$19,797.84	-0.1%	\$21,174.84	6.4%
Blue Advantage HMO	Single	\$6,864.96	\$6,858.60	-0.1%	\$6,846.60	-0.3%
	Single +1	\$13,729.92	\$13,717.08	-0.1%	\$14,377.80	4.5%
	Single +CH				\$13,008.48	
	Family	\$19,228.44	\$19,210.56	-0.1%	\$20,539.68	6.4%

Shared Responsibility for Health Premiums

The cost of health insurance is split between the employee and the District. After the premium equivalent rates have been defined, each parties responsibility is calculated as follows:

- Single Coverage
 - Employee - 5%
 - Board of Education - 95%
- Single +1, Single +Child(ren), and Family
 - Employee - 12%
 - Board of Education - 88%

The premium equivalent rates and financial responsibility for the 2020 plan year are presented in Table 3.

Table 3
2020 Premium Equivalent Rates and Financial Responsibility for Active Employees

Plan	Coverage Tier	2020 Rates		Employee Responsibility		Board of Education Responsibility
Glenbrook PPO	Single	\$9,431.88	5%	\$471.59	5%	\$8,960.29
	Single +1	\$19,806.84	12%	\$2,376.82	12%	\$17,430.02
	Single +CH	\$17,920.44	12%	\$2,150.45	12%	\$15,769.99
	Family	\$28,295.52	12%	\$3,395.46	12%	\$24,900.06
High Deductible PPO	Single	\$8,161.56	5%	\$408.08	5%	\$7,753.48
	Single +1	\$17,139.24	12%	\$2,056.71	12%	\$15,082.53
	Single +CH	\$15,507.00	12%	\$1,860.84	12%	\$13,646.16
	Family	\$24,484.68	12%	\$2,938.16	12%	\$21,546.52
New High Deductible PPO	Single	\$6,771.12	5%	\$338.56	5%	\$6,432.56
	Single +1	\$14,219.52	12%	\$1,706.34	12%	\$12,513.18
	Single +CH	\$12,865.20	12%	\$1,543.82	12%	\$11,321.38
	Family	\$20,313.48	12%	\$2,437.62	12%	\$17,875.86
HMO Illinois	Single	\$7,058.28	5%	\$352.91	5%	\$6,705.37
	Single +1	\$14,822.40	12%	\$1,778.69	12%	\$13,043.71
	Single +CH	\$13,410.72	12%	\$1,609.29	12%	\$11,801.43
	Family	\$21,174.84	12%	\$2,540.98	12%	\$18,633.86
Blue Advantage HMO	Single	\$6,846.60	5%	\$342.33	5%	\$6,504.27
	Single +1	\$14,377.80	12%	\$1,725.34	12%	\$12,652.46
	Single +CH	\$13,008.48	12%	\$1,561.02	12%	\$11,447.46
	Family	\$20,539.68	12%	\$2,464.76	12%	\$18,074.92

It is important to note that as part of the 2018 collective bargaining cycle, effective with the 2021 plan year, an insurance risk sharing process will be implemented. A detailed description of this process is presented in Appendix D, but is summarized in the following:

In the event the Board experiences an annual increase in premium equivalent rates (as recommended by the District plan consultant) in excess of five percent (5%) over the prior year's premium equivalent rates, the District Cost Containment Committee will be charged with recommending changes to plan design which will result in a reduction in the amount of the increase over the 5% threshold. Any such recommended changes will take effect on January 1 following the announced final premium equivalent rates. Premium equivalent increases at or under 5% will be shared by the Board and the employees.

Additional Health Offerings for Employees

In addition to health plans, the school district also offers additional lines of coverage to employees as follows:

- **Dental Insurance (Primarily Employee-Paid)**
The District offers two dental plans through BlueCross BlueShield. A PPO and HMO plan is offered. Both plans are funded fully by the employee with the exception of a 10% share in cost for non-certified staff who elect single medical or waive medical coverage.
- **Vision Insurance (Employee-Paid)**

- **Voluntary Life Insurance (Employee-Paid)**

The District offers employees the opportunity to purchase additional life insurance at 100% of employee cost. Additional Life Insurance is administered through The Standard. Below are the levels of coverage that employees are eligible to purchase. All applications are subject to underwriting by the carrier.

 - Additional Employee Life Insurance: \$10,000 - \$500,000
 - Spouse Life Insurance: \$5,000 - \$250,000
 - Child(ren) Life Insurance: \$5,000 or \$10,000

- **Long Term Disability (Board -Paid)**

The District offers employer-paid Long Term Disability Benefits, administered through The Standard.

 - Monthly Benefit: 60 percent of the first \$16,667 of monthly pre disability earnings, reduced by deductible income (e.g., work earnings, workers' compensation, state disability, etc.)
 - Maximum Monthly Benefit: \$10,000
 - Minimum Monthly Benefit: \$100
 - Benefit Waiting Period: The later of 90 days or The date your accumulated sick leave days are exhausted.

- **Life and Accidental Death and Dismemberment Insurance (Board Paid)**

The District offers employer-paid basic life insurance and accidental death and dismemberment insurance, administered through The Standard. Coverage levels are outlined below.

 - GEA Members: \$75,000
 - GESSA and GESPA Members: \$50,000
 - Non-Union, Non-Licensed Employees: \$50,000
 - Senior Educational Support Staff: \$75,000
 - Administrators: 2 x Annual Salary

- **Employee Assistance Program (Board Paid)**

The District offers employees assistance services specific to legal, financial, identify theft, and professional development. In addition, the employee assistance program offers up to 5 free in-person sessions with a licensed counselor.

Wellness Program

The school district has implemented a comprehensive wellness program since the early 1980's. Most recently, the district has contracted with Interactive Health for it's biometric screening and incentive management program.

Section 2 - Proposal Specifications

During the October 21, 2019 meeting, the Board of Education discussed the importance of performing an in-depth review of the school district's self-insured healthcare plan. In an effort to facilitate a timely review, a series of meetings and associated agenda items have been tentatively set for the discussion of the overall plan through the remainder of the 2019-20 school year. The first meeting to discuss the self-insurance plan took place during a regularly scheduled Finance Committee meeting on November 5, 2019. At that time, it was determined that the administration should move forward with securing professional services to evaluate the District's self-insurance plan through the publication of a request for proposal (RFP). As a result of that direction, this RFP was developed.

Invitation to Submit a Proposal and Engagement Period

This is an invitation to submit a proposal for performing an external review of the self-insurance plan as defined within this section. This engagement will be initially limited to a period of four months (January - April 2020), with the possibility of additional extension(s) as determined by the Board of Education. However, there should be no expectation of work or agreements beyond the scope of the initial engagement.

Only flat fee arrangements will be considered for this engaged. Parties submitting proposals will be required to confirm that their proposal is structured on a fee only basis, waiving eligibility to earn a commission from any of the school district's current and/or future providers.

Inquiries Regarding Proposal Request

Interested parties that have questions regarding the RFP documentation shall direct them to Dr. Kim Ptak, Director of Operations / CSBO in writing by email to kptak@glenbrook225.org. Questions and answers will be shared in writing with all parties that have requested a copy of the RFP. If an RFP is requested after questions have been asked and answered, the District will disclose all previously-disclosed questions and answers to the new RFP participant as soon as practicable.

The District will make such investigation as it deems necessary to determine the ability of each RFP participant to fulfill requirements. The District reserves the right to request additional information as it deems necessary.

Objective and Goal

It is the objective of the Finance Committee to identify one or more external partners to conduct a comprehensive analysis and review of the school district's self-insurance health plan.

It is the goal of the Finance Committee that this review will result in a series of actionable steps that the District can consider as part of its efforts to maintain or decrease the expense of health benefits, while maintaining high quality plans and services for our employees.

Guiding Questions

The Board of Education and Finance Committee have compiled a series of guiding questions which are intended to inform the efforts of the external analysis:

- Affordances and Constraints of Different Relationships with Health Providers
 - What are the affordances/constraints of retaining membership in the SSCRMP health pool?
 - What are the affordances/constraints of becoming an independent self-insured plan, outside of an established pool?
 - What are the affordances/constraints of joining a larger regional health pool?
 - What are the affordances/constraints of purchasing fully-insured health plans?

- Premium Equivalent Rates
 - The school district currently utilizes a consultant to develop premium equivalent rates for the school district on an annual basis. Is this the ideal approach to determining premium equivalent rates, or can it be fulfilled in another manner?

- Health Network (HMO and PPO), Pharmacy Benefit Manager, and Third Party Administrator
 - How do the school district's current administrative rates for a self-insured plan with Blue Cross and Blue Shield of Illinois compare to the rates of other entities?
 - From a financial perspective, is Blue Cross and Blue Shield of Illinois the best third party administrator (TPA) for the school district?
 - From an employee experience perspective, can the same level of coverage and experience be provided through a different TPA?
 - The school district has been told that it is unable to secure an external prescription benefit manager for its HMO plan offerings. However, this arrangement was offered to another SSCRMP pool participant (District 207). Is it possible to create a reciprocal arrangement for the District 225?
 - How has the current advocacy program performed (e.g. Blue Value Advisor), and what if any incentives should be considered in the future to further reduce claims expense?
 - Are there analytic tools and/or accessible reports that would enable the school district to more effectively monitor and manage health and prescription drug claims?
 - What are examples of organizations within the Northern Illinois region that have implemented reference-based pricing as part of the cost containment strategies?
 - How can the school district engage in creating "best in case" relationships with direct medical providers to further reduce claims expense?

- Dental Provider (PPO)
 - How do the school district's current administrative rates for a self-insured plan with Blue Cross and Blue Shield of Illinois compare to the rates of other entities?
 - From a financial perspective, is Blue Cross and Blue Shield of Illinois the best third party administrator (TPA) for the school district?

- Reinsurance / Stop-Loss (PPO)
 - The school district currently has a reinsurance level of \$250,000. Is this the ideal level for the school district's group if no longer part of the SSCRMP health pool.

- Marketing Plan Components
 - The school district is interested in aggressively marketing plan components on a regular basis to ensure that its fixed rates and fully-insured product lines are competitively priced. What timeline should the District implement with respect to the marketing of the following plan components:
 - HMO / PPO Third Party Administrator and Network
 - HMO / PPO Pharmacy Benefit Manager (PBM)
 - PPO Reinsurance / Stop-Loss
 - PPO / HMO Dental Plan
 - Life / AD&D Insurance
 - Vision Insurance
 - FSA and HSA Plan Administration
 - COBRA Administration

- Long Term Cost Savings
 - The school district is interested in identifying approaches that would lead to aggregate savings of 5, 10, and 15% in claims expenses. What approaches should the district consider in the future, and what are the affordances/constraints of each approach?

Section 3 - Instructions to Bidders

- A. Interested bidders should submit their response to this RFP in writing no later than Thursday, December 5, 2019 at 10:00 AM. Proposals may be submitted in physical form to the District Administration Building at 3801 W. Lake Avenue, Glenview, IL, 60026. Proposals may also be submitted in electronic form to kptak@glenbrook225.org.
- B. All proposals are required to conform to the specifications defined within Section 2 of this document. Proposals must clearly indicate a flat fee for a period of four months (January - April 2020). There should be no expectation or week or agreements beyond the scope of the initial engagement.
- C. All proposals should present a timeline and associated activities that will result in responses to the guiding questions defined within Section 2 of this document. Submitters are strongly encouraged to provide an initial series of activities within their response, demonstrating the knowledge and strengths of their organization.
- D. Interested parties that have questions regarding the RFP documentation shall direct them only to Dr. Kim Ptak, Director of Operations / CSBO in writing by email to kptak@glenbrook225.org. Questions and answers will be shared in writing with all parties that have requested a copy of the RFP. If an RFP is requested after questions have been asked and answered, the District will disclose all previously-disclosed questions and answers to the new RFP participant as soon as practicable.
- E. All participating vendors will be invited to give a 45 minute presentation of their proposal to District Administration on Tuesday, December 10, 2019. All participating vendors should reserve this date and times will be provided once the proposals are submitted.
- F. Finalists will be invited to a one hour interview with the Finance Committee on Tuesday, December 17, 2019. Times will be provided once the finalists are selected. All participating vendors should reserve this date.
- G. A recommendation will go to the Board of Education on Monday, January 13, 2020 at 7:00 PM and the Board of Education will approve the recommendation on Monday, January 27, 2020 at 7:00 PM.

Section 4 - Appendices

Appendix A Medical Insurance Cost Containment Committee

Retrieved from Appendix I of the 2018-19 to 2022-23 GEA Agreement

Whereas the Board of Education and the Glenbrook Education Association (GEA) agree that there is a mutually beneficial need to contain the increases in medical insurance costs, the Board and the GEA agree to establish a medical insurance cost containment committee.

The committee shall be composed of three (3) members appointed by the Superintendent and three (3) members appointed by the GEA, GESSA, GESPA, and representatives from non-unionized support groups. The committee shall be chaired by the Assistant Superintendent for Business / CSBO.

The committee shall convene at least twice during the first semester of each school year.

The committee shall examine such topics as those contained in the following list:

1. A review of the prescription drug plans,
2. A review of the procedures for setting insurance premiums,
3. Benefit costs and utilization rates,
4. Potential savings and enhancements, and
5. Deductibles and copays

Implementation of the committee recommendations shall require the approval of the Board and the GEA.

It is understood that the Board retains the sole right to determine premiums.

Appendix B
SSCRMP Health Pool Bylaws

SSCRMP Health Pool Bylaws
Page 2

**CONTRACT AND BY-LAWS
OF THE
SECONDARY SCHOOL COOPERATIVE RISK MANAGEMENT
PROGRAM HEALTH POOL**

This Agreement, made as of the _____ day of _____, 2019, by and among the Boards of Education of the school districts listed on Appendix A hereto.

WITNESSETH:

WHEREAS, Article VII, Section 10, of the 1970 Constitution of the State of Illinois and the Illinois Intergovernmental Cooperation Act (5 ILCS 220/6 et seq.) provide that school districts may contract with one another to perform any activity authorized by law; and

WHEREAS, said Illinois Intergovernmental Cooperation Act specifically provides that school districts may join together for the purpose of establishing self-insurance programs; and

WHEREAS, Section 10-22.3a of the Illinois School Code (105 ILCS 5/10-22.3a) provides that school districts may provide benefits for the employees and employees, dependents, including, but not limited to medical, surgical and hospitalization benefits; and

NOW, THEREFORE, each of the Districts agrees with the other as follows:

ARTICLE I

Establishment and Purpose of Intergovernmental Cooperative

1.1 The Districts hereby establish an intergovernmental cooperative, as contemplated by the Illinois Intergovernmental Cooperative Act, which shall be known as the Secondary School Cooperative Risk Management Program for Health Benefits ("SSCRMP HP"). At the inception of the Cooperative, the purpose is to jointly purchase stop loss, administrative services and other employee benefits related to insurance coverages and services. The Cooperative may share claims and expand into other areas related to the delivery of employee benefits upon a two-thirds vote of the membership vote at a regularly scheduled Cooperative Meeting or a Special Meeting.

ARTICLE II

Definitions

2.1 In addition to the terms defined elsewhere in this Agreement each of the following terms shall have the meaning set forth below:

1. BENEFITS - Non-salary payments made to or on behalf of employees or employee dependents, including but not limited to, payments or reimbursements of expenses arising out of an illness or an accident and life insurance proceeds.

2. BOARD - The Cooperative Board established pursuant to Article V of this Agreement.

3. CHAIR - The Chair of the Board.

4. EFFECTIVE DATE - The first day of the calendar month following the month in which each of the Districts have duly approved and executed this Agreement or as agreed upon.

5. POOL YEAR - The twelve month period commencing on January 1 of each year.

6. MEMBER DISTRICT - Any school district organized under the provisions of The School Code, (105 ILCS "5/10-22.31, 10-22.31a, or 10-22.31b) or under the Intergovernmental Cooperative Act, (as cited earlier herein).

7. PLAN OR PLANS - The Health Plan(s), Life Plan(s) and other plans adopted by the Cooperative under which the benefit programs are maintained pursuant to the provisions of this Agreement for the employees of such Districts and as changed by the Board from time to time.

8. REPRESENTATIVE AND ALTERNATE REPRESENTATIVE - Each District's Representative and Alternate Representative to the Board.

ARTICLE III

Authority and Duties of the Cooperative

3.1 The Cooperative shall have the authority and duty to accomplish the purposes set forth in Article I above and, in furtherance of such authority and duty, may:

(a) Select agents, employees, independent contractors, consultants, claims administrator, attorneys, auditors and such other persons as may be necessary to administer and accomplish the

purposes of the Cooperative; provided, however, that the Cooperative shall not have the authority to enter into any collective bargaining agreement;

(b) Carry out education and other programs relating to health, accident and other claims reductions;

(c) Direct the collection and payment of funds to be used for the administration of the Cooperative and the provision of Benefits hereunder;

(d) Select one or more depositories for the funds of the Cooperative;

(e) Cause to be purchased Stop loss, group life and other types of insurance and services recommended by the Board;

(f) Prepare and submit to the Board for approval an annual budget for the Cooperative and a monthly report of the financial affairs of the Cooperative;

(g) Prepare quarterly reports of expenditures filed and paid pursuant to the Plan(s);

(h) Obtain and furnish to each District annually an audited report of the financial affairs of the Cooperative, made by a certified public accountant at the end of each Pool year in accordance with generally accepted auditing principles;

(i) Amend this Agreement by an affirmative vote of not less than two-thirds (2/3) of the membership of the Board;

(j) To admit a new Member to the Cooperative upon an affirmative vote of two-thirds (2/3rds) of the Membership of the Board under terms and conditions set by the Board;

(k) Create a self-insurance fund and allocation model and decide to jointly pay member claims by a two-thirds (2/3) vote of the membership

(l) Carry out such other activities as are necessarily implied or required to carry out the purposes of the Cooperative specified in Article I or the specific activities enumerated in this Article III.

ARTICLE IV

Term of the Cooperative

4.1 The Cooperative shall have an initial term of one (1) year beginning January 1, 2020, and terminating on December 31, 2020. The Cooperative's existence may be extended for additional terms of

five (5) years, as permitted by law, by a two-thirds (2/3) vote of the Board approving such extensions. The length of the term of the Cooperative shall not affect any Member's right to withdraw from the Cooperative pursuant to the procedure described in this Agreement.

ARTICLE V

Cooperative Board

5.1 The Cooperative shall be managed by its Cooperative Board, pursuant to any direction from the Member Districts and the terms of this Agreement. The Board shall consist of one Representative from each Member, each such representative to be designated by the member District or member cooperative. Each Member District may also select an Alternative Representative who may attend board meetings and exercise the Representative's authority when the designated Representative is unable or unwilling to do so.

5.2 The Board shall carry out the purposes and duties of the Cooperative, as set forth in Article I and III of this Agreement, including, but not limited to, the following: (a) recommending changes in policy to the Districts; (b) selecting agents, employees and independent contractors to act for the Cooperative; (c) adopting changes, amendments, or modifications to the plans; (d) approving the compensation for all such agents, employees and independent contractors; (e) procuring fidelity bonds for persons collecting or managing Cooperative funds (f) preparing the annual budget of the Cooperative and any amendments to that budget; (g) approving educational and other programs relating to claim reduction; (h) establishing and approving payments to the Cooperative; (i) obtaining and submitting to the Districts the financial reports and reports of Benefit claims described in subparagraphs (f), (g), and (h) of Article III of this Agreement; (j) selecting one or more depositories for funds of the Cooperative in accordance with applicable laws; (k) such other activities as are necessarily implied or required to carry out the purposes of the Cooperative.

5.3 No one serving on the board shall receive any salary or other payment from the Cooperative. However, the Chair or any other Representative of the Board may submit to the Board for approval, and be reimbursed for, expenses incurred in the pursuit of his/her position as a Representative of the Board. Reimbursement for such expenses shall include amounts advanced on behalf of the

Cooperative either by the representative or by a District and shall be in accordance with procedures and policies established by the Board consistent with the terms of this Agreement.

ARTICLE VI

Meetings of Cooperative Board

6.1 At its first meeting following the execution of these by-laws by all members, the Board shall elect Representatives to serve as Chair, as Vice Chair, and as Secretary/Treasurer for a term of two pool years. There shall be no limitation on the number of terms any person may be elected to serve in these positions. The Board may from time to time establish other officers and may elect a Representative to serve in any of such offices. The Board may fill any vacancies which may occur in such offices until the end of the current term.

6.2 Regular meetings of the Board shall be held as often as necessary to carry out the purpose of the Cooperative but no less than three times in each Pool Year. Any item of business may be considered at a regular meeting.

6.3 Special meetings of the Board may be called by its Chair, or by any two Representatives.

6.4 The time, date and location of regular meetings of the Board shall be determined by the Board.

6.5 Each District shall be entitled to one vote on the board through its representative. No proxy votes or absentee votes shall be permitted. Voting shall be conducted in accordance with the rules of procedure established pursuant to Section 6.7 and the requirements of applicable laws.

6.6 A quorum shall consist of a majority of the Representatives. Except as provided in this Agreement, a simple majority of a quorum shall be sufficient to pass upon all matters.

6.7 The Board may establish rules governing its own conduct and procedure, consistent with this Agreement. To the extent not contrary to this Agreement, and except as modified by the Board pursuant to this section or contrary to law, Roberts Rules of Order, latest edition, shall govern all meetings of the Board.

6.8 Minutes of all regular and special meetings of the Board shall be sent to all Representatives.

6.9 All meetings of the board shall be conducted in the manner required by law. In the event of any conflict between any provision of this Agreement and any provision of any applicable law, this Agreement shall be deemed modified to the extent necessary to comply with such law. In addition to any notices of meetings he/she may be required to serve under this Agreement, the Chair shall cause to be published any schedule or notice of meetings of the Board required by law.

ARTICLE VII

Plan Administrator

7.1 A Plan Administrator may be appointed by the Board to be the principal operating administrator of the Cooperative and to supervise and control the day-to-day operations of the Cooperative and carry out the purpose of the Cooperative as directed by the Board. The board may provide for compensating the Plan Administrator for his/her service as such. Among the duties and authority of the Plan Administrator shall be the following:

- (a) To sign on behalf of the Cooperative any instrument which the Board or Districts have authorized to be executed and, in general, to perform all duties incident to the office of Plan Administrator and such other duties as may be prescribed by the Board consistent with this Agreement from time to time.
- (b) To prepare a proposed annual administrative budget;
- (c) To make recommendations regarding policy decisions, the creation of other Cooperative offices and the employment of agents, employees and independent contractors;
- (d) At each regular meeting of the Board, to present a full report of his/her activities and the fiscal condition of the Cooperative;
- (e) Within the constraints of the budget approved by the Board to make or direct distributions from the Account for payment of Benefit claims and the administrative expenses of the Cooperative and maintain accurate and detailed records and accounts of all transactions;
- (f) To deposit all Cooperative funds in depositories selected by the Board and to invest and reinvest funds of the Cooperative not immediately required in those securities and investments that are authorized investments for Illinois public school districts;

(g) In the absence of the Plan Administrator, or in the event of the inability or refusal of the Plan Administrator to act, the Chair shall perform the duties of the Plan Administrator and, when so acting, shall have all of the powers of and be subject to all of the restrictions upon the Plan Administrator.

7.2 The Plan Administrator shall, before commencing his/her duties, execute a bond with a surety company authorized to do business in the State of Illinois, as surety, payable to Cooperative and conditional upon the faithful discharge of his/her duties. The penalty of the bond shall be in an amount equal to the expected total funds on deposit in the Account and shall be increased or decreased from time to time as the total funds increase or decrease, whenever, in the judgment of the Board, such increase or decrease is deemed necessary. The bonds shall be paid for as an administrative expense of the Cooperative.

ARTICLE VIII

Account

8.1 Administration

The cost of administering the Cooperative shall be in a manner determined by the Board of Directors of the Cooperative.

Whenever payments to the Account for administrative expenses shall be based upon an estimate, each District making such payments shall promptly receive a refund or pay a deficiency when actual figures become available. It is contemplated that the account will contain a sufficient amount at all times to pay all of the obligations of the plans and the administrative expenses of the Cooperative.

8.2 Benefits

Payments into the Account will be developed and administered in the following manner:

(a) At least 60 days prior to the start of each Pool year, the Plan Administrator will determine the amount of total payments from all of the Districts necessary to fund the expenses of the Cooperative. The Plan Administrator shall determine the payments to the Account for each District in the manner determined by the Board of Directors annually.

(b) The District, at least thirty (30) days prior to the start of each pool year, will approve the determination of total anticipated expenses and the division of such expenses among the Districts.

(c) The Plan Administrator, upon approval of the Board and in accordance with this Agreement, will purchase the approved excess coverage and other insurance.

(d) The Account will be administered during the Pool Year as a single fund without regard to the level of Benefit payments made to the employees and/or dependents listed by a particular District.

8.3 Supplementary Payments.

If, during any Pool Year, the funds on hand in the Account are not sufficient to pay the expenses of administration, the Board shall require supplementary payment from all Districts. Such payment shall be made in the same proportion as prior payments during that year to the Cooperative.

8.4 Required Payments.

During any Pool Year, a District shall only be required to make payments into the Account for those employees and/or dependents within those covered classes established at the beginning of each month of such Pool year who are from time to time employed by such District.

ARTICLE IX

Plan of Benefits

9.1 The Board may, from time to time, change the Plans in accordance with the procedures set forth in this Article. Any proposed change to the Plans shall be initially approved by a majority of the entire Board. The Board's initial approval of the proposed change shall include the date of the meeting at which the Board will take final action on the proposed change. The Board's final approval of the proposed change shall not occur until at least ninety (90) days after the Board's initial approval of the change and shall require approval of two-thirds (2/3) of the Membership of the Board. The effective date of the Plan change shall be not less than thirty (30) days after the Board's final approval of the change. The timelines set forth in this Article may be modified upon the approval of two-thirds (2/3) of the entire Board.

ARTICLE X

Excess Insurance

10.1 The amount and types of excess insurance shall be established by the Board based upon the recommendation of the Plan Administrator at the time that payments into the Account for such years are established and approved by the Board.

10.2 Membership in the Cooperative shall not preclude any District from purchasing any insurance coverage above those amounts purchased by the Cooperative. The Cooperative shall, where requested, make its facilities available to advise Districts of the types of additional or different employee benefits or insurance coverage available to school districts.

ARTICLE XI

Obligations of Districts

11.1 The obligations of each District shall be as follows:

- (a) To pay promptly all monthly, quarterly and supplementary or other payments to the Account at such times and in such amounts as are established within the scope of this Agreement;
- (b) To select promptly a Representative and Alternate to serve on the board and any successors to such Representatives;
- (c) To cooperate fully with the Plan Administrator, any insurance consultant or claims administrator, the Cooperative's attorneys and auditors and any agent, employee, officer or independent contractor of the Cooperative in any matter relating to the purpose and powers of the Cooperative;
- (d) To review all proposed changes to the Plan prior to the Board's final vote on such changes;
- (e) To promptly notify all of its Plan participants of the withdrawal or expulsion of such District from this Agreement;
- (f) To act promptly on all matters requiring approval by the Districts and to not withhold such approval unreasonably or arbitrarily.

ARTICLE XII

Liability of Board or Officers

12.1 The Representatives and the officers of the Cooperative shall use ordinary care and reasonable diligence in the exercise of their authority and in the performance of their duties. They shall not be liable for any mistake in judgment or other action made, taken, or omitted by them in good faith; nor for any action made, taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Cooperative funds, or failure to invest.

No Representative or officer shall be liable for any action taken or omitted by any other Representative or officer. No Representative shall be required to give a bond or other security to guarantee the faithful performance of his/her duties hereunder except as required by this Agreement or by law. The Account shall be used to defend and hold harmless any Representative or officer of the Cooperative for action taken by the board or performed by the Representative or officer within the scope of his authority. The Cooperative may purchase insurance providing similar coverage for Representatives and/or officers.

ARTICLE XIII

Contractual Obligation

13.1 The obligations and responsibilities of the Districts set forth in this Agreement, including the obligation to take no action inconsistent with this Agreement as originally written or validly amended, shall remain a continuing obligation and responsibility of each District. This Agreement may be enforced in law or equity either by the Cooperative itself or by any District. The consideration for the duties imposed upon the Districts by this Agreement is based upon the mutual promises and agreements of the Districts set forth herein and the advantages gained by the Districts through reduced administrative costs for the processing of employee benefits. Except to the extent of the limited financial contributions to the Cooperative each District has agreed to make, no District agrees by this Agreement to be responsible for any claims of any kind against any other District. The Districts intend in the creation of the Cooperative to establish an organization for joint administration of employee benefits within the scope set forth in this Agreement only and do not intend to create between the Districts any relationship of partnership, surety, indemnification or liability for the debts of or claims against another.

ARTICLE XIV

Expulsion of a District

14.1 By the vote of two-thirds (2/3) of the governing Boards of the Member Districts except the Member District whose expulsion is being voted upon, the Cooperative may expel a District from membership. Such expulsion, which shall take effect in the manner set out below, may be recommended whenever a District fails to perform any obligation under this Agreement.

14.2 No District may be expelled except after notice from the Cooperative of the alleged failure and after a reasonable opportunity of not less than fifteen days to cure the alleged failure. Within such fifteen day period, the District may request a hearing before the Board before any decision is made as to whether to recommend expulsion. The Board shall set the date for such hearing, which shall not be less than fifteen days after expiration of the time to cure. The Board may appoint a hearing officer to conduct such hearing and make a recommendation to the Board based upon findings of fact; provided, however, that if the hearing is conducted by a hearing officer, the District may request a further hearing before the Board. Such request shall be in writing and addressed to the Chair. A verbatim transcript of the hearing shall be prepared by the Board for timely submission to the Member Districts. Expulsion of a District after notice and hearing as set forth in this Section shall be final when approved by the Members as specified in this Agreement and shall become effective thirty (30) days following such approval.

14.3 After expulsion, the former member District shall continue to be fully liable for any payment due to the Account and any other unfulfilled obligation as if it was still a member of the Cooperative.

14.4 The Cooperative shall have no obligation with respect to claims incurred under the Plan of an expelled District after the effective date of such expulsion. No claim by a participant from an expelled district which was incurred before the effective date of expulsion shall be paid if not presented to the Cooperative or its designated agent within 90 days of said date of expulsion.

14.5 The obligation of the Cooperative to administer claims incurred under the Plan of an expelled District prior to the effective date of expulsion shall continue for such claims as may have been or may be validly filed under the Plan.

14.6 If a member should be expelled or withdraw from the Cooperative, no benefit claims of the Member shall be processed or paid by the Cooperative after the close of the pool year in which expulsion takes place (if different) unless the expelled or withdrawing Member shall enter into a contract with the Cooperative to provide such services using funds furnished by the expelled or withdrawing Member. Pending claims and other records relating to the expelled or withdrawing Member shall be turned over to that Member in a prompt manner.

ARTICLE XV

Withdrawal from the Cooperative

15.1 A District may withdraw upon the presentation to the Chair of a written resolution adopted by the Member's Governing Board of its intent to withdraw from the Cooperative, said presentation to be not less than six months prior to the end of any Pool Year. The rights and duties of the Cooperative with respect to a withdrawing District and the rights and duties of a withdrawing District to the Cooperative shall be the same as those with respect to an expelled District. No Member may withdraw from the Cooperative until it has been a Member for no less than one (1) full Pool Years. A Member, by written notification from the Member's Superintendent or Cooperative Board Representative, may rescind its notice to withdraw without prejudice for continued membership up to three months before the end of the Pool Year for which the notice to withdraw had been submitted. Thereafter, a notice to withdraw may only be rescinded upon such written notification and the approval of two-thirds (2/3) of the remaining members of the Board.

ARTICLE XVI

Termination of the Cooperative

- 16.1 The Cooperative shall terminate upon the occurrence of any one of the following events:
- (a) A final determination by a court of competent jurisdiction, after all appeals have been exhausted or time for appeal has expired, that the Cooperative is invalid or contrary to law;
 - (b) The number of members covered by the Plans administered by the Cooperative falls below two (2); provided however that any two or more of the Districts may elect within 60 days of the occurrence of such event to continue the Cooperative with respect to themselves;
 - (c) The affirmative vote of two-thirds (2/3) of the membership of the Board to terminate.
- 16.2 In the event the Cooperative is terminated pursuant to this Article, the Board shall set up a Reserve Account to cover all anticipated costs and expenses of the Cooperative subsequent to the effective date of termination of the Cooperative including claims incurred prior to said date.
- 16.3 The Board shall distribute to the member Districts the balance of the Account in proportion to the number of participants of each District whose benefits are administered by the

Cooperative as of the effective date of termination divided by the total number of participants whose benefits are administered by the Cooperative as of said date. After all outstanding costs, expenses and claims are paid, the balance of the Reserve Account shall be distributed to each member District in the same proportion as the distribution of the Account on the effective date of termination.

ARTICLE XVII

Miscellaneous

17.1 Notice.

Any notice required by this Agreement shall be in writing and shall be deemed to have been given when deposited in a United States Post Office, registered or certified mail, postage prepaid, return receipt requested and addressed as follows:

If to the Cooperative: (at such place as may be determined by the Board);

If to the Districts: To the address set forth on Appendix A;

17.2 Section Headings.

The Section headings inserted in this Agreement are for convenience only and are not intended to, and shall not be construed to limit, enlarge or affect the scope or intent of this Agreement or the meaning of any provisions hereof.

17.4 Validity of Savings Clause.

In the event any provisions of this Agreement shall be declared by a final judgment of a court of competent jurisdiction to be unlawful or unconstitutional or invalid as applied to any District, the lawfulness, constitutionality or validity of the remainder of this Agreement shall not be deemed affected thereby.

17.5 Counterparts.

This Agreement, and any amendments thereto, may be executed in any number of counterparts which taken together shall constitute a single instrument.

IN WITNESS WHEREOF, the Board of Education of each District has caused this Agreement to be executed by its duly authorized officers as of the date first above written.

Appendix C Changes to Retirement Policy

Retrieved from Appendix N of the 2018-19 to 2022-23 GEA Agreement

During negotiations leading to the 2018-23 Negotiated Agreement the Board and the GEA agreed to the following changes to the Board Policy 6110 governing teacher retirement:

1. Retirement Incentive

Teachers submitting their notice of intent to retire during the life of the 2018-23 Negotiated Agreement will be entitled to up to a maximum of four (4) salary increases of six percent (6%) each for each year prior to the effective date of retirement. Each such salary increase will be inclusive of the negotiated raise each retiring teacher would receive under the Negotiated Agreement.

2. Retiree Health Insurance

Teachers submitting their notice of intent to retire during the life of the 2018-23 Negotiated Agreement and thereafter will not be allowed to remain in the District's health insurance plan upon retirement. Such teachers will receive an annual VEBA payment in the amount of \$2500 for five years following the effective date of retirement. Additionally, each teacher will receive a Board insurance grant equal to 95% of the District Single PPO/HMO premium rate for the Insurance Plan in effect and chosen by the teacher at the time of retirement. This insurance grant will be paid each year after retirement until the teacher reaches age 65 or Medicare eligibility, whichever occurs first. Teachers receiving this grant will be subject to premium cost increases or decreases which may occur as a result of future changes in the cost of the noted premiums in the District plan used as the basis for calculating this benefit.

Teachers currently retired or who have elected to retire under a prior Negotiated Agreement will be provided an opportunity to elect the insurance incentive noted above during open enrollment. If this option to change is elected, the retiree will not be allowed to return to the District's insurance plan. Additionally, those electing the above incentive will receive only the Board insurance grant (not an additional VEBA payment) for the remainder of the period prior to reaching age 65 or Medicare eligibility, whichever occurs first.

Appendix D Insurance Risk Sharing

Retrieved from Article XIII, Section F, Subsection X of the 2018-19 to 2022-23 GEA Agreement

Effective for implementation on January 1, 2021, the Board and the GEA agree to implement a process for health insurance plan cost containment/reduction. In the event the Board experiences an annual increase in premium equivalent rates (as recommended by the District plan consultant) in excess of five percent (5%) over the prior year's premium equivalent rates, the District Cost Containment Committee will be charged with recommending changes to plan design which will result in a reduction in the amount of the increase over the 5% threshold. Any such recommended changes will take effect on January 1 following the announced final premium equivalent rates. Premium equivalent increases at or under 5% will be shared by the Board and the employees as required by subparagraphs H and I of Article XIII of the Negotiated Agreement.

In the event that premium equivalent rates are reduced over the prior year's rates, the Cost Containment Committee will be charged with recommending ways to share the reduction in premiums with employees insured under the affected insurance plan. Such recommendations might include benefit enhancements, wellness benefits, declaring a partial "premium holiday", building District insurance reserves, etc.

In the event the Cost Containment Committee is unwilling or unable to eliminate the increases in premium equivalent rates over 5%, the Board of Education may determine the plan design changes or premium increases necessary to eliminate the increases over 5%.

As an example of the implementation of this provision, assume the prior year's premium equivalent rate totaled \$1,000. The new premium equivalent rate announced in July is \$1,100 (an increase of 10%). Under this scenario, the first 5% (i.e. \$50) would be shared by the Board and the employee pursuant to Article XIII, paragraphs H and I (i.e. 95% Bd./5% employee or 88% Bd./12 % employee). The remaining \$50 would be the targeted amount Cost Containment must eliminate or the Board would make the necessary decision(s) before open enrollment and a January 1 implementation.

It is anticipated that this process would occur as follows:

1. The new premium equivalent rates will be announced annually in July, 2020.
2. Cost Containment will formulate its recommendations no later than the end of October, 2020.
3. Open enrollment would occur in November, 2020, with the resulting rates known to employees prior to electing coverage.
4. The resulting premium equivalent rates would be implemented in January, 2021.