



To: Dr. Charles Johns
Board of Education

From: Dr. R.J. Gravel
Ms. Vicki Tarver
Ms. Lea Brianas

Date: Monday, October 10, 2022

Re: Healthcare Premium Rates for Plan Year January 1, 2023 - December 31, 2023

Recommendation

It is recommended that the Board of Education accept the recommended premium equivalent rates for the 2023 health plan year, as presented in Table 1.

Background

In 2020, the school district engaged in a comprehensive review of its self-funded employee health benefits program. This year-long effort between our employee group representatives and the Board of Education allowed all stakeholders to develop greater insight into how a self-funded benefits program operates. With a shared understanding of all aspects of the plan, we have explored multiple avenues to maintain and improve the benefits offered to our employees while managing costs. As a result of these efforts, Glenbrook entered into several multi-year agreements with third-party administrators (e.g., Aetna, MetLife), achieving cost savings of \$1.7M during the first plan year (2021).

Recognizing that healthcare costs continue to increase, the administration and Cost Containment Committee have remained committed to implementing cost-containment measures. During the 2022 plan year, the following initiatives were implemented:

- **Implementation of the PrudentRx Copay Program**
PrudentRx is a third-party service that integrates with Aetna enabling employees to get select specialty medication at no cost (e.g., no copay) while also offering additional discounts to the plan by working directly with drug manufacturers. As of August 2022, the school district has already achieved savings of \$120,931, with four months remaining in the plan year.
- **Enhancements to the Pharmacy Benefit Agreement**
Working with Aetna, the school district implemented a medication optimization program and improvements in generic drug pricing. These two changes resulted in a projected savings of \$142,479.
- **Implementation of an Ongoing Dependent Audit**
As part of our continuing effort to control costs, we implemented a process to ensure that every dependent seeking to participate in a health plan has supplied the appropriate documents to prove eligibility before enrollment. For example, the employee must submit a copy of their marriage certificate for a spouse to be covered by a district health plan. A copy of each child's

birth certificate, adoption, or guardianship paperwork is required to cover children.

- **2-month Administrative Fee Waiver**

To show partnership and recognize Glenbrook for serving as a reference to other school districts over the past year, Aetna provided a one-time \$40,500 credit.

In preparation for the 2023 plan year, the administration worked to evaluate all of the school district's agreements with current service providers. As a result of this review, the following cost savings have been finalized:

- **Change in Pharmacy Benefit Manager (\$634,861 Savings)**

Prescription drugs account for approximately 28% of the school district's health expenses. Through a competitive bidding process conducted this fall, the pharmacy benefit management of the school district will realize \$634,861 in savings next year without any changes to employee health benefits. We will continue to use CVS but will work directly with CVS Caremark as opposed to an integrated solution sold by Aetna and will benefit from substantial cost savings from this change.

- **2-month Administrative Fee Waiver (\$43,000 Savings)**

To show partnership and recognize Glenbrook for serving as a reference to other school districts over the past year, Aetna extended a second, one-time administrative fee credit for the last two months of the 2022 plan year.

Premium Equivalent Rates for 2023

It is estimated that the school district will spend approximately \$15.9M during plan year 2023, compared to the current projection of \$15.4M during plan year 2022 (3.25% increase).

The only plan design change that is recommended for the 2023 year is an increase to the health savings account (HSA) contributions:

- Single
 - Current: \$1,000
 - Recommended: \$1,400
- Family
 - Current: \$1,600
 - Recommended: \$2,400

The HSA contribution level has been increased previously but has not changed from its current levels for eight years. An increase in contribution levels is estimated to encourage more employees to transition to the high-deductible health plan, the lowest-costing plan. The increase in contributions aligns with the projected healthcare budget and is minimized through the pharmacy benefit manager savings.

As a self-funded employee health benefits plan, the school district works with Aetna to determine premium equivalent rates for each plan year. These rates are the cost per covered employee that the school district needs to collect to pay for claims, administrative fees, and stop-loss premiums over the plan year. Table 1 identifies the rates developed for the 2023 plan year.

Table 1
Monthly Premium Equivalent Rates for 2023

Plan	Tier	Premium Equivalent Rate	Employee	
			Per Check*	Per Check Change**
PPO	Single	\$799.33	\$19.98	\$0.00
	Single +Spouse	\$1,710.74	\$102.64	\$1.93
	Single +Children	\$1,632.98	\$97.98	\$6.86
	Family	\$2,545.00	\$152.70	\$8.82
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High Deductible Health Plan (HDHP)	Single	\$720.24	\$18.01	\$0.00
	Single +Spouse	\$1,512.50	\$90.75	\$0.00
	Single +Children	\$1,388.03	\$83.28	\$1.17
	Family	\$2,160.71	\$129.64	\$0.00
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Open Access (HMO)	Single	\$776.64	\$19.42	\$6.56
	Single +Spouse	\$1,496.90	\$89.81	\$25.04
	Single +Children	\$1,419.24	\$85.15	\$26.55
	Family	\$2,320.14	\$139.21	\$46.67

* Per check amounts assume that an employee receives (24) paychecks each year; (2) each month.
** Reflects the per-check amount increase from 2022 rates.