



To: Dr. Charles Johns
Board of Education

From: Mrs. Alice Raflones
Mr. Brad Swanson
Dr. R.J. Gravel

Date: Tuesday, September 29, 2020

Re: Healthcare Premium Rates for Plan Year January 1, 2021 - December 31, 2021

Recommendation

It is recommended that the Board of Education accept the recommended premium equivalent rates for the 2021 health plan year as presented by our health insurance consultant, the Horton Group, resulting in year-over-year projected savings to the Board and plan participants of \$1,749,499.

Background

Since the fall of 2017, we have continuously reviewed the school district's benefits program structure. This collaborative process has resulted in a shared knowledge base among employee group leaders, administrators, and the Board of Education. Last spring, our health care program audit was performed utilizing a third-party, the Horton Group. Our goal was to determine if our program structure and contracted services should continue in its present form, or if there were opportunities for cost savings and improvement of services for employees. The audit confirmed that our health care plans were superior for their cost and the benefits provided. The audit also confirmed that there were indeed opportunities to reduce costs to employees and the school district while potentially increasing benefits.

To learn more about maximizing these opportunities, the Horton Group conducted a marketing (competitive bid) process for all aspects of the school district's health program. As a baseline, all interested vendors were informed that they would have to match the benefits currently offered to our employees minimally. We then further emphasized that the employee experience is an essential element of our program. Meaning, should we decide to make any change, the employee's experience should be disrupted as minimally as possible.

Horton and the district's administrative team worked together to review all of the proposals received and confirm with each vendor how their service would impact employees from the perspectives of quality, access, services, and monetary savings. With this information, the school district's cost containment committee and Mrs. Hanley and Mr. Taub participated in two comprehensive educational sessions. These sessions' focus was to establish a knowledge base among all committee members regarding healthcare program options. Copies of the two presentations are included as supplemental documents for the Board's review.

On Thursday, September 17, 2020, the cost containment committee reflected on the journey we have taken together over the past several years to improve our health benefits program's stability. Milestones

in this journey included:

- **June 2018**
 - The implementation of insurance risk-sharing should the annual increase in premium equivalent rates (as recommended by the District plan consultant) exceed 5% over the prior year's premium equivalent rates.
- **January 2019**
 - Realignment of premium equivalent rates to reflect the actuarially sound value of the health plan.
- **January 2020**
 - Implement a 4-tier coverage structure for all plans (e.g., single, single +1, single +children, family).
- **February 2020**
 - Selection of an external health benefits consultant (Horton Group) to perform an analysis of the school district's health program.
- **May 2020**
 - Approved the school district's withdrawal from the SSCRMP Health Pool effective January 1, 2021.
 - Retained the Horton Group to serve as the school district's health benefits consultant and broker of record for the 2021 plan year.

After reflecting on these milestones, the committee discussed three potential options for the 2021 plan year:

1. Retaining Blue Cross and Blue Shield of Illinois;
2. Transitioning to Aetna; or
3. Transitioning to a reference-based pricing model, supported by a partnership of ELAP and Trustmark.

The committee considered the financial implications and the impact on our health plan members for each option. Our employee group representatives emphasized that this is a difficult time to consider changes to our health plans. However, given the overall benefits to the school district and the employees, they support the continuation of incremental adjustments to the health program.

While transitioning to a reference-based pricing model provides the most significant amount of potential cost savings (potentially an additional \$1M in savings), most of the committee felt that the transition for employees is too substantial to implement at this time. The committee is, however interested in re-evaluating this option in the future.

At this time, the cost containment committee recommends the transition to Aetna as the school district's third-party administrator (TPA) for the 2021 plan year. Due to the educational and logistical implications of transitioning TPAs, the administration would like to begin the open enrollment process as early as late October. Before moving forward with finalizing agreements with Aetna, we are seeking approval of the premium equivalent rates as presented, resulting in a minimal cost savings of \$1.7M to the school district.

Premium Equivalent Rate Comparison - 2020 and 2021 Plan Years

As of Friday, September 25, 2020

Rate Tier	July 2020		2020 Plan Yearly Rates (January 1st - December 31st)				2021 Plan Yearly Rates (January 1st - December 31st)				
	Actual Enrollment	Employees	Premium Equivalent Rates	Total Cost to the Employee	Total Cost to the Board	Premium Equivalent Rates	Percent Change	Employee Responsibility	Board Responsibility	Total Cost to the Employee	Total Cost to the Board
Glenbrook PPO											
Single	121	121	\$9,431.88	\$57,062.87	\$1,084,194.61	\$9,135.24	-3.1%	5%	8,678.48	\$55,268.20	\$1,050,095.84
Single +1	31	31	\$19,806.84	\$73,681.44	\$540,330.60	\$19,183.80	-3.1%	12%	\$16,881.74	\$71,363.74	\$523,334.06
Single +CH	17	17	\$17,920.44	\$36,557.70	\$288,089.78	\$17,356.80	-3.1%	12%	\$15,273.98	\$35,407.87	\$259,657.73
Family	146	146	\$28,295.52	\$495,737.51	\$3,635,408.41	\$27,405.60	-3.1%	12%	\$24,116.93	\$480,146.11	\$3,521,071.49
	315	315									
High Deductible PPO											
Single	53	53	\$8,161.56	\$21,628.13	\$410,934.55	\$7,857.12	-3.7%	5%	\$7,464.26	\$22,392.79	\$425,463.05
Single +1	15	15	\$17,139.24	\$30,850.63	\$226,237.97	\$16,500.00	-3.7%	12%	\$14,520.00	\$31,680.00	\$232,320.00
Single +CH	14	14	\$15,507.00	\$28,051.76	\$191,046.24	\$14,928.60	-3.7%	12%	\$13,137.17	\$26,871.48	\$197,057.52
Family	80	82	\$24,484.68	\$235,052.93	\$1,723,721.47	\$23,571.36	-3.7%	12%	\$20,742.80	\$231,942.18	\$1,700,909.34
	162	170									
Value High Deductible PPO											
Single	4	4	\$6,771.12	\$1,354.22	\$25,730.26						
Single +1	1	1	\$14,219.52	\$1,706.34	\$12,513.18						
Single +CH	1	1	\$12,865.20	\$1,543.82	\$11,321.38						
Family	2	2	\$21,390.72	\$5,133.77	\$37,647.67						
	8	0									
HMO Illinois											
Single	54	96	\$7,058.28	\$19,057.36	\$362,089.76	\$5,364.24	-24.0%	5%	\$5,096.03	\$25,748.35	\$489,218.69
Single +1	24	49	\$14,822.40	\$42,688.51	\$313,049.09	\$11,265.00	-24.0%	12%	\$9,913.20	\$66,238.20	\$485,746.80
Single +CH	18	31	\$13,410.72	\$28,967.16	\$212,425.80	\$10,192.20	-24.0%	12%	\$8,969.14	\$37,914.98	\$278,043.22
Family	99	159	\$21,174.84	\$251,557.10	\$1,844,752.06	\$16,092.84	-24.0%	12%	\$14,161.70	\$307,051.39	\$2,251,710.17
	195	335									
Blue Advantage HMO											
Single	42	42	\$6,846.60	\$14,377.86	\$273,179.34						
Single +1	25	25	\$14,377.80	\$43,133.40	\$316,311.60						
Single +CH	13	13	\$13,008.48	\$20,293.23	\$148,817.01						
Family	60	60	\$20,539.68	\$147,885.70	\$1,084,495.10						
	140	0									
	820	820		\$14,514,417.32	\$12,960,095.87 **					\$1,392,025.30	\$11,414,627.90
											\$12,806,653.20
											Year over Year Net Difference -\$1,707,764.12

* Inclusive of former employees currently receiving benefits through COBRA.
** High Deductible PPO plans receive an additional District-funded HSA benefit of \$1,000 for Single and \$1,600 for Family, which has been added to the 2020 bottom-line, factored into PERs for 2021.