

**GLENBROOK HIGH SCHOOLS**  
**Office of the Assistant Superintendent for Business Affairs**  
**Regular Meeting Tuesday, April 28, 2014**

**TO: Dr. Michael Riggle**

**FROM: Hillarie Siena**

**DATE: April 28, 2014**

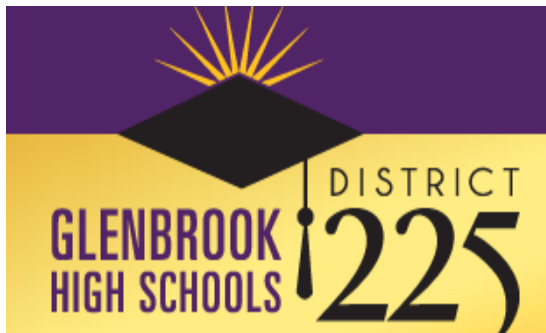
**RE: Discussion/Action: Insurance Renewal**

This packet contains a final presentation of the 2014 employee health/dental insurance renewal for Glenbrook High School District 225. This compilation and review was prepared by Corporate Benefits Consultants (CBC), a division of HUB International, as part of their contractual consulting services for the District. The renewal information is based upon certain trend data identified within the report. The renewal is also based upon certain trend data identified within supplementary reports not contained within the presentation. This supplementary data was examined prior to the preparation of the summary report.

District 225 administration incorporates the data included in the CBC renewal with its own internal analysis consisting of a review of most recent plan year cost data, ongoing or new District initiatives, demographic shifts and other internal trends, which results in a recommended calculated premium for the next plan year. The renewal reflects proposed plan design changes as recommended by the Insurance Cost Containment Committee.

On April 8, 2014, the Board of Education was presented with pre-renewal documents. At the time of the pre-renewal, three items were in the process of negotiation. These items have been finalized and are highlighted as follows:

- The percentage increase for PPO stop loss insurance with Symetra remains at +18%
- The dental administrative fee will not increase from \$3.35 to \$3.45, but will remain at \$3.35
- CBC has negotiated a two-year rate guarantee for dental insurance with BCBS



## Glenbrook High School District 225 2014 Final Renewal Presentation

April 28, 2014



# Renewal Summary: PPO & HSA Plan

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The experience period used for the renewal projection for PPO, Rx and Dental is 3/1/13 – 2/28/14. For comparison purposes we use the same period from the prior year.

Last year, District 225 introduced the PPO HSA plan. Currently there are 21 employees enrolled in this plan. Due to the small number of employees in this plan, the experience was blended with the regular PPO plan.

- Medical claims for the comparison period decreased by 5%.
- Enrollment in the PPO plan decreased slightly from 513 lives to 486.
- Prescription claims in the comparison period decreased by 4.5%. The projection for the Rx plan change implemented in 2013 was an average claim value savings of 4.2%.
- There were no claims in excess of the Individual Stop Loss level of \$250,00.
- The BCBS Administrative Fee remains constant at 4.9% of medical claims.
- The Symetra stop loss renewal will increase by 18% to \$32.77 PEPM including pharmacy.
- By comparison, the BCBS stop loss quote is \$41.12 PEPM without pharmacy.

# Renewal Summary: PPO & HSA Plan (cont.)

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The 2014-2015 allocated taxes and fees for ACA will reduce from \$64 per covered person to \$46 per covered person. The Patient Centered Outcomes Research Institute (PCORI) fee will increase from \$1 to \$2 and the Transitional Reinsurance Fee will decrease from \$63 to \$44. These fees are included in the renewal projections. The Transitional Reinsurance fee applies to Active, COBRA and under age 65 Retirees only. The PCORI fee applies to all groups excluding Retirees over age 65.

*The projected rate action for the PPO plan in 2014 is +7.51% over the current rates. This represents additional premium of \$492,542.*

*It is recommended that you increase the HSA rates as well however you may not need to increase them at the same rate as the PPO plan. This is recommended since the initial rates for this plan were set at a lower level than recommended which was done to encourage participation.*

The HSA plan is currently based on a 9/1 benefit year which coincides with all other plans. Your benefit year is different from your plan year. Generally, most plans have a benefit year that is based on a calendar year. You may want to consider keeping your HSA plan on a calendar year basis rather than a plan year basis which will also coincide with the taxable year. In order for you to accomplish this you would have to offer a “short” plan year in 2014 (9/1 – 12/31) then change to a January 1, 2015 effective date. This means that employees that are currently participating in the HSA plan will be required to satisfy two deductibles within a twelve month period.

# Renewal Summary: HMO I / BA HMO

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The experience period used for the renewal projection for HMOI and BAHMO is 3/1/13 – 2/28/14. For comparison purposes we use the same period from the prior year.

- HMOI and BAHMO medical claims remained consistent between the two periods.
- Prescription claims decreased by 9.4%. This decrease was a result of the plan changes made in 2013.
- Enrollment in HMOI decreased by 2.9% from 277 lives to 269 while the BAHMO enrollment increased from 27 to 32.

The BCBS fixed costs are increasing as follows:

- Administrative fee is increasing by 8%. The fee is based on a per employee per month fee. A portion of that fee (\$2.80) is due to PCORI and state tax. This was not in last year's renewal.
- The Individual Stop Loss fee of \$125,000 is increasing by 4%.
- Physician Service Fees are decreasing by 4.7% overall. Off cycle plan changes made by Glenbrook and MTHS 207 contributed to this decrease.
- HMO Managed Care fee is decreasing 2.8%.

*The blended projected increase to the HMOI and BAHMO plans is 1.73% or \$66,059 in additional premium equivalent.*

# Renewal Summary: Dental

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The experience period used for the renewal projection for Dental is 3/1/13 – 2/28/14. For comparison purposes we use the same period from the prior year.

- Dental claims in the current period have decreased by 10%.
- The administrative fee remains at \$3.35 for a two year rate guarantee.

*The projected rate action for 2014 is 3.7%.*

# ACA Taxes and Fees

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- BCBS does not assume any remittance or reporting responsibility for the Self-Funded PPO plan. The fees have been incorporated in the PPO renewal projections presented by CBC. District 225 will be responsible for reporting and remitting the PCORI and Transitional Reinsurance Fees directly. CBC will assist with this process.
- BCBS will be responsible for collecting and remitting all of the Allocated Taxes under ACA for the HMO plans. The Transitional Reinsurance Fee and Health Insurer fee is calculated on the projected Physician Service Fees. These fees are then converted into a Per Employee Per Month (PEPM), which will be billed on a monthly basis. The PEPM based on the projected renewal has been calculated to be \$23.12 PEPM. The PCORI and state tax fee is part of the PEPM administration fee which is \$2.80. These fees are included in the renewal projections.

# Healthcare Reform Timeline:

Year	Impact	Status	
2011	<ul style="list-style-type: none"> <li>✓ Children eligible to age 26</li> <li>✓ No lifetime annual max \$ limits</li> <li>✓ No preex restrictions for children under 19</li> <li>✓ Nongrandfathered plans only</li> </ul>	No Cost Sharing for Preventive Care OTC meds not eligible w/out script Excise Tax on drug companies	Completed
2012	<ul style="list-style-type: none"> <li>✓ Summary of Benefits and Coverages required (SBCs)</li> <li>✓ Medical loss ratio refund</li> <li>✓ W2 reporting on health coverage</li> <li>✓ PCORI fees</li> <li>✓ Women's Preventive Care benefits</li> </ul>		Completed
2013	<ul style="list-style-type: none"> <li>✓ Health FSA capped at \$2,500</li> <li>✓ Additional FICA Tax for high income earners</li> <li>✓ Elimination of Medical Part D subsidies</li> <li>✓ Excise Tax on medical device manufacturers</li> <li>✓ PCORI fee increases to \$2</li> <li>✓ Notice of health insurance exchanges required</li> </ul>		Completed
2014	<ul style="list-style-type: none"> <li>• Individual Mandate</li> <li>• Health Insurance Exchanges available</li> <li>• No annual \$ limits on essential health benefits</li> <li>• Waiting periods limited to 90 days</li> <li>• Automatic enrollment (pending)</li> <li>• No preexisting condition limitation</li> <li>• Increased wellness program incentive restriction</li> <li>• Cost sharing limited to \$6,350 / \$12,700</li> <li>• Coverage of routine expenses for Clinical Trials</li> <li>• Excise Tax on health insurance companies</li> </ul>		In Process
2015	<ul style="list-style-type: none"> <li>• Employer Pay or Play Mandate</li> <li>• Employer reporting of minimum essential coverage</li> <li>• Other Employer reporting obligations</li> </ul>		Pending
2018	<ul style="list-style-type: none"> <li>• Cadillac Tax</li> </ul>		Pending



**Glenbrook Analysis by Plan Year for Renewal Presentation**

**Aggregate Report 09/01/2012 - 09/01/2013 CBC**

<u>PPO</u>		
Paid Claims	4,409,923	4,409,923
Fees	253,451	253,451
Stop Loss	156,015	156,015
Rx	1,541,810	1,541,810
<b>Total</b>	<b>6,361,199</b>	

<u>HMO</u>		
Paid Claims	2,592,371	2,592,371
Fees	150,537	150,537
Stop Loss	116,601	116,601
Rx	474,943	474,943
<b>Total</b>	<b>3,334,452</b>	

<u>HMO-BA</u>		
Paid Claims	194,347	194,347
Fees	14,584	14,584
Stop Loss	11,304	11,304
Rx	29,700	29,700
<b>Total</b>	<b>249,935</b>	

<u>DENTAL</u>		
Paid Claims	1,294	708,657
Prior Year	0.18%	707,363
		10,654,243
		10,654,243
		9,945,586

<u>Analysis of Calculated Premium</u>			
Claims (incl ACA costs)	7,196,641		
Stop Loss	283,920		
Rx	2,046,453		
Fees	418,572		
<b>Total Costs</b>	<b>9,945,586</b>	9,945,586	
Less: Current Prem	10,381,920	10,381,920	
<b>Current Surplus</b>	<b>(436,334)</b>		-4.39%
Projected Increase	558,601	558,601	
<b>Projected Premium Shortfall</b>	<b>122,267</b>		
<b>Total Projected Cost</b>	<b>10,940,521</b>	10,940,521	
Current Premium	10,381,920		5.4%
<b>Projected Cost - PPO Plans</b>	<b>7,051,022</b>		
Current Premium - PPO Plans	6,558,480	7,051,022	7.51%
<b>PPO Shortfall</b>	<b>492,542</b>		
<b>Projected Cost - HMO Plans</b>	<b>3,889,499</b>		
Current Premium - HMO Plans	3,823,440	3,889,586	1.73%
<b>HMO Shortfall</b>	<b>66,059</b>		
<b>Total Projected Cost</b>	<b>10,940,521</b>		4.62% Avg Increase All Plans

**Recommended Rate Increase FY15**

- 5.00% PPO Low Deductible Plan**
- 2.00% HMO Plans**
- 0.00% PPO H.S.A. Plan**