



August 14, 2013

To: Superintendent Wyrosdick and School Board Members

RE: RFP 13-10 Group Medical

Managing the cost of health insurance continues to be a major challenge not only locally but on a national level. To ensure that we continue providing employees/retirees with competitive health plans we initiated a Request for Proposals (RFP) seeking bids for fully insured and self-funded medical plans, stop loss coverage and Medicare plans for the 2014 benefit plan year. Proposals were submitted from the following carriers:

- *Florida Blue – fully insured and self-funded*
- *Aetna – fully insured and self-funded*
- *United HealthCare – fully insured and self-funded*
- *ReliaStar – stop loss coverage only*
- *Medical Risk-Solutions, LLC- stop loss coverage only*

The bid selection committee members were: Rhonda Chavers, Lynn Rogers, Jon Thrush, Tom Turman and Karen Retherford. Mike Carraway served as a consultant to the group during the selection process.

After a careful and thorough evaluation of all proposals, the bid selection committee unanimously recommended awarding the RFP to Florida Blue with a fully insured platform. This recommendation was presented to the District Insurance Committee on August 5, 2013 and they unanimously supported the recommendation made by the bid selection committee. I would like to request Board approval to award RFP 13-10 Group Medical to Florida Blue.

The committee would like to make several additional recommendations relative to the health insurance program for 2014:

- Modify the limiting age for dependents from age 30 to age 26 meeting the Affordable Care Act age guidelines.
 - There are currently 37 dependents between the ages of 26 and 30.
- Offer two medical plan options instead of four: the High Option PPO 05773 and the Low Option HDHP/HSA 05192/93.
 - Reducing the number of plans will allow for more predictive pricing in the future.
- Equalize the Board contributions for premiums and HSA's so that employees in each plan tier receive the same dollar amount from the School Board regardless of the type of medical plan they elect.
 - PPO plan enrollees currently receive a significantly larger Board premium contribution than employees enrolled in a HDHP/HSA plan. For example, employees enrolled in a PPO plan currently receive a Board premium contribution of \$923.64 while employees enrolled in a HDHP/HSA family plan only receive a \$608.44 Board contribution (difference of \$315.20 per month or \$3,782.40 annually).
- Increase the Board HSA contribution amount to 40% of the current Calendar Year Deductible. Single from \$750 to \$1,000 and Family tiers from \$1,500 to \$2,000 annually.
 - A significant part of the funding for the HSA increase will be generated from the premium savings that results from basing the School Board's premium contribution on the Low Option HDHP/HSA plan.
- Continue to offer the Blue Medicare Advantage plan to Medicare eligible retirees.
 - The Centers for Medicaid and Medicare Services (CMS) has not yet rated the plan for 2014 so we do not have the exact premium at present.
- Continue to offer a \$20.00 per month (per contract) insurance premium wellness discount for employees who participate in the bio-metric screenings AND complete the on-line Personal Health Assessment (PHA).

- Florida Blue will provide \$150,000 in wellness funds to be used to fund approximately 50% of the total cost of the premium discount. We are requesting \$150,000 from the School Board to cover the remaining cost of providing the discount. (Board allocated \$140,000 for 2013)

Florida Blue's proposal of maintaining the four plans currently offered with no benefit changes and a 7.48% premium increase results in:

- a \$269,178.12 increase to Employees
- a \$797,098.32 increase to the School Board
- a \$1,066,276.44 total increase (Employees and School Board)

Accepting the recommended program changes as presented above results in:

- a \$9,129.72 decrease to Employees
- a \$900,969.24 increase to the School Board
- a \$891,839.52 total increase (Employees and School Board)

Although the committee's recommendation results in a \$103,870.92 increase to the School Board when compared to continuing to offer the same four plans with the 7.48% increase applied, we believe it is money well spent. It positions us for more predictive pricing in the future while providing a positive financial benefit to 93% of our employees. The total cost increase to the School Board is 7.7% over 2013 costs. This includes the Florida Blue premium increase, the HSA increase and the funds needed for the wellness insurance premium credit.

The bid selection committee also recommended that we form a committee to evaluate the feasibility of a clinic model coupled with a self-funded medical plan arrangement. Rhonda Chavers and I will work together to put a committee in place for this purpose.

If you have any questions or would like to further discuss, please contact me.

Sincerely,

Karen L. Retherford

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