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TO: Superintendent Wyrosdick and School Board Members

RE: Renewal of Group Benefit Plans

In 2014, the School Board approved a transition to a Partially Self-funded Medical Insurance Plan that went into effect in January of 2015. We were hoping our first year in Self-funded status would perform as an expected claims year allowing us to plan for certain reserve costs and plan for transition costs needed to mature our plan. Unfortunately, we have experienced what is possibly one of our highest claim years in over 10 years. While our claims currently place our Loss Ratio at 90%, we are fortunate to be able to manage our own fund in order to see some cost savings as we transition into our 2016 renewal. These cost savings will be used to fund the set aside state required reserve.

The 2016 Medical Plan Renewal, not including the set aside reserve, includes an overall 12.79% increase from the 2015 Renewal costs. The details of this renewal are:

- Total 2016 renewal cost is \$16,120,247
- 2015 renewal cost was \$14,292,429
- ASO (Administrative Services to Florida Blue) Fees increased 2.69% - \$1,052,946 to \$1,081,251
- Stop Loss Premiums increased by 5.01% - \$1,461,953 to \$1,535,218
- Expected Medical Claims and Aggregate Claims costs increased by 14.86% - \$11,616,730 to \$13,342,978

The Self-funded Sub Committee, after review of the renewal increases, presented several considerations to the Self-funded Insurance Committee. Both committees approved these options for the renewal and the following recommendations are presented to the School Board for consideration:

- Cost sharing the renewal increase in the amount of \$1,100,000 (funding 2016 to 95% of Maximum)
- The cost sharing would be in the form of premium increases to the employees and to the School Board
- Recommend premium increases at 71.5% (\$786,033.48) of total cost to be incurred by the School Board and 28.5% (\$313,944.60) of total cost to be incurred by the employees
- Plans would be the same plans offered in the 2015 school year
- No changes to the School Board HSA Contributions (\$1,000 single/\$2,000 family)

Additional Plan Renewals include the following:

- Dental (Florida Combined Life):
 - 5% overall increase in premiums across plans
 - No plan design changes
- Vision (Davis Vision):
 - No plan design changes and no premium increases
- Basic Life and Supplemental Life Insurance (VOYA):
 - No plan design changes and no premium increases
- Long Term Disability Plan (Florida Combined Life):
 - No plan design changes and no premium increases

Additional documents included for review include the new premiums for the 2016 Medical Plan Renewal and the new premiums for the Dental Plan Renewal.

We are optimistic that moving to a self-funded platform will provide us with the opportunity to see cost savings in future years. We can expect medical costs to continue to rise and the best opportunity we have to manage these increases is to work with our employees to reduce our claims experience and to manage our own self-funded plan. We hope to improve our claims experience through our wellness programs and through educational initiatives to support employee health and self-management.

Thank you for your considerations of our renewal recommendations.

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