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TO: Superintendent Wyrosdick and School Board Members

RE: Renewal of Group Benefit Plans for 2021

Self-Insured Health Plan and Benefits Renewal Summary:

The 2020 benefit plan year (January to December) has been performing within expected range for the plan year through July 2020. The current loss ratio for our plan year is 76%. This favorable loss ratio will allow for continued non-reoccurring savings to accumulate in the self-funded health account.

The 2021 Medical Plan Renewal was discussed at length by the Insurance Committee. We received a favorable renewal with an overall increase of 1.05%. The details of this renewal are:

- Total 2021 renewal cost is \$23,560,079. The renewal cost in 2020 was \$22,225,878. The increased cost is a combination of increased health care costs and increased enrollment of employees on our plan (Contracts).
- Total Contracts are estimated at 2096. In 2020, the contracts were estimated at 2030.
- Maximum funding level percentage recommended is 93%. In 2020, the funding level was at 92%. This will set an estimated \$21,799,231 in premium collections. This total includes \$1,000,000 in added premium funds (72% of the cost increase will be attributed to the School Board Contribution).
- ASO (Administrative Services to Florida Blue) Fees decreased by 2.79% (down \$39,237).
- Stop Loss Premiums increased by 16.14% (increase of \$285,323).
- Expected Medical Claims and Aggregate Claims cost increases are the result of increased enrollments to the plan, not a result of renewal increases. The overall increase to claims cost is \$712,265.
- With a recommendation of a \$1,000,000 increase and funding to 93%, the outstanding 7% potential cost to the plan if the plan exceeds a loss ratio of 100%, would be \$1,649,205. The current non-reoccurring fund balance (minus reserves) as of July, 2020 is \$7,490,194.54.
- Total 2020 recommended School Board cost for our medical plan, including HSA contributions, is \$18,964,007 (87% of the total cost of our health care benefits)
- The committee further recommends continuing with our current Pharmacy Benefit Management company Express Scripts. There is a \$0 cost increase for this benefit for 2021.

The insurance committee is recommending a change in the School Board twice yearly Contributions to employee HSA (Health Savings) accounts. Audit recommendation due to overpayment for separated employees, customary practice for contributions, finance system management, and alignment with monthly employee self-contributions drove this recommended change for the 2021 year. This would change the two School Board Contributions from January/July contributions (\$575 or \$1,150) to up to 12 monthly contributions (\$95.83 or \$191.67) based on continued employment on the eligible health plan.

We are pleased to present to the School Board for **approval \$0 premium increases for this year's renewals of all group products.**

- Dental (United Health Care): rates good through 2021
- Flexible Spending Plans: rates good through 2021
- Vision (Davis Vision): rates good through 2021
- Basic Life and Supplemental Life Insurance (VOYA): rates good through 2021
- Long Term Disability Plan- VLTD (Florida Combined Life- FCL): rates good through 2021
- Healthiest You Telemedicine Program rates good into 2021

Value Added Benefits from Partner Providers:

- Florida Blue continues to provide \$100,000 in wellness dollars to our Self-Insured Health Fund. These dollars are being used to fund our Healthiest You Telemedicine Program.

Additional information is included for review in the Renewal Summary documents from Godfrey & Downs.

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 continuing the Healthiest You Telemedicine program and by encouraging employee preventative and proactive health management.

Our plan is state approved and actuarially sound. We have reserves to help in the event of a plan year where claims exceed our funding level (93% for 2021).

Thank you for your considerations of our renewal recommendations.

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Risk Manager