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TO: Superintendent Wyrosdick and School Board Members

RE: Renewal of Group Benefit Plans for 2018

Self Insured Health Plan Renewal Summary:

The 2017 benefit plan year (January to December) has been a better year to date for our health plan loss ratio when compared to 2015 and 2016. The current loss ratio for our plan through July is 79%. If we continue to perform as expected, we hope to see our end of the year loss ratio below last year's end of the year loss ratio of 94.97%. This favorable trend in our loss ratio will help build our non-reoccurring reserve dollars in the fund. However, we continue to experience an increase in medical costs requiring increases in reoccurring premium dollars.

The 2018 Medical Plan Renewal includes an overall 6.78% increase. The details of this renewal are:

- Total 2018 renewal cost is \$21,040,443
- Funding level based on 2030 contracts for 2018 will be 94% of maximum funding
- ASO (Administrative Services to Florida Blue) Fees –0% increase for 2018
 - Exception is an added \$2.50 PEPM for the Benefit Administration System
- Stop Loss Premiums increased by 4.39% - \$1,564,209 to \$1,632,818
- Expected Medical Claims and Aggregate Claims costs increased by 7.85% - \$16,792,230 to \$18,109,662
- The total re-occurring Premium increase is \$1,500,000.00. The School Board portion recommended is \$1,124,921 (75%) and employees/retirees collectively would cost share a recommended \$375,066 (25%).
- Total 2018 recommended School Board cost for our medical plan, including HSA contributions, is \$16,731,061 (84% of the total cost of our health care benefits)

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

- Providing for an overall renewal premium increase in the amount of \$1,500,000 (funding 2018 to 94% of Maximum)
- In cost sharing the premium increases, the School Board portion recommended is \$1,124,921 (75%) and the employees/retirees portion collectively would be \$375,066 (25%)
- Plan designs and offerings (PPO and HDHP/HSA) would be the same plans offered in the 2017 school year

- The committee recommends an increase in School Board funding to HSA's to account for growth in expected employees/families on our plan (\$100,000 recommended)
- The committee also recommends an increase in single and family HSA contributions for 2018 in order to help offset the rising cost of health care premiums. Increases recommended would be:
 - To increase from \$1,000 single HSA Board contribution to \$1,150 single
 - To increase from \$2,000 family HSA Board contribution to \$2,300 family.
- These increases would be an estimated additional \$462,200 in HSA costs to the School Board (this includes equal contributions to PPO plan participants to offset premium increases)

Additional Plan Renewals include the following:

- Dental (Florida Combined Life- FCL):
 - Current rates and plans have no rate increases or changes through 12/31/2019
- Vision (Davis Vision):
 - Current rates and plans have no rate increases or changes through 12/31/2019
- Basic Life and Supplemental Life Insurance (VOYA):
 - No plan design changes
 - Basic Life premiums increased 22.5% for an estimated increase in reoccurring cost to the School Board of \$35,000
 - 10% increase in retiree rates for the \$10,000 basic life plans
 - No rate increase in Supplemental Life plan premiums
- Long Term Disability Plan- VLTD (Florida Combined Life- FCL):
 - No plan design changes and no premium increases through 12/31/2018
- Continue the Healthiest You Telemedicine Program into 2018 with \$0 increase

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.
- United Health Care, as part of our worksite products added this year, has credited our district \$75,000 toward our new benefits platform, Web Benefits Design.
- FCL will provide a \$10,000 wellness incentive for renewing through 2019. If our district bids out VLTD in 2018 these dollars will have to be reimbursed to FCL.

Final total requested in re-occurring School Board costs for all benefits listed: **\$1,622,121**

Additional documents included for review include the new premiums for the 2018 Medical Plan Renewal and the Renewal Summary Document 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.

Thank you for your considerations of our renewal recommendations.

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Risk Manager