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TO: Superintendent Wyrosdick and School Board Members

RE: Renewal of Group Benefit Plans for 2019

Self Insured Health Plan Renewal Summary:

The 2018 benefit plan year (January to December) has been performing within expected range for the plan year through July, 2018. The current loss ratio for our plan year is 81%. We are projecting a finish to the summer with a loss ratio in the lower 80's based on trends in data through August. A favorable loss ratio will allow for continued non-reoccurring savings to accumulate in the self-funded health account. This will be important to help off-set years where claims are higher than expected.

The 2019 Medical Plan Renewal includes an overall 5.11% increase. The details of this renewal are:

- Total 2019 renewal cost is \$21,747,498.00
- Total Contracts (Employees on health coverage) are estimated at 2,029.
- Maximum funding level percentage recommended is 95%. This will set an estimated \$20,720,345.76 in premium collections.
- ASO (Administrative Services to Florida Blue) Fees –2.87% increase for 2019
- Stop Loss Premiums increased by 3.24%
- Stop Loss Carrier recommended for this renewal is U.S. Fire
- Expected Medical Claims and Aggregate Claims costs increased by 5.46% - \$17,770,854 to \$18,532,386
- The total re-occurring Premium increase is \$1,000,000.00. The School Board portion recommended is \$698,635.68 (70%) and employees/retirees collectively would cost share a recommended \$301,405.32 (30%).
- Total 2019 recommended School Board cost for our medical plan, including HSA contributions, is \$17,429,697.64 (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 \$1,000,000 (funding 2019 to 95% of Maximum)
- In cost sharing the premium increases, the School Board portion recommended is \$698,635.68 (70%) and the employees/retirees portion collectively would be \$301,405.32 (30%)
- Plan designs and offerings (PPO and HDHP/HSA) would be the same plans offered in the 2018 school year
- The committee also recommends the School Board continue the increased HSA contributions again for 2019. Contributions recommended would be:
 - \$1,150 single contribution for the plan year
 - \$2,300 family contribution for the plan year

- Also recommended to the School Board is to implement for 2019 a pharmacy carve out program through Crumdale Partners in partnership with Express Scripts. This is a change from our current pharmacy benefit manager (PBM), Prime Therapeutics (partnered with Florida Blue), which offers projected 2019 rebating below that of Crumdale/Express Scripts. Additional rebates are projected to be near \$442,474.00 annually. The district will request to maintain Florida Blue as our pharmaceutical claims administrator. However, employees will have a separate pharmacy card to provide their pharmacy. Express Scripts is the 2nd largest PBM in the country and we do not anticipate a disruption to the network.

Additional Plan Renewals include the following:

- Dental (United Health Care):
 - New Dental Carrier for 2019 with an increased (already Board approved) \$12,000 in added Board paid dental benefits
- Flexible Spending Plans (already Board approved and rates are good through 1/1/2022)
- Vision (Davis Vision):
 - Current rates and plans have no rate increases or changes through 2020
- Basic Life and Supplemental Life Insurance (VOYA):
 - No plan design changes
 - Rates are good through 2019
- Long Term Disability Plan- VLTD (Florida Combined Life- FCL):
 - No plan design changes
 - Rates are good through 2020
- Continue the Healthiest You Telemedicine Program into 2019 with \$0 increase
- TSA Consulting – renew with no increases through 6/30/2019

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 dental products added this year, has credited our district \$75,000 toward our benefits platform, Web Benefits Design. UHC has also agreed to an added \$35,000 in year two and year three of the dental adoption.

Additional documents for review include the new premiums for the 2019 Medical Plan Renewal and the Renewal Summary Document from Godfrey & Downs. Also included for review is the pharmacy carve out proposal.

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.

Pam Smith

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Risk Manager

Santa Rosa County School 1/1/19	GERBER - CURRENT	GERBER - ILLUSTRATIVE RENEWAL	US FIRE - PROPOSED & FIRM RENEWAL
TPA	BCBS of Florida	BCBS of Florida	BCBS of Florida
<i>Network</i>	BCBS Florida and Blue Card	BCBS Florida and Blue Card	BCBS Florida and Blue Card
<i>Plan Design</i>	HSA/PPO	HSA/PPO	HSA/PPO
<i>Specific Deductible</i>	\$150,000	\$150,000	\$150,000
<i>Specific Contract Basis</i>	12/24	12/24	12/24
<i>Aggregate Contract Basis</i>	24/12	24/12	24/12
<i>Corridor</i>	125%	125%	125%
TPA Administration Costs			
<i>Employee</i>	\$51.23	\$52.70	\$52.70
<i>Employee + Spouse</i>	\$51.23	\$52.70	\$52.70
<i>Employee + Child(ren)</i>	\$51.23	\$52.70	\$52.70
<i>Family</i>	\$51.23	\$52.70	\$52.70
<i>Includes Ben Admin (\$2.50)</i>			
<i>Total Monthly</i>	\$103,946	\$106,928	\$106,928
<i>Total Annual</i>	\$1,247,348	\$1,283,140	\$1,283,140
Increase		2.87%	2.87%
Health Care Reform			
<i>Yearly Cost</i>	\$50,000	\$50,000	\$50,000
Stop Loss Premium			
<i>Specific Premium</i>			
<i>Employee</i>	\$40.43	\$44.79	\$41.36
<i>Employee + Spouse</i>	\$84.50	\$93.62	\$82.40
<i>Employee + Child(ren)</i>	\$73.99	\$81.97	\$72.93
<i>Family</i>	\$118.87	\$131.69	\$123.76
<i>Aggregate Premium</i>			
<i>Composite</i>	\$2.44	\$2.62	\$3.28
Stop Loss Premium			
<i>Total Monthly</i>	\$135,098	\$149,500	\$139,471
<i>Total Annual</i>	\$1,621,174	\$1,794,002	\$1,673,656
Increase		10.66%	3.24%
Variable Claims Costs			
<i>Expected Claims Cost</i>	<i>Includes Medical and Rx</i>	<i>Includes Medical and Rx</i>	<i>Includes Medical and Rx</i>
<i>Employee</i>	\$368.04	\$378.63	\$389.10
<i>Employee + Spouse</i>	\$769.21	\$791.35	\$775.07
<i>Employee + Child(ren)</i>	\$673.52	\$692.90	\$685.97
<i>Family</i>	\$1,082.05	\$1,113.19	\$1,164.16
<i>Total Monthly</i>	\$1,184,724	\$1,218,822	\$1,249,380
<i>Total Annual</i>	\$14,216,684	\$14,625,864	\$14,992,562
<i>Aggregate Claims Cost</i>			
<i>Employee</i>	\$460.05	\$473.29	\$486.37
<i>Employee + Spouse</i>	\$961.51	\$989.19	\$968.84
<i>Employee + Child(ren)</i>	\$841.90	\$866.13	\$857.46
<i>Family</i>	\$1,352.56	\$1,391.49	\$1,455.20
<i>Total Monthly</i>	\$1,480,905	\$1,523,528	\$1,561,725
<i>Total Annual</i>	\$17,770,854	\$18,282,331	\$18,740,703
Increase		2.88%	5.46%
Enrollment			
<i>Employee</i>	1229	1229	1229
<i>Employee + Spouse</i>	183	183	183
<i>Employee + Child(ren)</i>	186	186	186
<i>Family</i>	431	431	431
<i>Total</i>	2029	2029	2029
Expected Costs			
<i>Medical Administration</i>	\$1,247,348	\$1,283,140	\$1,283,140
<i>Health Care Reform</i>	\$50,000	\$50,000	\$50,000
<i>Stop Loss Premium</i>	\$1,621,174	\$1,794,002	\$1,673,656
<i>Expected Claims</i>	\$14,216,684	\$14,625,864	\$14,992,562
<i>Total Expected</i>	\$17,135,206	\$17,753,006	\$17,999,357
Maximum Costs			
<i>Medical Administration</i>	\$1,247,348	\$1,283,140	\$1,283,140
<i>Health Care Reform</i>	\$50,000	\$50,000	\$50,000
<i>Stop Loss Premium</i>	\$1,621,174	\$1,794,002	\$1,673,656
<i>Maximum Claims</i>	\$17,770,854	\$18,282,331	\$18,740,703
<i>Total Maximum</i>	\$20,689,377	\$21,409,472	\$21,747,498
Increase		3.48%	5.11%

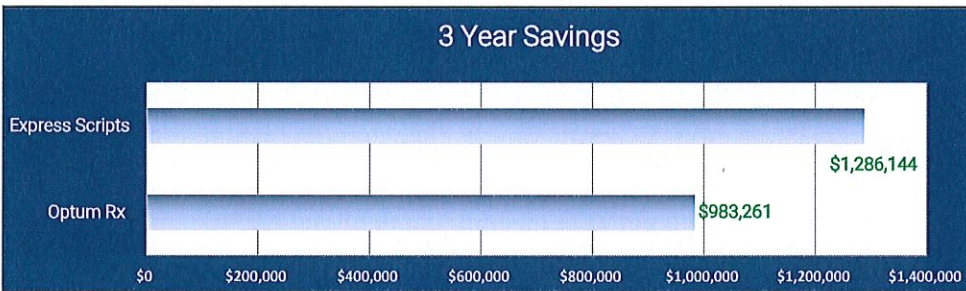
1) Gerber Life: Lasers TBD. Requires claims through August 2018 to FIRM.

2) US FIRE: Quote is FIRM.

Santa Rosa County District of Schools	Total Employees 2,025	Total Members 4,190	Total Claims 51,692
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Financial Performance			
	Incumbent (Prime Therapeutics)	Express Scripts	Optum Rx
Ingredient Cost:	\$4,196,655	\$4,277,774	\$4,345,572
Dispensing Fees:	\$35,349	\$27,642	\$31,525
Member Contribution:	(\$1,099,985)	(\$1,099,985)	(\$1,099,985)
Admin Fees:	\$0	\$204,369	\$190,499
Rebates:	(\$472,141)	(\$1,192,396)	(\$1,194,727)
Net Plan Cost:	\$2,659,878	\$2,217,404	\$2,272,884
Annual Savings:		\$442,474 16.6%	\$386,994 14.5%

Year 1 Pricing									
	Incumbent (Prime Therapeutics)			Express Scripts			Optum Rx		
	Retail 30	Retail 90	Mail	Retail 30	Retail 90	Mail	Retail 30	Retail 90	Mail
DISCOUNTS									
Traditional Brand	16.77%	24.96%	19.24%	17.00%	17.00%	24.00%	17.00%	17.00%	24.50%
Traditional Generic	81.14%	-	87.40%	81.75%	81.75%	85.75%	80.20%	80.20%	84.25%
Specialty	21.78%		48.31%			17.25%			19.00%
DISPENSE FEES									
Traditional	\$0.90	\$0.00	\$0.00	\$0.70	\$0.70	\$0.00	\$0.80	\$0.80	\$0.00
Specialty	\$0.38		\$0.00			\$0.00			\$0.00
OTHER FEES									
		PMPM			PMPM			PMPM	
Administration		\$0.00			\$2.57			\$2.30	
REBATES									
Traditional Brand	\$82.29	\$82.29	\$82.29	\$116.00	\$290.00	\$361.50	\$130.00	\$230.00	\$420.00
Specialty Brand	\$82.29		\$82.29			\$1,000.00			\$1,200.00
CREDIT									
Implementation Fund		N/A			Per Contract			Per Contract	
					\$29,330			\$33,520	



Crumdale PBM Terms:

- 1) The contract terms for all of the Crumdale vendors are **three years in duration**.
- 2) The rates quoted by Crumdale providers are guaranteed discounts. They are not "effective rate" guarantees.
- 3) The rates quoted by Crumdale providers are client-specific, guaranteed discounts. They are not "book of business" rates.
- 4) Claims (brand/generic) determination for all vendors is determined by MediSpan indicators without influence of outside sources, so the playing field is completely level across the spectrum of claims. Rates from all vendors included are free of all pricing optics, i.e. brands are brands; generics are generics. So these are clean rates, client-specific and guaranteed on an annual aggregate basis.
- 5) All additional fees (with the exception of those outlined in the following bullet), commissions and rebates are included and considered in the analysis. Relative to rebates, only flat dollar **minimum guarantees** are reflected in the analysis. However, OptumRx and Express Scripts are contractually required to pay the client 100% of all rebates earned regardless of channel.
- 6) Pricing analysis does not reflect any Incumbent PBM or proposed PBM ancillary program fees or data integration fees; such fees include but are not limited to clinical program fees (prior authorizations, step therapy, etc.) and HDHP/CDH data sharing fees for Integrated OOP Maximums and/or deductibles; additional fees are typically less than 1.25% of drug cost.
- 7) Crumdale Implementation oversight, on-going account management and consulting services including our Performance Analytics Auditing Services are all included for the life of the Agreement.
- 8) Administration Fee includes Florida Blue carve out fee of \$75,000

The Next Step in our process is to have the company select the formal proposal(s) for each vendor that they would like to consider. Once that decision is shared with us, we will secure the proposals for your review.

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