

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Mitsi Corcoran, Chief Financial Officer
FROM: Lynn Peterson, Risk Manager
DATE: September 27, 2013
SUBJECT: Group Medical Insurance – Renewal 01/01/2014

2014 Group Medical Renewal

Florida Blue has proposed an aggregate rate increase of 8.71% across the four plans offered by the district. This increase was due to Affordable Health Care Act (ACA) plan requirements and fees, the Sarasota County School Board trend of 6.1% and retention of 10% of premium. Florida Blue has also offered to include Wellness Dollars equal to 0.5% of total premium or approximately \$190,000.00. For 2014, the HMO 05 will change to HMO 55 and HMO 42 will change to HMO 60.

The ACA for 2014 requires deductibles and all co-pays to be included in the out of pocket maximums. While the current HMO plans included this provision, the PPO plans required modification to be compliant with ACA. Out of pocket maximums required by PPO plan participants were increased to include the plan deductible and these changes were incorporated in the collective bargaining unit proposal and agreed to by the collective bargaining unit.

The expiring and proposed Florida Blue monthly contract rates are as follows:

2013 Group Medical Monthly Contract Rates (Expiring)				
Coverage Tier	HMO 5	HMO 42	PPO 702	PPO 727
Single Only	\$511.27	\$473.51	\$641.55	\$365.51
Single + Spouse	\$1,063.37	\$984.88	\$1,333.39	\$759.63
Single + Children	\$967.02	\$895.58	\$1,212.18	\$690.60
Single + Family	\$1,482.05	\$1,372.62	\$1,858.42	\$1,058.76

2014 Group Medical Monthly Contract Rates - (Renewal)				
Coverage Tier	HMO 55	HMO 60	PPO 702	PPO 727
Single Only	\$559.20	\$517.90	\$694.67	\$389.21
Single + Spouse	\$1,163.05	\$1,077.20	\$1,443.80	\$808.88
Single + Children	\$1,057.67	\$979.53	\$1,312.55	\$735.38
Single + Family	\$1,620.98	\$1,501.29	\$2,012.30	\$1,127.41

The initial renewal from Florida Blue called for a 17.25% increase. After negotiations and before plan changes, the renewal reflected a 10.4% increase over all plans. Since plan design changes were only made to the PPO plans, the impact to the PPO plans will vary by plan. However, the HMO plans will each increase by the same amount (9.37%).

The estimated 2014 calendar year total plan cost [district paid & employee paid] based on enrollments as of August 2013 is \$ 38,235,291. This is an increase of \$ 3,064,254 or an aggregate 8.71%. The estimate does not include retirees and Cobra. The projected annual district cost is \$ 33,262,004 which is \$2,738,204 or 8.97% more than last year. There was no MLR rebate received by the District from Florida Blue this year.

Recommendation

It is recommended Sarasota County School Board accepts the health insurance renewal with an aggregate 8.71% rate increase as presented.

Attachments 1