



THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

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MEMORANDUM

TO: School Board Members
Lori White, Superintendent

FROM: Mitsi Corcoran, Chief Financial Officer

RE: Award of RFP#12-0127 Group Medical Insurance

DATE: September 30, 2011

Background Information:

The 2010-2011 budget included an estimated increase of 10% for the renewal of our group health insurance plans. The actual increase was 10.5% and given the District's prior claims experience, there was a significant likelihood the District would continue to see premiums escalate at these rates every year.

Not long after the 2010-2011 budget was adopted, the Board requested information on our health insurance policies and benefits with experience information, benchmarking and trend analysis of premium increases to determine whether we should market our health insurance and include changes to our plan design in the collective bargaining negotiations. This was reviewed and discussed at their January 2011 Work Session.

The Financial Advisory Committee also wanted to look into our health insurance plans since it is the second largest expense of the District behind salaries. The members sought the expertise of Bert Palmer, the District's Risk Manager and AON/Hewitt, the District's insurance consultant, to educate themselves on the four health plans offered by the District and how variations to plan design and the possibility of marketing the District's medical insurance might yield savings in future years. The Financial Advisory Committee met over four months reviewing information, benchmarking the District to other school districts, local governments and private employers in the County. I was very impressed by the amount of time and energy that was put in by these very busy citizens. Their business focus and experience provided us with another perspective from which to gather data. The committee's efforts concluded with a report to the Board during the February Work Session. Understanding that employee benefits are covered under a collective bargaining agreement, the Committee did not make specific recommendations to the Board, but felt that marketing the group medical insurance and making modifications to plan designs would help to mitigate the double digit increases anticipated for future health insurance premiums.

In addition, the Superintendent believed it worthy, given our budget situation, to pull together a group of stakeholders who would be impacted by any changes to salary and benefits and ask them to sit on a committee to formulate recommendations which could be taken to the negotiating table. The salary and benefits committee was made up of teachers representing various grade levels, classified employees, a school based administrator from each level (elementary, middle and high), Pat Black representing district level administration and the executive leadership of the SC/TA. Tim Dutton, Executive Director of SCOPE, graciously agreed to serve as the committee's facilitator and Scott Lempe, Mike Jones, Gary Leatherman, Al Weidner and I also attended each meeting to provide staff support and information, but were not sitting members on the committee.

The committee, in addition to investigating and reviewing proposals for salary changes, also took the time to educate themselves on the costs and plan designs for all of our employee benefits. Again, another very impressive group of individuals who took time out of their busy schedules to immerse themselves in what can truly become pretty technical information to decipher; all in an effort to help the Superintendent make some very difficult decisions on very sensitive topics during negotiations. The committee's recommendations with regard to our health insurance were to modify plan designs to the point where the premium increases would yield an increase no greater than 3%. These recommendations were taken to the negotiating table and incorporated into the 2011-2012 ratified contract with only a few minor modifications.

Health Insurance Request for Proposal Process:

Concurrent with the onset of contract negotiations, the purchasing department and Risk Management began the Request for Proposal or RFP process to market the District's group medical insurance plans based upon guidance from the Board's Work Sessions in January and February. This is a multi-step process that takes around four months to complete, and in this case, it was five months from start to finish. In order to provide for an apples to apples comparison among the proposing vendors, the RFP was written based upon our current plans with no modifications since that is what our past claims experience supports. In addition, we requested each proposer provide us with pricing quotes for an alternative plan design that incorporated all of the provisions of the ratified collective bargaining agreement. There were a total of five proposers who responded, one of whom was deemed to be non-responsive because they were only proposing on policies for our retiree population. A review committee made up of Bert Palmer, Al Weidner, Barry Dubin and myself reviewed and ranked the various proposers based upon various criteria such as pricing, carrier qualifications, financial stability, network access, extent of network disruption in changing carriers, clinical care and disease management programs, benefit provisions, wellness program support, claims processing times and plan administration. In virtually all criteria levels, Blue Cross Blue Shield received the highest scores from the committee members.

Plan Design Modifications and Cost Savings:

If these plans are approved, there are a few modifications to our health insurance that I would like for everyone to be aware of: Co-pays for doctor visits and outpatient therapy will be increasing for the High HMO plan. The co-pay amounts for prescription medications are now exactly the same across all four of our plans which represents an increase for both the High HMO and PPO plans; the out of pocket limits were increased for the Low HMO and High PPO plans; deductibles for both PPO plans were increased; and for the first time, there is now a deductible applicable to the two HMO plans. A copy of all of the changes by plan and a comparison between the new plans and our current plans are included in your read ahead. All changes are reflected in red.

When Blue Cross Blue Shield completed the alternative plan quote which was anticipated to yield the District a 3% increase from our current premiums, they made some modifications that resulted in making the plan benefits richer than were requested. For example, the District requested to have deductibles incorporated into the HMO plans. The HMO plans included by Blue Cross Blue Shield only incorporate a deductible for hospital stays, emergency room visits and diagnostic x-rays and labs. We also requested to continue not covering routine preventative care for the grandfathered Low PPO plan. Under all four of the new plans, preventative care is now covered at 100% with no deductible.

If adopted, the new health plans for the District will yield a savings of a little more than \$3.3 million for calendar year 2012 based upon the District's July plan enrollments. This works out to be a 9.3% reduction in employer contributions from calendar year 2011. There is also an estimated savings of just under \$400,000 in employee contributions for dependent coverage which represents a 7.2% reduction in premiums. There are a few employees on our low PPO plan who elect employee and spouse or employee and children coverage that will see a small increase of between \$12 and \$16 per month. Most employees with dependent coverage will see a reduction in their dependent health insurance premiums of between \$60 and \$116 per month.

School Board of Sarasota County
2012 Contribution Analysis



2012 Alternative Plan - BCBSF

	Enrolled	2011 Premium Monthly Rates	2011 Employee Contribution	2011 SBSC Contribution	2012 Premium Monthly Rates	2012 Employee Contribution	2012 SBSC Contribution	EE Difference Per Month
HMO 5								
Single Only	2474	\$577.80	\$0.00	\$577.80	\$521.61	\$0.00	\$521.61	\$0.00
Single + Spouse	110	\$1,201.74	\$623.94	\$577.80	\$1,084.87	\$563.26	\$521.61	-\$60.68
Single + Children	126	\$1,092.84	\$515.04	\$577.80	\$986.56	\$464.95	\$521.61	-\$50.09
Single + Family	31	\$1,674.88	\$1,097.08	\$577.80	\$1,512.00	\$990.39	\$521.61	-\$106.69
PPO 702								
Single Only	1400	\$714.50	\$0.00	\$714.50	\$654.52	\$0.00	\$654.52	\$0.00
Single + Spouse	42	\$1,485.00	\$770.50	\$714.50	\$1,360.34	\$705.82	\$654.52	-\$64.68
Single + Children	30	\$1,350.02	\$635.52	\$714.50	\$1,236.69	\$582.17	\$654.52	-\$53.35
Single + Family	9	\$2,069.74	\$1,355.24	\$714.50	\$1,895.99	\$1,241.47	\$654.52	-\$113.77
HMO 15								
Single Only	36	\$542.38	\$0.00	\$542.38	\$483.08	\$0.00	\$483.08	\$0.00
Single + Spouse	55	\$1,128.12	\$550.32	\$577.80	\$1,004.79	\$483.18	\$521.61	-\$67.14
Single + Children	108	\$1,025.84	\$448.04	\$577.80	\$913.69	\$392.08	\$521.61	-\$55.96
Single + Family	43	\$1,572.26	\$994.46	\$577.80	\$1,400.37	\$878.76	\$521.61	-\$115.70
PPO 117								
Single Only	14	\$394.26	\$0.00	\$394.26	\$372.90	\$0.00	\$372.90	\$0.00
Single + Spouse	117	\$819.38	\$241.58	\$577.80	\$774.99	\$253.38	\$521.61	\$11.80
Single + Children	149	\$744.92	\$167.12	\$577.80	\$704.57	\$182.96	\$521.61	\$15.84
Single + Family	94	\$1,142.02	\$564.22	\$577.80	\$1,080.16	\$558.55	\$521.61	-\$5.67
		Total Premium	Employee	SBSC	Total Premium	Employee	SBSC	
Annual Totals	4,838	\$41,433,435	\$5,505,382	\$35,928,053	\$37,710,761	\$5,107,723	\$32,603,038	
				Change %	-9.0%	-7.2%	-9.3%	
				Change \$	(\$3,722,673)	(\$397,659)	(\$3,325,015)	

**Based on Active Enrollment as of July 2011



Sarasota County Schools
2012 Plan Design Changes
Effective Date: January 1, 2012



2012 Benefit Changes highlighted in **RED**

Benefits	High HMO	LOW HMO	HIGH PPO		LOW PPO	
	BlueCare HMO 05 In Network	BlueCare HMO 042 In Network	BlueChoice PPO 702 In Network	BlueChoice PPO 702 Out of Network	BlueChoice PPO 727 In Network	BlueChoice PPO 727 Out of Network
Deductible						
Single	\$250	\$500		\$500		\$1,500
Family	\$750	\$1,500		\$1,500		\$4,500
Coinsurance	100%	100%	10%	30%	20%	40%
Out-of-Pocket Limit	Includes CYD and copays; excludes Rx	Includes CYD and copays; excludes Rx	Includes only coinsurance; excludes Rx		Includes only coinsurance; excludes Rx	
Single	\$1,500	\$2,000		\$1,500		\$2,000
Family	\$3,000	\$4,000		\$4,500		\$6,000
Lifetime Maximum ⁽¹⁾	Unlimited	Unlimited	Unlimited		Unlimited	
Physician Services						
PCP Office Visits	\$20	\$25	\$25	30% after deductible	20% after deductible	40% after deductible
Specialist Visits	\$40	\$50	\$50	30% after deductible	20% after deductible	40% after deductible
Specialist Referral Required	No	No	No		No	
Allergy Testing	\$0	\$0	\$25 in Family Physician office; <b style="color: red;">\$50 in Specialists office ; 10% after deductible in other facility.	30% after deductible	20% after deductible	40% after deductible
Allergy Injections (not by physician)	\$5	\$5	\$5	30% after deductible	20% after deductible	40% after deductible
Outpatient Therapy (physical, occupational, speech, cardiac)	\$40, office location	\$25 in Family Physician office; \$50 in Specialists office	\$25 in Family Physician office; <b style="color: red;">\$50 in Specialists office ; 10% after deductible in other facility.	30% after deductible	20% after deductible	40% after deductible
Mental Health/Substance Abuse Physician/Specialist Office Visit	\$0	\$0	\$0	30% (No DED)	\$0	40% (No DED)
Preventive Care ⁽¹⁾						
Routine Physical Exam	Covered 100%	Covered 100%	Covered 100%	30% (No DED)	Covered 100%	40% (No DED)
Well Child Care	Covered 100%	Covered 100%	Covered 100%	30% (No DED)	Covered 100%	40% (No DED)



Sarasota County Schools
2012 Plan Design Changes
Effective Date: January 1, 2012



2012 Benefit Changes highlighted in **RED**

Benefits	High HMO BlueCare HMO 05	LOW HMO BlueCare HMO 042	HIGH PPO BlueChoice PPO 702		LOW PPO BlueChoice PPO 727	
	In Network	In Network	In Network	Out of Network	In Network	Out of Network
Well Woman/GYN Exam	Covered 100%	Covered 100%	Covered 100%	30% (No DED)	Covered 100%	40% (No DED)
Mammograms	No copay	No copay	No copay	No copay	No copay	No copay
Hospital Services						
Inpatient (incl. Maternity)	\$200 per admission after deductible	\$200/day (days 1-5); maximum \$1,000 per admission after deductible	10% after deductible	\$300 copay, then 30% after deductible	\$150 copay, then 20% after deductible	\$300 copay, then 40% after deductible
Outpatient Hospitalization Services	\$100 per visit, after deductible	\$200 per visit after deductible	10% after deductible	30% after deductible	20% after deductible	40% after deductible
Emergency Services						
Emergency Room	\$150 after deductible	\$150 after deductible	\$150 Copay after deductible	\$150 Copay after deductible	\$50 copay, then 20% after deductible	\$50 copay, then 20% after deductible
Urgent Care Center	\$40 copay after deductible	\$50 copay after deductible	\$25	30% after deductible	20% after deductible	40% after deductible
Ambulance	\$0	\$0	10% after deductible	10% after in-network deductible	20% after deductible	20% after in-network deductible
Diagnostic X-ray/Lab						
Physician's Office	\$0 after deductible	\$0 after deductible	10% after deductible	30% after deductible	20% after deductible	40% after deductible
Advance Imaging	\$0 after deductible	\$0 after deductible	10% after deductible	30% after deductible	20% after deductible	40% after deductible
Prescription Drugs						
Retail	30 day supply	30 day supply	30 day supply		30 day supply	
Generic	\$20	\$20	\$20	50%	\$20	50%
Preferred	\$40	\$40	\$40	50%	\$40	50%
Non-Preferred	\$60	\$60	\$60	50%	\$60	50%
Mail Order	90 day supply	90 day supply	90 day supply		90 day supply	
Generic	\$40	\$40	\$40	50%	\$40	50%
Preferred	\$80	\$80	\$80	50%	\$80	50%
Non-Preferred	\$120	\$120	\$120	50%	\$120	50%



**Sarasota County Schools
2012 Plan Design Changes
Effective Date: January 1, 2012**



Benefits	Current 2011	New 2012	Current 2011	New 2012	Current 2011		New 2012		Current 2011		New 2012	
	HIGH HMO BlueCare HMO 5 In Network	High HMO BlueCare HMO 05 In Network	LOW HMO BlueCare HMO 15 In Network	LOW HMO BlueCare HMO 042 In Network	HIGH PPO BlueChoice PPO 702 In Network Out of Network		HIGH PPO BlueChoice PPO 702 In Network Out of Network		LOW PPO BlueChoice PPO 117 In Network Out of Network		LOW PPO BlueChoice PPO 727 In Network Out of Network	
Deductible												
Single	None	\$250	None	\$500		\$300		\$500		\$1,000		\$1,500
Family	None	\$750	None	\$1,500		\$900		\$1,500		\$3,000		\$4,500
Coinsurance	100%	100%	100%	100%	10%	30%	10%	30%	20%	40%	20%	40%
Out-of-Pocket Limit		Includes CYD and copays; excludes Rx		Includes CYD and copays; excludes Rx	Includes only coinsurance; excludes Rx		Includes only coinsurance; excludes Rx		Includes only coinsurance; excludes Rx		Includes only coinsurance; excludes Rx	
Single	\$1,500	\$1,500	\$1,500	\$2,000		\$1,000		\$1,500		\$2,000		\$2,000
Family	\$3,000	\$3,000	\$3,000	\$4,000		\$3,000		\$4,500		\$6,000		\$6,000
Lifetime Maximum ⁽¹⁾	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited		Unlimited		Unlimited		Unlimited	
Physician Services												
PCP Office Visits	\$15	\$20	\$25	\$25	\$25	30% after deductible	\$25	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Specialist Visits	\$35	\$40	\$50	\$50	\$25	30% after deductible	\$50	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Specialist Referral Required	Yes	No	Yes	No	No		No		No		No	
Allergy Testing	\$0	\$0	\$0	\$0	\$25 in Physician office; 10% after deductible in other facility.	30% after deductible	\$25 in Family Physician office; \$50 in Specialists office; 10% after deductible in other facility.	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Allergy Injections (not by physician)	\$5	\$5	\$5	\$5	\$5	30% after deductible	\$5	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Outpatient Therapy (physical, occupational, speech, cardiac)	\$5	\$40, office location	\$5	\$25 in Family Physician office; \$50 in Specialists office	\$25 in Physician office; 10% after deductible in other facility.	30% after deductible	\$25 in Family Physician office; \$50 in Specialists office; 10% after deductible in other facility.	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Mental Health/Substance Abuse Physician/Specialist Office Visit	\$15	\$0	PCP \$25 Specialist \$50	\$0	\$25	30% after deductible	\$0	30% (No DED)	20% after deductible	40% after deductible	\$0	40% (No DED)
Preventive Care⁽¹⁾					NOTE: Currently all medical plan options are grandfathered plans							
Routine Physical Exam	PCP \$15 Specialist \$35	Covered 100%	PCP \$25 Specialist \$50	Covered 100%	\$25	Not covered	Covered 100%	30% (No DED)	Not covered	Not covered	Covered 100%	40% (No DED)
Well Child Care	PCP \$15 Specialist \$35	Covered 100%	PCP \$25 Specialist \$50	Covered 100%	\$25	30% after deductible	Covered 100%	30% (No DED)	20% after deductible	40% after deductible	Covered 100%	40% (No DED)
Well Woman/GYN Exam	PCP \$15 Specialist \$35	Covered 100%	PCP \$25 Specialist \$50	Covered 100%	\$25	30% after deductible	Covered 100%	30% (No DED)	20% after deductible	40% after deductible	Covered 100%	40% (No DED)
Mammograms	No copay	No copay	No copay	No copay	No copay	No copay	No copay	No copay	No copay	No copay	No copay	No copay
Hospital Services												
Inpatient (incl. Maternity)	\$100 per admission	\$200 per admission after deductible	\$150/day (days 1-5); maximum \$750 per admission	\$200/day (days 1-5); maximum \$1,000 per admission after deductible	10% after deductible	\$300 copay, then 30% after deductible	10% after deductible	\$300 copay, then 30% after deductible	\$150 copay, then 20% after deductible	\$300 copay, then 40% after deductible	\$150 copay, then 20% after deductible	\$300 copay, then 40% after deductible
Outpatient Hospitalization Services	\$100 per visit	\$100 per visit, after deductible	\$200 per visit	\$200 per visit after deductible	10% after deductible	30% after deductible	10% after deductible	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Emergency Services												
Emergency Room	\$50	\$150 after deductible	\$50	\$150 after deductible	10% after deductible	30% after deductible	\$150 Copay after deductible	\$150 Copay after deductible	\$50 copay, then 20% after deductible Copay waived if admitted	\$50 copay, then 20% after deductible Copay waived if admitted	\$50 copay, then 20% after deductible	\$50 copay, then 20% after deductible
Urgent Care Center	\$35	\$40 copay after deductible	\$50	\$50 copay after deductible	\$25	30% after deductible	\$25	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Ambulance	\$0	\$0	\$0	\$0	10% after deductible	10% after deductible	10% after deductible	10% after in-network deductible	20% after deductible	20% after deductible	20% after deductible	20% after in-network deductible
Diagnostic X-ray/Lab												
Physician's Office	\$0	\$0 after deductible	\$0	\$0 after deductible	\$25	30% after deductible	10% after deductible	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Advance Imaging	\$0	\$0 after deductible	\$0	\$0 after deductible	10% after deductible	30% after deductible	10% after deductible	30% after deductible	20% after deductible	40% after deductible	20% after deductible	40% after deductible
Prescription Drugs												
Retail	31 day supply	30 day supply	31 day supply	30 day supply	31 day supply		30 day supply		31 day supply		30 day supply	
Generic	\$15	\$20	\$20	\$20	\$15	Not Covered	\$20	50%	\$20	Not Covered	\$20	50%
Preferred	\$30	\$40	\$40	\$40	\$30	Not Covered	\$40	50%	\$40	Not Covered	\$40	50%
Non-Preferred	\$50	\$60	\$60	\$60	\$50	Not Covered	\$60	50%	\$60	Not Covered	\$60	50%
Mail Order	90 day supply	90 day supply	90 day supply	90 day supply	90 day supply		90 day supply		90 day supply		90 day supply	
Generic	\$30	\$40	\$40	\$40	\$30	Not Covered	\$40	50%	\$40	Not Covered	\$40	50%
Preferred	\$60	\$80	\$80	\$80	\$60	Not Covered	\$80	50%	\$80	Not Covered	\$80	50%
Non-Preferred	\$100	\$120	\$120	\$120	\$100	Not Covered	\$120	50%	\$120	Not Covered	\$120	50%



Sarasota County School Board
2011 Medical Request for Proposal
Timeline

(Original)

Item/Action	Date/Deadline	Responsibility
RFP drafted and delivered to SBSC for review; collect data for RFP support (claims, plan design, etc.)	May 4, 2011	Aon Hewitt
SBSC to approve and release the final Medical RFP and attachments	May 25, 2011	SBSC Materials Management
Deadline for intent to bid and vendor written questions on RFP	June 10, 2011	Vendors
Answers to written vendor questions are drafted and proofread for accuracy	June 14, 2011	Aon Hewitt
Answers distributed to vendors and posted on SBSC website	June 15, 2011	SBSC Materials Management
Vendor responses due to Materials Management; public opening	July 8, 2011	Vendors
RFP preliminary analysis completed	July 28, 2011	Aon Hewitt
Executive Summary review and discussion; select finalist	July 28, 2011	SBSC Risk Management
Finalist Meeting	August 15, 2011	Vendors present SBSC select final 2011 carrier
Recommendation prepared for School Board Agenda	August 24, 2011	Aon Hewitt / SBSC Risk Management
School Board Meeting for approval	September 6, 2011	School Board of Sarasota County