

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: Bert Palmer, Risk Manager
DATE: October 6, 2008
SUBJECT: Group Medical Insurance – Renewal 01/01/2009

Background

The 2008 renewal with Blue Cross Blue Shield of Florida (BCBSFL) required a 6.0% rate increase on all plans. The district increased the dependent subsidies on the Blue Choice PPO 125 and Blue Care HMO 15 by the same 6.0%.

The school district and SCTA bargaining teams agreed to accept some minimum medical plan design changes for the 2009 plan year. The bargaining teams and the School Board all agreed that the additional dependent premium medical subsidy approved in 2006 for the PPO-125 and HMO-15 would be eliminated in 2009. Both of these decisions were made to minimize the fiscal impact of required medical premium increases for 2009.

2009 Group Medical Renewal

BCBSFL proposed a rate increase of 10.2% across the board on all four (4) of the plans offered by the district without the negotiated plan design changes. The total plan premium rates increase after implementing the plan design changes averages 5.0%. The expiring and proposed BCBSFL contract monthly rates [with design changes] are as follows:

2008 Group Medical Monthly Contract Rates – (Expiring) *				
Coverage Tier	Blue Care HMO 5	Blue Choice PPO 902	Blue Care HMO 15	Blue Choice PPO 125
Single Only	\$467.68	\$580.72	\$430.24	\$307.22
Single + Spouse	\$972.70	\$1,206.84	\$894.92	\$638.46
Single + Children	\$884.52	\$1,097.12	\$813.76	\$580.46
Single+ Family	\$1,355.70	\$1,682.08	\$1,247.24	\$889.90

2009 Group Medical Monthly Contract Rates – (Renewal) *				
Coverage Tier	Blue Care HMO 5	Blue Choice PPO 902	Blue Care HMO 15	Blue Choice PPO 125
Single Only	\$486.42	\$601.50	\$456.60	\$331.90
Single + Spouse	\$1,011.68	\$1,250.12	\$949.70	\$689.78
Single + Children	\$920.00	\$1,136.50	\$863.60	\$627.10
Single+ Family	\$1,410.00	\$1,742.40	\$1,323.58	\$961.40

* The monthly rates contributed by the district and employees are shown on the attached exhibit titled, "Group Health Insurance Monthly Rates".

The estimated 2009 calendar year active employee [district paid & employee paid] total plan cost [based on enrollments as of 9/01/08] is \$41,338,653. This is an increase of \$1,817,079 or 4.60%, which does not include retirees and Cobra. The projected annual cost for the district after the elimination of the 2006 dependent premium subsidy will be \$33,199,170. This is a decrease in cost of \$1,254,193 or -3.64%.

The 2009 plan design changes are as follows:

Medical Plan	Plan Feature	Current 2008	New for 2009
Blue Choice Plan PPO-902	Calendar Year Deductible	Individual \$200 Family (max of 3) \$600	Individual \$300 Family (max of 3) \$900
	Physician Office Copay	\$15 PCP & Specialist	\$25 PCP & Specialist
	Prescription Copay	\$5/\$15/\$30 (31 day supply) \$10/\$30/\$60 (90 day mail order supply)	\$15/\$30/\$50 (31 day supply) \$30/\$60/\$100 (90 day mail order supply)
Blue Choice Plan PPO-125	Prescription Copay	\$15/\$30/\$50 (31 day supply) \$30/\$60/\$100 (90 day mail order supply)	\$20/\$40/\$60 (31 day supply) \$40/\$80/\$120 (90 day mail order supply)
Blue Care Plan HMO-15	Physician Office Copay	\$15 PCP / \$35 Specialist	\$25 PCP / \$50 Specialist
	Prescription Copay	\$15/\$30/\$50 (31 day supply) \$30/\$60/\$100 (90 day mail order supply)	\$20/\$40/\$60 (31 day supply) \$40/\$80/\$120 (90 day mail order supply)
Blue Care Plan HMO-5	Physician Office Copay	\$10 PCP & Specialist	\$15 PCP / \$35 Specialist
	Prescription Copay	\$5/\$15/\$30 (31 day supply) \$10/\$30/\$60 (90 day mail order supply)	\$15/\$30/\$50 (31 day supply) \$30/\$60/\$100 (90 day mail order supply)

Recommendation

Aon Benefit Consulting has reviewed the renewal and has found the underwriting assumptions to be within industry norms. They believe the renewal is fair and reasonable given our group claims experience, rating factors, and that medical trend [inflation] continues to be averaging between 10% and 12%. I have attached a copy of their letter dated October 1, 2008. Aon recommends the district accept the renewal offer with the proposed plan design changes and I agree with their recommendation.

If you have any questions, please let me know.

Attachments:

1. Blue Cross Blue Shield of Florida renewal letter, dated 9/30/2008
2. Aon Benefit Consulting review letter, dated 10/01/2008
3. 2009 Group Health Insurance Monthly Rates
4. 2008 Group Health Insurance Monthly Rates