



Employee Benefit Consulting

August 31, 2007

Mr. Bert Palmer
Director, Risk Management
Sarasota County Public Schools
1960 The Landings Blvd.
Sarasota, FL 34231

RE: 2008 Medical Plan Renewal

Dear Mr. Palmer:

Aon Consulting was contracted to review the District's Blue Cross Blue Shield of Florida (BCBSFL) renewal. This process involved reviewing the financial experience of the District's medical plan and independently assessing what a fair renewal would be. Aon performed a review of the District's experience and reviewed all assumptions used by BCBSFL in projecting 2008 claims and expenses. This project was done at Aon by one of our qualified health actuaries: Jay Miniati, Vice President, FSA, MAAA, along with review by me.

The Renewal

BCBSFL initially requested an 11.3% increase in their renewal. Aon's independent analysis indicated that a fair renewal would be 6.0%. In the second round of discussion, BCBSFL countered with a renewal increase of 9.9%. After further negotiation, BCBSFL agreed to provide a renewal rate of 6.0%, under the condition that the District discontinues its \$250,000 claim pooling coverage. This discontinuance of coverage is accompanied by the elimination of BCBSFL's pooling charge in its renewal.

The District's 6.0% increase for 2008 follows a 9.8% increase for 2007 and a 0.0% increase for 2006, with no plan changes to its HMO and PPO plan designs, in an era when medical trend has been running in the range of 10-12%. We recommend that the District accept the proposed renewal which represents a savings of \$2.3 million over BCBSFL's initial position.

The final monthly rates are as follows:

2008 Rates <u>Tier</u>	HMO		PPO	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
Employee	\$467.68	\$430.24	\$580.72	\$307.22
Employee + Spouse	\$972.70	\$894.92	\$1,206.84	\$638.46
Employee + Child(ren)	\$884.52	\$813.76	\$1,097.12	\$580.46
Employee + Family	\$1,355.70	\$1,247.24	\$1,682.08	\$889.90

Aon Consulting

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Looking Ahead

We would encourage the District to continue to monitor its plans' experience monthly, and to discuss and explore ways to continue to offer affordable medical coverage to its staff.

Please do not hesitate to contact us with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "JR Shamley". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

JR Shamley, ASA
Vice President