



**2018-2019
Sarasota County Schools
Medical Self-Insurance Update**

Sarasota County Schools Medical Self-Insurance Program Strategies to Reduce Claims and Costs

- Medical Plan
 - Teladoc
 - PPO Plan Change
- Pharmacy
 - Contract re-negotiated
 - Additional Options for Savings
- Retirees
 - Medicare and Medicare Supplement Education
 - Retiree Consortium
- ACA – Affordable Care Act Update
- Wellness Program Update

TELEHEALTH / TELADOC

- Telehealth is the use of remote health care technology to deliver clinical services via the use of telecommunication.
- Allows for quicker access to care at a lower cost
- Provides services 24/7 via phone or video with U.S. Board Certified doctor to treat routine conditions such as influenza, colds, allergies, skin rashes, minor infections, etc. and able to prescribe medications.
- Telehealth is not a replacement for primary care, just another option.
- Telehealth will hopefully redirect nonemergency cases away from the ER and Urgent Care.
- Teladoc was approved by the Board in April 2018 to administer telehealth services to employees on the medical plan beginning August 1, 2018.

TELADOC SAVINGS TO THE MEDICAL PLAN

- Teledoc costs the plan \$0.90 Per Subscriber Per Month or approximately \$56,009.
- The cost to the plan of each Teladoc office visit is \$40 through 2018 (\$42 effective 1/1/2019) vs. the average primary care office visit of \$119.
- The projected **annual net savings** to the plan is expected to be from **\$50,000 to \$100,000**.
- To encourage members to utilize Teladoc, the copay per visit is \$5 less than the current copay for a primary care visit and is fixed for the Low PPO plan.
 - \$15 copay for High HMO
 - \$20 copay for Low HMO
 - \$20 copay for High PPO
 - \$25 copay for Low PPO
- Since August 1st, **919** members have registered with Teladoc and there have been **56** visits.

MEDICAL PPO PLAN CHANGE

- Current PPO plans are administered on the BlueChoice network administered by Florida Blue. This is an older network with traditional fee for service contracts to providers.
 - 44% of employees are enrolled in the PPO plan vs. 56% on the HMO
- Recommendation is to move over to the BlueOptions network administered by Florida Blue effective January 1, 2019.
 - This network has been in place for over 10 years. It offers incentives to designated providers that offer quality based outcomes.
 - The BlueOptions Network has around a 90% prevalence with other school districts and other businesses in the state of Florida.
- The change would not affect out of state networks, since the traditional PPO network would still provide wrap around network access.

MEDICAL CLAIMS IMPACT AND PROVIDER DISRUPTION

- The move to the BlueOptions is projected to reduce PPO claims cost by approximately **2.7%**.
- Based on most recent claims information, the projected 2019 savings is expected to be approximately **\$618,000**.
- Provider disruption will be minimal.
- Florida Blue provided data to show that less than 1% provider difference.
- The change would affect 2.6% of total enrolled population or about 188 members.
- The total cost of claims affected was \$31,150.
- Affected members will have other provider alternatives.

PHARMACY

- Pharmacy spend is averaging 28% (over \$11 million) of total claims expense .
- This is caused predominately by the use of high cost specialty drugs such as Harvoni, Humira Pen, Revlimid, Enbrel Sureclick and Enbrel
- Specialty drugs account for almost 40% of the pharmacy spend, but only 0.7% of pharmacy claims.
- The Plan is able to realize savings through Utilization Management via prior authorizations, quantity limits and step therapy.

PRESCRIPTION DRUG PROGRAM SAVINGS

- The Sarasota County Schools' prescription drug program is currently self-funded with Prime Therapeutics through Blue Cross Blue Shield of Florida.
- September 2017 Trion, a division of Marsh & McLennan, was brought on as the District's pharmacy broker of record.
- October 2017, Trion renegotiated the Districts prescription drug program for 2018, leveraging its prescription drug coalition pricing for a more favorable arrangement with Prime.
- Results of the new pricing through Quarter 2 are shown below:

	Based on Prior Guarantees	Based on Current Guarantees	Actual Results
January 1, 2018 through June 30, 2018	2016 Contract	2018 Contract	YTD (Q1 & Q2 2018)
Net Drug Cost (claim dollars)	\$6,299,900	\$6,237,682	\$6,135,872
<u>Rebates Shared (1)</u>	<u>(\$542,953)</u>	<u>(\$938,121)</u>	<u>(\$938,121)</u>
Net Rx Plan Cost	\$5,756,946	\$5,299,561	\$5,197,751
vs. Prior Guarantees (\$)		\$457,386	\$559,195
vs. Prior Guarantees (%)		7.9%	9.7%
vs. Current Guarantees (\$)			\$101,810
vs. Current Guarantees (%)			1.9%

- Guaranteed savings through Q2, 2018 is \$457k compared to the prior contract guarantees.
- Actual results show achieved savings of \$559k, which is better than the current contract guarantees by nearly \$102k.

PRESCRIPTION DRUG PROGRAM

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Prescription Drug Plan Management Options for Consideration



- 1** Carve out Rx to improve pricing and get full control of program
- 2 Add utilization management programs
- 3 Complete a review of your plan design
- 4** Consider channel management options like mandatory mail
- 5** Review your approach to formulary options
- 6 Consider advanced utilization management programs
- 7 Consider site of care solutions
- 8 Consider carving out specialty drugs
- 9** Consider aggressive formulary and narrow networks
- 10 Manage plan through promotion of biosimilars, completing Rx audits

Prescription Drug Program Savings Considerations

Option 1	Option 2	Option 3	Option 4	Option 5
Mandatory Mail-Order Require members to fill scripts for maintenance drugs using mail-order	Performance Network Excludes all CVS and CVS-owned pharmacies (i.e. pharmacies in Target stores)	Net Results Formulary Tightly controlled formulary with certain drugs excluded	WAG Exclusive Network Retail scripts can only be filled at Walgreen's	TrionRx Coalition Carve out prescription drug program to ExpressScripts through the TrionRx coalition
Savings: \$80k	Savings: \$303k	Savings: \$465k	Savings: \$572k	Savings: \$2.1 million in year 1 <i>(3-year savings approximately \$4 million)</i>
Disruption*: Extensive <i>(anyone taking a maintenance medication)</i>	Disruption*: Extensive	Disruption*: Moderate	Disruption*: Extensive	Disruption*: Minimal

*Disruption for options 1 through 4 is based upon the number of utilizing members while the disruption for option 5 is an estimate based on the total population.

- Minimal = <10%
- Moderate = 10% to 20%
- Extensive = >20%

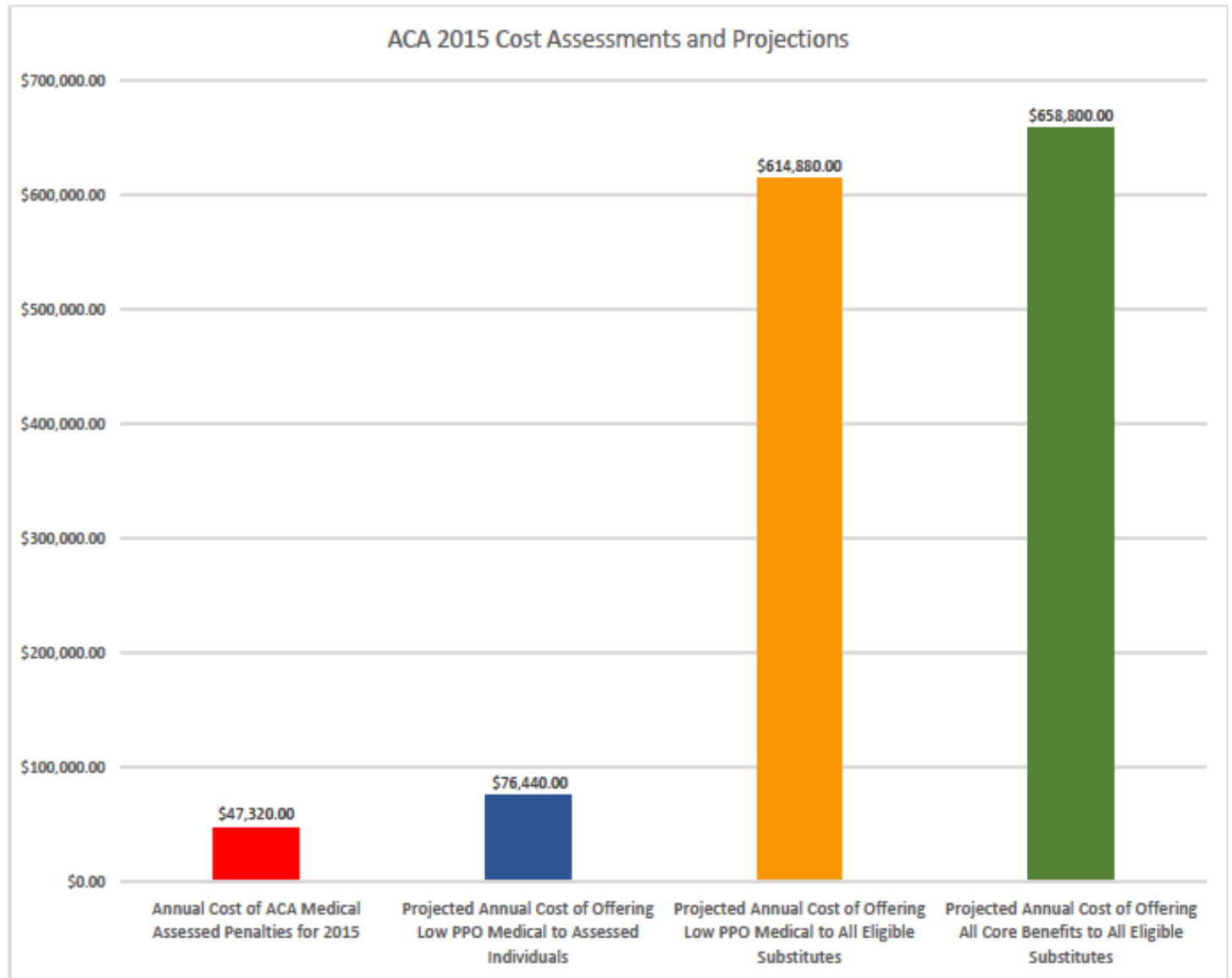
RETIREES

Retirees on the District Plan account for 7% of the population and 15% of the spend. 56% of that spend is on pharmacy.

- Medicare and Medicare Supplement Education for Retirees
 - Risk Management continues to educate those planning to retire and current retirees covered by the District's medical plan about moving to the group Medicare Supplement Insurance Plan.
- Other Options for Savings
 - Florida School Retiree Benefit Consortium
 - For Medicare eligible retirees only (The Consortium is working on a plan for retirees under 65 for some future date)
 - Established in 2012
 - Plans are District sponsored as required by Florida Statute 112.0801
 - 15 of the 67 Florida School Districts have joined
 - Manatee Schools recently joined for coverage effective 1/1/2019
 - Benefits retirees with more options, support and savings
 - Benefits the district with reduced liability and positive impact to active plan.
 - This option continues to be reviewed with final proposal to be presented in early 2019.

ACA ASSESSED PENALTIES FOR 2015 CALENDAR YEAR

- 2015 was the 1st year ACA penalties were effective against Employers who did not offer qualifying coverage to employees who worked an average of 30 hours per week and they obtained a subsidy from the Exchange.
- Because SCSB offered medical coverage to over 95% of full-time employees, SCSB did not offer medical coverage to substitutes that met the ACA qualifications.
- Of the **122** substitute employees who would have qualified for coverage in 2015, only **25** received subsidies from the Federal Exchange.
- SCSB will pay assessment penalties for those 25 substitutes in the amount of **\$ 47,320**



Sarasota County Schools Rate History

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Year	Average No. of Subscribers	Rate Increase (Decrease)
2009	5,609	5.00%
2010	5,449	7.50%
2011	5,326	10.50%
2012*	5,200	-8.90%
2013	5,219	-2.00%
2014	5,291	8.70%
2015	5,211	8.00%
2016**	5,261	2.70%
2017	5,356	3.96%
2018	5,420	1.90%
2019	5,485 (est)	0.00%

**2012 Medical RFP and plan design changes*

***2016 became self-insured for Medical*

Updated Financial Analysis

	Actual 7/1/2016 thru 06/30/2017	Actual 7/1/2017 thru 06/30/2018	Projected Plan Year 2018*	Budgeted Fiscal Year 2018 – 2019	Projected Plan Year 2019*
Average Enrollment	5,356	5,383	5,420	5,428	5,485
Self-Insured Revenues					
Premiums	\$48,421,918	\$50,858,080	\$52,008,294	\$52,215,023	\$52,637,765
Rx Rebates	1,192,655	1,348,803	1,891,000	0	2,353,000
Interest Income	<u>173,368</u>	<u>144,904</u>	<u>0</u>	<u>182,036</u>	<u>0</u>
Total Revenues	<u>\$49,787,941</u>	<u>\$52,351,787</u>	<u>\$53,899,294</u>	<u>\$52,397,059</u>	<u>\$54,990,765</u>
Self-Insured Expenditures					
Claims	\$41,096,304	\$43,331,438	\$45,414,759	\$47,000,000	\$50,409,293
Expenses	<u>3,117,957</u>	<u>3,246,628</u>	<u>3,137,230</u>	<u>3,339,121</u>	<u>3,485,462</u>
Total Expenditures	<u>\$44,214,261</u>	<u>\$46,578,066</u>	<u>\$48,551,989</u>	<u>\$50,339,121</u>	<u>\$53,894,755</u>
Operating Gain/(Loss)	<u>\$ 5,573,680</u>	<u>\$ 5,773,721</u>	<u>\$ 5,347,305</u>	<u>\$ 2,057,938</u>	<u>\$ 1,096,010</u>

- Projections do not include Interest Income or Staff Salary and Benefit Expenses (AON Projections attached)
- Notes: No claims incurred in excess of the \$500K (2017) & \$550K (2018) individual stop loss limit for 2017 or 2018 YTD; Pharmacy Claims currently average 28.3% of the total gross claims paid, predominately caused by specialty drugs

Updated Financial Analysis

112.08 Reserve

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	Actual 7/1/2016 thru 06/30/2017	Actual 7/1/2017 thru 06/30/2018	Budgeted Fiscal Year 2018 – 2019
Available Funds for 112.08 Reserve:			
Carryforward from Prior Year	\$8,505,677	\$14,079,357	\$19,853,078
Operating Gain/(Loss)	<u>\$5,573,680</u>	<u>\$ 5,773,721</u>	<u>\$2,057,938</u>
Total Available for 112.08	<u>\$14,079,357</u>	<u>\$19,853,078</u>	<u>\$21,911,016</u>
112.08 Reserve Requirement:			
Incurred Claims	<u>\$41,096,304</u>	<u>\$43,331,438</u>	<u>\$47,000,000</u>
60 Day Reserve Requirement	<u>\$6,755,557</u>	<u>\$ 7,122,976</u>	<u>\$7,726,027</u>
Available to Repay Transfer	\$7,323,800	\$12,730,102	\$14,184,989
Transfer to Repay Reserve	<u>\$6,812,967</u>	<u>\$6,812,967</u>	<u>\$6,812,967</u>
Remaining after Repayment	<u>\$ 510,833</u>	<u>\$ 5,917,135</u>	<u>\$ 7,372,022</u>