

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 03, 2014
SUBJECT: Employee Group Benefit Renewals – 01/01/2015

2015 Group Medical Renewal

Florida Blue has proposed a rate increase of 8.0% across all four plans offered by the district. This increase is due to the Sarasota County School Board experience trend of 7.0%, retention of premium, and fees associated with the Affordable Health Care Act (ACA). Florida Blue will also include Wellness Dollars equal to 0.5% of total premium or approximately \$214,000.00

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

2014 Group Medical Monthly Contract Rates – (Expiring)				
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

2015 Group Medical Monthly Contract Rates – (Renewal)				
Coverage Tier	HMO 55	HMO 60	PPO 702	PPO 727
Single Only	\$603.94	\$559.33	\$750.24	\$420.35
Single + Spouse	\$1,256.09	\$1,163.38	\$1,559.30	\$873.59
Single + Children	\$1,142.28	\$1,057.89	\$1,417.55	\$794.21
Single + Family	\$1,750.66	\$1,621.39	\$2,173.28	\$1,217.60

The initial renewal from Florida Blue called for an 11.4% increase. After negotiations, the renewal was reduced to an 8.0% increase across all four plans.

The estimated 2015 calendar year total plan cost [district paid & employee paid] based on enrollments as of July 2014 is \$42,915,407. This is an increase of \$ 3,178,950 or 8.0%. The estimate does not include retirees or COBRA participants. The projected annual district cost is \$37,333,114 which is \$2,765,500 or 8.0% more than last year.

In addition to the application of the rate reduction, Sarasota County School Board will apply the Medical Loss Ratio (MLR) Rebate across all medical plans. This Rebate [\$165,238] is part of the Affordable Care Act which requires health insurers (Florida Blue) to spend 85 percent of the premiums they receive (from the District) on direct patient care and health care quality improvements versus administrative costs. For 2013, the District's medical loss ratio did not reach 85 percent for the two HMO plans. The MLR Rebate will be distributed as outlined below:

2013	Total Premium Paid Amount	Percentage Paid of Total Premium	Total \$ Amount of MLR Rebate
SBSC	\$30,802,970	80.4%	\$132,868
Active Employees	\$4,565,947	11.9%	\$19,695
Retirees	\$2,846,219	7.4%	\$12,277
COBRA	\$92,257	0.2%	\$398
Grand Total	\$38,307,394	100.0%	\$165,238

Total MLR Reimbursement	\$165,238
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2015 Group Dental Administrator Renewal and Funding Recalculation

The School Board of Sarasota County is self-insured for dental coverage and the plan is administered by Delta Dental. The dental benefits are paid based on a Table of Allowances. The District's Table of Allowances has not been updated since 2003. Delta Dental was requested to provide the District with an updated Table to provide improved dental benefits.

A review of the District's last 12 months of claim data and funding for the current Dental Program compared to the new Table of Allowances revealed a net rate increase of 4.76%.

The newly proposed monthly premium rates for the 3 tiers of coverage are reflected below:

2014 vs. 2015 Group Dental Monthly Funding Rates		
Coverage Tier	Current 2014 Funding Rates	Proposed 2015 Funding Rates
Employee Only	\$19.74	\$20.69
Employee + One Dependent	\$40.82	\$42.77
Family	\$67.92	\$71.16

The third party administrator for this benefit, Delta Dental, has not increased their administrative service fee in seven years (since 2008). Delta's per employee per month (PEPM) rate history is as follows:

- 2002 - \$2.50 PEPM
- 2005 - \$2.55 PEPM
- 2008 - \$2.60 PEPM

Delta has proposed a rate of \$2.70 PEPM for 2015. This rate is guaranteed for two (2) years [January 2015 - December 31, 2016] and is a 4% increase over the expiring rate.

The estimated 2015 calendar year total projected cost for both the new plan and the administrator cost is \$2,344,524. This was based on claims ending in May 2014 and the new administrator fee. This is an estimated increase of \$106,121 or 4.76%.

2015 Group Vision Renewal

Humana has offered to renew the district group vision care insurance program at the expiring per employee per month (PEPM) rate of \$4.19 for two (2) additional years [01/01/15 through 12/31/16]. The contract rates are as follows:

Coverage Tier	Expiring 2014 Monthly Premium	Renewal 2015 Monthly Premium
Employee Only	\$ 4.19	\$ 4.19
Employee + Family	\$13.63	\$13.63

There will be no change in the benefit level. The average monthly district paid premium for the first six (6) months of the 2014 plan year has been \$20,584.01.

2015 Group Flexible Spending Account Administration

Discovery Benefits has offered to continue the current FSA Administration at a reduced rate to the expiring program. The current rate is \$4.90 per employee per month (PEPM). The new rate will be \$3.95 PEPM. This rate is guaranteed for five (5) years [01/01/2015 – 12/31/2019]. The average monthly district paid expense for the first six months of the 2014 calendar year has been \$1,842.40 with an average of 390 participants. This rate reduction is a 19% savings over the current rate.

2015 Group Life Insurance

As a result of the RFP in 2013, basic and voluntary life insurance was placed with Minnesota Life Insurance Company and rates were guaranteed beginning January 1, 2014 through December 31, 2018.

New for 2015, Minnesota Life will offer Voluntary Child Term Life Insurance. There are two options, a \$5,000 or \$10,000 benefit level. The rate will be \$0.12/1000 per month. This rate will reflect a premium of \$0.60 per month for \$5,000 of coverage level or \$1.20 per month for the \$10,000 coverage level. All eligible dependent children in the household, 26 years of age and under will be covered under the policy, and it will be a guarantee issue for the 2015 Open Enrollment. This is a voluntary benefit at no cost to the District.

2015 Group Long Term Disability

As a result of the RFP in 2013, long term disability was placed with Cigna and rates were guaranteed beginning January 1, 2014 through December 31, 2016.

Recommendation

Sarasota County School Board accepts all employee benefit plan renewals as presented.

Attachments

School Board of Sarasota County
2015 Contribution Analysis - **Post Rebate Detail**

ACTIVE ONLY

	Enrolled	2015 Premium Monthly Rates	Employee MLR Monthly Rebate	SBSC MLR Monthly Rebate	2015 Employee Contribution	2015 SBSC Contribution	2015 Employee Contributions Per Pay Period
<u>HIGH HMO 55</u>							
Single Only	2350	\$603.94	\$0.00	\$2.21	\$0.00	\$601.73	\$0.00
Single + Spouse	79	\$1,256.09	\$2.38	\$2.21	\$649.77	\$601.73	\$324.88
Single + Children	123	\$1,142.28	\$1.97	\$2.21	\$536.37	\$601.73	\$268.19
Single + Family	29	\$1,750.66	\$4.19	\$2.21	\$1,142.53	\$601.73	\$571.27
<u>HIGH PPO 702</u>							
Single Only	1400	\$750.24	\$0.00	\$2.77	\$0.00	\$747.47	\$0.00
Single + Spouse	29	\$1,559.30	\$2.98	\$2.77	\$806.08	\$747.47	\$403.04
Single + Children	28	\$1,417.55	\$2.46	\$2.77	\$664.85	\$747.47	\$332.42
Single + Family	9	\$2,173.28	\$5.25	\$2.77	\$1,417.79	\$747.47	\$708.90
<u>LOW HMO 60</u>							
Single Only	20	\$559.33	\$0.00	\$2.04	\$0.00	\$557.29	\$0.00
Single + Spouse	44	\$1,163.38	\$2.04	\$2.21	\$557.40	\$601.73	\$278.70
Single + Children	97	\$1,057.89	\$1.66	\$2.21	\$452.29	\$601.73	\$226.15
Single + Family	36	\$1,621.39	\$3.72	\$2.21	\$1,013.73	\$601.73	\$506.87
<u>LOW PPO 727</u>							
Single Only	12	\$420.35	\$0.00	\$1.58	\$0.00	\$418.77	\$0.00
Single + Spouse	105	\$873.59	\$1.07	\$2.21	\$268.58	\$601.73	\$134.29
Single + Children	187	\$794.21	\$0.77	\$2.21	\$189.50	\$601.73	\$94.75
Single + Family	104	\$1,217.60	\$2.36	\$2.21	\$611.30	\$601.73	\$305.65
		Total Premium	EE MLR Rebate	SBSC MLR Rebate	Employee	SBSC	
Annual Totals	4,652	\$41,518,150	\$19,695	\$132,868	\$5,247,542	\$36,118,045	
		Premium	MLR Rebate		Contributions		
Totals		\$41,518,150	\$152,563		\$41,365,587		

****Based on Active Enrollment as of July 2014**

**Sarasota County Schools
2015 Dental Renewal Funding and Employee Contributions**

Delta Dental Plan	2014 Current Dental Cost						2015 Renewal Dental Cost						
	Funding Rates	Employer		Employee			Funding Rates	Employer		Employee		Employee Cost Per Pay	EE Increase per pay
		\$\$	%	\$\$	%	Per Pay		\$\$	%	\$\$	%		
Employee Only	\$19.74	\$19.74	100%	\$0.00	0%	\$0.00	\$20.69	\$20.69	100%	\$0.00	0%	\$0.00	\$0.00
EE + 1	\$40.82	\$19.74	48%	\$21.08	52%	\$10.54	\$42.77	\$20.69	48%	\$22.08	52%	\$11.04	\$0.50
EE + 2 or more	\$67.92	\$19.74	29%	\$48.18	71%	\$24.09	\$71.16	\$20.69	29%	\$50.47	71%	\$25.24	\$1.15

Flexible Spending Account Administration

- Currently in contract with Discovery Benefits for Healthcare FSA and Dependent Care FSA for a monthly administrative fee of \$4.90 PEPM
- Prior to receiving the renewal, Aon negotiated the current cost down from \$4.90 to \$3.95 PEPM
- Rate guaranteed for 5 years through 12/31/2019
- Reduction of 19%

Plans in Rate Guarantee

Vision *with Humana*

- No increase to current rates
- No changes to benefit plan design
- Rate guaranteed through 12/31/2016

Life Insurance *with Minnesota Life*

- Basic and Voluntary Life and AD&D were placed with ML effective 1/1/2014 as a result of the RFP award
- Rate are guaranteed through 12/31/2018
- Child Life Term Life Insurance may be added in 2015 for \$5,000 or \$10,000
 - Covers every dependent, unmarried eligible child under age 26
 - Married employees may not both elect coverage – the child may be covered by only one employee
 - Rate is \$0.12/1000 per month (\$.60 per month for \$5,000, \$1.20/month for \$10,000)

Long Term Disability *with Cigna*

- LTD was placed with Cigna effective 1/1/2014 as a result of the RFP award
- Rate is guaranteed through 12/31/2016