

MEMORANDUM

TO: Superintendent Farnsworth  
School Board Members

FROM: Randy Whytsell  
Insurance Committee Chairman

DATE: August 30, 2013

RE: Medical Insurance Renewal

The Insurance Committee met on August 27<sup>th</sup> and August 30<sup>th</sup> to discuss the renewal of the insurances for this school year. We are reporting that our overall claims to premium ratio is up 3.66% over this time last year. Our premium to claims ratio at June 30, 2013 was 87.87% versus 84.21% for the year ending June 30, 2011. We have had ten high cost claims (claims that are over \$50,000) this year for which Blue Cross paid out \$1,395,603.65 which is \$728,358.75 more than was paid out last fiscal year. Due to the School Board acting upon the recommendation from the Insurance Committee in April, we were able to lock in a rate increase of only 3.5% for the upcoming renewal – which based upon what has happened to our claims during May and June was a very fortunate thing.

Because we funded the majority of the premium last year by not initially funding the Benny Card (it was subsequently partially funded using some one time only money), we not only have to deal with the 3.5% rate increase, but we also have to deal with the rate increase from last year that has no funding for this upcoming year. Blue Cross was contacted to obtain another HRA plan that had a higher deductible and maximum out of pocket. This is what is being called the HRA – NEW Plan. It is basically the same as the HRA – OLD Plan except the deductible is \$2,500 for single and \$5,000 for family and the maximum out of pocket is \$5,000 for single and \$10,000 for family. The other major difference is that when the deductible is met on this plan, the insurance will pay out 90% instead of the 80% on the old plan. We **recommend** that this new insurance plan be added to the plans that employees are allowed to choose from. Additionally, there are currently only two people on the Mid-Price Plan, both of which are no longer employed by us. We **recommend** that this plan no longer be an option for our employees and it be phased out as soon as these two people are no longer on the plan.

We **recommend** the following increases in premiums:

	12/13	13/14	12/13	13/14	12/13	13/14
	<u>24 pays</u>	<u>24 pays</u>	<u>20 pays</u>	<u>20 pays</u>	<u>Retirees</u>	<u>Retirees</u>
HRA - NEW						
- Single		30.00		36.00		350.00
- Family		160.00		192.00		610.00
HRA - OLD						
- Single	36.23	50.00	43.48	60.00	347.15	374.69

- Family	151.07	215.00	181.28	258.00	604.38	732.24
Buy Up Plan						
- Single	178.25	221.86	213.90	266.23	635.65	722.87
- Family	507.00	694.90	608.40	833.88	1,262.88	1,638.68
Blue Medicare					399.87	311.14

It should be noted that the Blue Medicare is separately rated and has had some major changes made to it this renewal.

We will have open enrollment for medical and dental/vision insurance for the three week period of September 23rd – October 11<sup>th</sup>. We will have several meetings in September for any questions that employees or retirees may have about the insurance – dates are to be announced. The employees who are not on the HRA - OLD plan will be contacted by our agents of record to discuss with them all of the various insurance options that are available to them so that they can make the best insurance choice for themselves and their families.

Employees who have a Flexible Spending Account (FSA) will receive the paperwork to renew this account for calendar year 2014. All employees will be provided with information about FSAs with encouragement for them to utilize this program to reduce their overall medical costs.

These **recommendations** were unanimously approved by the Insurance Committee with the following employees voting: Rosalyn Baker, Valarie Carter, Cheryl Chalker, Lee Anne Dampier, Lindsey Detweiler, William Geiger, Cindy Hildebran, Karen Henry, Wanda Hoff, Susan Taylor, Julee Tinsler, and Randy Whytsell. We therefore, request that the Board approve these **recommendations** regarding our medical insurance for the period of time from November 1, 2013 to October 31, 2014.

If you have any questions about this matter, please feel free to contact me at extension 6810.