



Volusia County School Board

Medical Insurance Strategy – 2016 and Beyond

November 10, 2015

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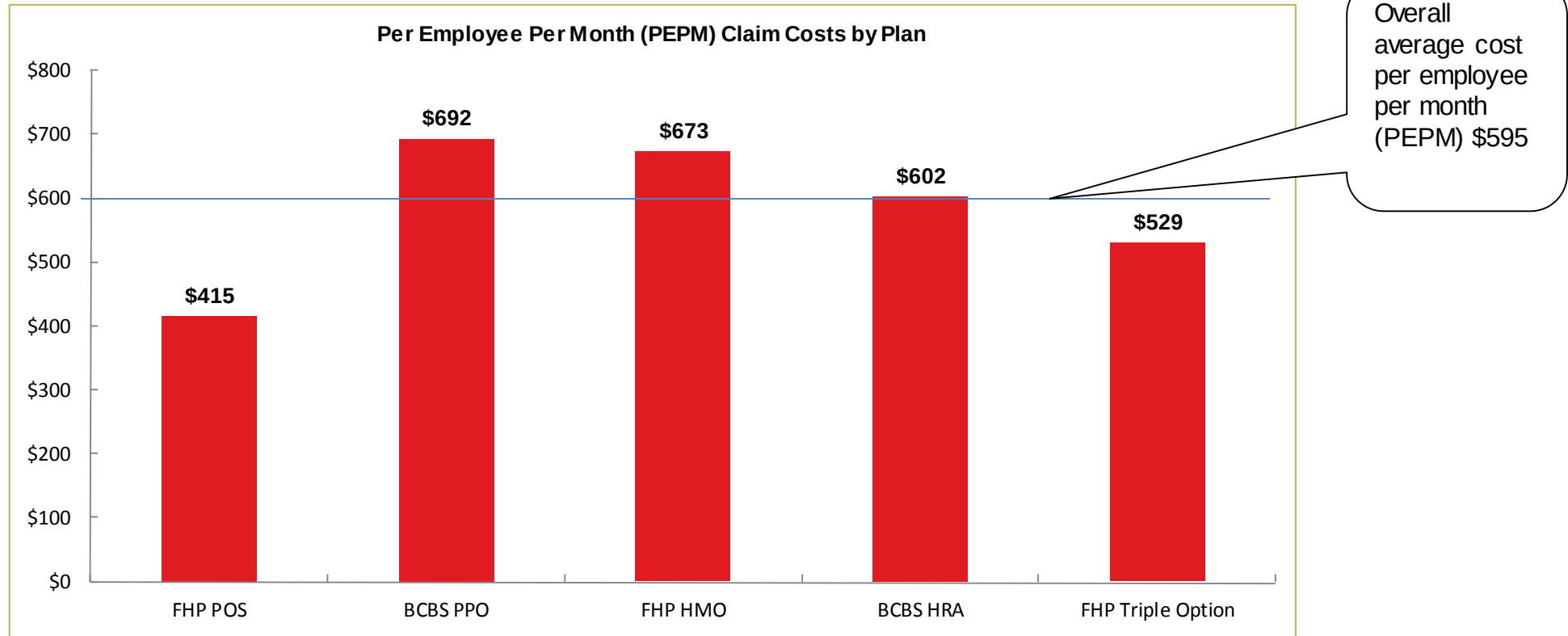


Year Over Year Claims Summary

	Current Plan Year	\$ Change	% Change	Prior Plan Year
Cumulative Plan Costs	October '14 - September '15			October '13 - September '14
Paid Capitation Claims	\$7,152,440		12%	\$6,399,079
Paid Medical Claims	\$34,857,077	-\$1,558,294	-4%	\$36,415,371
Paid Rx Claims	\$9,809,081	+\$1,720,425	21%	\$8,088,656
Total Cost	\$51,818,597		2%	\$50,903,107
Medical Enrollment				
Cumulative Medical Enrollment	87,028		1%	85,981
Average Medical Enrollment	7,252		1%	7,165
Per Employee Per Month Costs				
PEPM Paid Capitation Claims	\$82.19		10%	\$74.42
PEPM Paid Medical Claims	\$400.53	-\$23.00	-5%	\$423.53
PEPM Paid Rx Claims	\$112.71	+\$18.64	20%	\$94.07
Medical Claim Cost PEPM	\$595.42		0.6%	\$592.03
Large Claim Impact	October '14 - September '15			October '13 - September '14
Large Claim Threshold	\$100,000			\$100,000
Number of claimants exceeding the Threshold Amount	45			44
Total cost for high claimants including claims up to and exceeding the Threshold Amount	\$9,606,035	\$162,358		\$9,443,677
Average cost per claim exceeding the Threshold Amount	\$213,467			\$214,629

*Note: Sum totals may be off due to rounding

Plan year 2014 – 2015



2016/17 Renewal Options

- Negotiate with incumbent carriers to offer the most cost effective plans
- Select a “Base Plan” for Board subsidy calculation
 - Factor bargained Employee contribution and apply the same flat dollar amount to all plans
 - Maintains a single affordable option and “buy-up” alternatives for employee choice
 - Addresses Union concerns for cost control and options
 - Reduces VCSB cost immediately and in future years
 - For example, if the Board reduced the subsidy across all plans in 2015/16 to match the current HMO Board contribution, the net savings to the School Board would have been an estimated \$8.5M*
- Existing PPO and HRA with Florida Blue are more than 50% higher than the HMO rates
 - Employee selecting the PPO and/or HRA will pay the difference between their plan and HMO rate
 - 1,420 Employees are enrolled in the PPO and HRA for \$20 per month

** Calculated savings does not reflect employee migration to lower cost plans.*

Florida School Districts: Peer Study Deductibles

Peer School Districts core medical coverage (plans with most enrollment) and corresponding deductible:

<u>District</u>	<u>Annual Deductible</u>	<u>OOP Max (EE only)</u>
▪ Flagler County Schools	\$3,000	\$4,000
▪ Lake County Schools	\$1,500	\$1,500
▪ Marion County Schools	\$2,500	\$6,350
▪ Putnam County Schools	\$1,500	\$3,500
▪ Seminole County Schools	\$400	\$5,000
▪ Volusia County Schools (Triple Option)	\$0	\$2,000

Negotiation with Florida Blue and Florida Health Care Plan

Leadership from Florida Blue and Florida Health Care Plans met to collaboratively provide a long term, financially sustainable medical plan alternative. The collaboration resulted in the following options:

Year 1 Offer

- Status Quo
 - Florida Health Care Plan: 8.5% increase
 - Florida Blue: 3% increase
 - **Combined Impact: 7.15% Increase**
- Plan Design Changes
 - Florida Health Care Plan: 6% increase
 - Florida Blue: 6.5% decrease
 - **Combined Impact: 2.86% Increase**

Year 2 ProShare Offer

- Year 1 rates are further reduced
 - Florida Health Care Plan: 3.4% increase
 - Florida Blue: 10% decrease
 - **Combined Impact: 0.07% Increase**
- Board adopts and signs ProShare Agreement for two-year term with Florida Blue
 - Retro-active to 10/1/2015
 - Year 2 rates (Plan Year 2017/2018) will undergo standard underwriting and Aon negotiation
 - ProShare Agreement will pay the Board 50% of the surplus earned between 10/1/2015 – 9/30/2017
 - **Added savings of \$1.7M**

ProShare Risk Sharing Agreement

ProShare is a fully insured funding arrangement which allows the group to share in underwriting gains as a result of good claims experience. Blue Cross and Blue Shield of Florida will set 10/01/2017 - 09/30/2018 premium rates based on:

- The amount of future claims anticipated (factoring in medical trend, pharmacy trend and demographic changes); and
- Anticipated administrative expenses, taxes, contribution to contingency reserves and a risk charge.

ProShare (risk sharing program) would be made retroactive with a start date of 10/1/15.

At the end of the 2017 – 2018 plan year (9/30/2018), following a 3-month run-out period, an accounting reconciliation is performed. Actual results are determined based on premiums paid minus incurred claims minus administrative expenses.

If the annual accounting produces a gain (surplus), your group will be eligible to receive a refund of 50% of any surplus.

Plan Design Changes

To achieve measurable savings, the following plan design changes are proposed for the Florida Blue PPO and HRA plans and Florida Health Care Plan HMO and Triple Option plans. The FHCP Point of Service plan was not adjusted.

	Current	2016 Plan Change
PPO	Offered	Eliminated
HRA		
Annual Deductible – Individual / Family	\$1,650 / \$2,400	\$2,500 / \$5,000
Out of Pocket Maximum – Individual / Family	\$3,250 / \$6,500	\$5,000 / \$10,000
Coinsurance (In-Network/Out-of-Network)	85% / 70%	80% / 70%
HMO		
Annual Deductible – Individual / Family	\$0	\$250 / \$500
Inpatient Hospitalization	\$250/Day, Days 1-5	\$250/Day, Days 1-5 After deductible
Advanced Imaging	\$25 copay	\$250 Copay
Triple Option		
Annual Deductible Opt 1 – Individual / Family	\$0	\$250 / \$500
Annual Deductible Opt 2 – Individual / Family	\$250 / \$500	\$500 / \$1,000
Annual Deductible Opt 3 – Individual / Family	\$500 / \$1,000	\$1,000 / \$2,000
Inpatient Hospitalization	\$250/Day, Days 1-5	\$250/Day, Days 1-5 After deductible
Advanced Imaging	\$25 copay	\$250 Copay

2016/17 Plan Change Impacts

2016/17 1-Year Renewal Offer	Current 2015/16 Annual Cost	Projected 2016/17 Annual Cost	Financial Impact
Florida Health Care Plans	\$50,499,905	\$53,461,089	Increase of 6%, approx. \$2,961,184
Florida Blue*	\$17,366,289	\$15,179,566	Decrease of -6.5%, approx. \$1,051,358
Overall Cost	\$66,730,829	\$68,640,655	Increase of 2.86%, approx. \$1,702,345

2016/17 2-Year ProShare Offer	Current 2015/16 Annual Cost	Projected 2016/17 Annual Cost	Financial Impact
Florida Health Care Plans	\$52,236,005	\$1,736,100	Increase of 3.4%, approx. \$1,736,100
Florida Blue*	\$14,541,006	(\$1,689,918)	Decrease of 10%, approx. \$1,689,918
Overall Cost	\$66,777,011	\$66,777,011	Increase of 0.07%, approx. \$46,182

* Florida Blue cost includes Employer funded HRA. HRA includes an Employer Funded Health Reimbursement Account in the amount of \$600.

Plan Changes

Plan Changes	Florida Health Care Plans					BCBSFL Plans				
	HMO In-Network only	Triple Option			POS Plan	PPO		HRA		
		In Ntwk Opt 1	Opt 2	Opt 3	In HMO Network	In BC PPO Network & OOA	In Network	Out of Network	In Network	Out of Network
Annual Deductible									HRA = \$600 Per Employee	
Single	\$250	\$250	\$500	\$1,000	\$1,500	\$4,500	Eliminate		\$2,500 (\$1,900 Gap)	
Family	\$500	\$500	\$1,000	\$2,000	Per Person	Per Person	Eliminate		\$5,000 (\$4,400 Gap)	
Coinsurance (Member Pays)	0%	0%	30%	50%	10%	50%			20%	30%
Out of Pocket Max										
Single	\$2,000	\$2,000	\$3,000	\$6,000	\$5,000	\$10,000			\$5,000 (Incl. Gap and HRA)	
Family	\$4,000	\$4,000	\$6,000	\$12,000	\$10,000	\$20,000			\$10,000 (Incl. Gap and HRA)	
Physician Services										
PCP Copay	\$20	\$20	\$30	50% AD	\$35	50% AD			20% AD	30% AD
Specialist Copay	\$35	\$35	30% AD	50% AD	\$50	50% AD			20% AD	30% AD
Preventive Care										
Routine Physical Exam, Well Child, Immunization	\$0	\$0	\$0	50% AD	\$0	50% AD			\$0	30%, Ded Waived
Hospital Services										
Inpatient	\$250/Day (Days 1-5) after deductible	\$250/Day (Days 1-5) after deductible	N/A	50% AD	10% AD	50% AD			20% AD	\$300 + 30% AD
Outpatient	\$200	\$200	N/A	50% AD	10% AD	50% AD			20% AD	30% AD
Emergency Services										
Emergency Visit	\$200	\$200	\$200	\$200	10% AD	10% AD			20% AD	20% AD
Urgent Care	\$75	\$75	\$75	\$75	10% AD	10% AD			20% AD	30% AD
Lab, Xray, & Diagnostics										
Lab and Radiology	\$0	\$0	N/A	50% AD	\$0 lab, \$50 X-ray	50% AD			20% AD	30% AD
Advanced Imaging	\$250	\$250	N/A	50% AD	10% AD	50% AD			20% AD	30% AD
Prescription Drugs										
Retail (31 Day Supply)	FHCP pharmacies; Select Walgreens / Select Hours	FHCP pharmacies, Walgreens (nationwide), and Publix (Volusia and Flagler Co. only)			FHCP pharmacies, Walgreens (nationwide), and Publix (Volusia and Flagler Co. only)				Retail 30-day supply	
Preferred Generic	\$3	\$3 (FHCP pharmacies only)			\$3 (FHCP pharmacies only)				NA	
Non-Pref Generic	\$12 / \$20	\$12 FHCP Pharmacy \$20 Walgreens or Publix Pharmacy			\$12 FHCP Pharmacy \$20 Walgreens or Publix Pharmacy				\$15	50%
Preferred Brand	\$35 / \$40	\$35 FHCP Pharmacy \$40 Walgreens or Publix Pharmacy			\$35 FHCP Pharmacy \$40 Walgreens or Publix Pharmacy				\$30	50%
Non-preferred Brand	\$60 / \$65	\$60 FHCP Pharmacy \$65 Walgreens or Publix Pharmacy			\$60 FHCP Pharmacy \$65 Walgreens or Publix Pharmacy				\$50	50%
Pre approved specialty drug formulary	\$100 FHCP Pharmacy	\$100 FHCP Pharmacy			\$100 FHCP Pharmacy				\$100	

Financial Snapshot: 2016/17 Renewal Options

The illustration below represents the total cost of all plans combined in the current 2015/16 plan year, 2016/17 Status Quo Renewal (no changes to plan design), the 2016/17 Renewal with Plan Changes (Year 1 Offer), and the Year 2 ProShare offer for the 2016/17 renewal with plan changes.

	Current 2015/16	2016/17 Renewal Status Quo	2016/17 Renewal with Plan Changes Year 1 Offer	2016/17 Renewal w/ ProShare Offer
Total Cost	\$66,730,829	\$71,499,348	\$68,640,655	\$66,777,011
<i>Change from Current</i>	NA	<i>\$4,768,519 7.15%</i>	<i>\$1,909,826 2.86%</i>	<i>\$46,182 0.07%</i>
Employee Portion	\$10,077,417	\$10,725,399	\$10,284,898	\$10,178,269
<i>Change from Current</i>	NA	<i>\$647,982 6.43%</i>	<i>\$207,480 2.06%</i>	<i>\$100,852 1%</i>
Board Contribution	\$56,653,412	\$60,773,949	\$58,355,757	\$56,598,742
<i>Change from Current</i>	NA	<i>\$4,120,537 7.27%</i>	<i>\$1,702,345 3%</i>	<i>(\$54,670) -0.10%</i>

Note: Amounts above reflect the Board Contribution to the Health Reimbursement Account and includes Board subsidy for all 400+ married employees. Based on the most current enrollment. Actual total cost will vary based on changes in active enrollment.

APPENDIX

Plan Designs

Contribution Exhibit

Current Contribution Methodology

The Board currently contributes all but \$20 per month for each of the five medical plan options. The percentage of cost share ranges from 95% - 97.7% of the Employee Only monthly premium being subsidized by the Board.

The Board share of the total annual premium is approximately 84.5% when including the subsidy to the dependent tiers.

		2015 - 2016 Monthly Rates and Cost Share		
		Total Premium	Employee Contribution	Board Contribution
BCBSFL PPO	Single	\$859.55	\$20.00	\$839.55
	EE + Sp	\$1,633.17	\$793.62	\$839.55
	EE + Ch	\$1,461.23	\$621.68	\$839.55
	Family	\$2,148.89	\$1,309.34	\$839.55
BCBSFL HRA*	Single	\$857.32	\$20.00	\$837.32
	EE + Sp	\$1,583.87	\$746.55	\$837.32
	EE + Ch	\$1,422.41	\$585.09	\$837.32
	Family	\$2,068.29	\$1,230.97	\$837.32
Triple Option	Single	\$643.60	\$20.00	\$623.60
	EE + Sp	\$1,222.84	\$599.24	\$623.60
	EE + Ch	\$1,094.12	\$470.52	\$623.60
	Family	\$1,609.01	\$985.41	\$623.60
HMO	Single	\$572.64	\$20.00	\$552.64
	EE + Sp	\$1,088.01	\$535.37	\$552.64
	EE + Ch	\$973.48	\$420.84	\$552.64
	Family	\$1,431.59	\$878.95	\$552.64
POS Plan	Single	\$454.81	\$20.00	\$434.81
	EE + Sp	\$864.14	\$429.33	\$434.81
	EE + Ch	\$773.18	\$338.37	\$434.81
	Family	\$1,137.02	\$702.21	\$434.81

*HRA rates include Fund

	Total Premium	Employee Contribution	Board Contribution
TOTAL ANNUAL COST	\$66,321,914	\$10,292,855	\$56,029,060

Current Plans

Current Plans	Florida Health Care Plans						BCBSFL Plans			
	HMO	Triple Option			POS Plan		PPO		HRA	
	In-Network only	In Ntwk Opt 1	Opt 2	Opt 3	In HMO Network	In BC PPO Network & OOA	In Network	Out of Network	In Network	Out of Network
Annual Deductible										
Single	\$0	\$0	\$250	\$500	\$1,500	\$4,500	\$600		\$1,650 (\$1,050 Gap)	
Family	\$0	\$0	\$500	\$1,000	Per Person	Per Person	\$1,200		\$2,400 (\$1,800 Gap)	
Coinsurance (<i>Plan Pays</i>)	0%	0%	30%	50%	10%	50%	15%	30%	15%	30%
Out of Pocket Max										
Single	\$2,000	\$2,000	\$3,000	\$6,000	\$5,000	\$10,000	\$3,250		\$3,250 (Incl. Gap and HRA)	
Family	\$4,000	\$4,000	\$6,000	\$12,000	\$10,000	\$20,000	\$6,500		\$6,500 (Incl. Gap and HRA)	
Physician Services										
PCP Copay	\$20	\$20	\$30	50% AD	\$35	50% AD	15% AD	30% AD	15% AD	30% AD
Specialist Copay	\$35	\$35	30% AD	50% AD	\$50	50% AD	15% AD	30% AD	15% AD	30% AD
Preventive Care										
Routine Physical Exam, Well Child, Immunization	\$0	\$0	\$0	50% AD	\$0	50% AD	\$0	30%, Ded Waived	\$0	30%, Ded Waived
Hospital Services										
Inpatient	\$250/Day (Days 1-5)	\$250/Day (Days 1-5)	N/A	50% AD	10% AD	50% AD	15% AD	\$300 + 30% AD	15% AD	\$300 + 30% AD
Outpatient	\$200	\$200	N/A	50% AD	10% AD	50% AD	15% AD	30% AD	15% AD	30% AD
Emergency Services										
Emergency Visit	\$200	\$200	\$200	\$200	10% AD	10% AD	15% AD	15% AD	15% AD	15% AD
Urgent Care	\$75	\$75	\$75	\$75	10% AD	10% AD	15% AD	30% AD	15% AD	30% AD
Lab, Xray, & Diagnostics										
Lab and Radiology	\$0	\$0	N/A	50% AD	\$0 lab, \$50 X-ray	50% AD	15% AD	30% AD	15% AD	30% AD
Advanced Imaging	\$25	\$25	N/A	50% AD	10% AD	50% AD	15% AD	30% AD	15% AD	30% AD
Prescription Drugs										
Retail (31 Day Supply)	FHCP pharmacies; Select Walgreens / Select Hours	FHCP pharmacies, Walgreens (nationwide), and Publix (Volusia and Flagler Co. only)			FHCP pharmacies, Walgreens (nationwide), and Publix (Volusia and Flagler Co. only)		Retail 30-day supply		Retail 30-day supply	
Preferred Generic	\$3	\$3 (FHCP pharmacies only)			\$3 (FHCP pharmacies only)		NA		NA	
Non-Pref Generic	\$12 / \$20	\$12 FHCP Pharmacy \$20 Walgreens or Publix Pharmacy			\$12 FHCP Pharmacy \$20 Walgreens or Publix Pharmacy		\$15	50%	\$15	50%
Preferred Brand	\$35 / \$40	\$35 FHCP Pharmacy \$40 Walgreens or Publix Pharmacy			\$35 FHCP Pharmacy \$40 Walgreens or Publix Pharmacy		\$30	50%	\$30	50%
Non-preferred Brand	\$60 / \$65	\$60 FHCP Pharmacy \$65 Walgreens or Publix Pharmacy			\$60 FHCP Pharmacy \$65 Walgreens or Publix Pharmacy		\$50	50%	\$50	50%
Pre approved specialty drug formulary	\$100 FHCP Pharmacy	\$100 FHCP Pharmacy			\$100 FHCP Pharmacy		\$100		\$100	