

PfISD Insurance Committee Meeting

July 25, 2023

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1. Current State & 2024 Considerations
2. Pharmacy RFP
3. Network Opportunity
4. Plan Design

Agenda

Current State & 2024 Considerations

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Current State & 2024 Projection

[See April iCAF Report](#)

- Our plan is self-funded.
 - BCBS & HCH process claims with funding from district contributions and employee premiums
 - Majority of plan costs come from claims
 - Choices participants make affect the overall cost
- Current state of the plan
 - Projected deficit for 2023: \$3.7MM
 - Current fund balance (as of April): \$3.4MM
 - **Projected deficit for 2024 (before plan changes): \$4.1MM**
- What we heard from the insurance committee:
 - Preference for plan design changes (i.e. increased cost when utilizing the plan) over premium increases (i.e. increased cost for everyone enrolled)
 - Preference to eliminate district contribution to ID theft to offset increase

2024 Goals & Considerations

- Setup plans to be adequately funded in 2024
- Members pay more for the plan when using the plan vs increasing everyone's premiums
- Balance savings against disruption
- Eliminate zero dollar premium plan

2024 Strategies

- Rx
 - Pharmacy Benefit Manager RFP
 - Comparing current pricing with ESI with the market
 - Considering disruption & programs designed to control cost
- Medical
 - Network strategies
- Other
 - Eliminating HSA match
 - Switch identity theft plans to completely voluntary
- Additional funding
 - District funding
 - Cost shifting with plan design changes
 - Employee premiums (considering eliminating \$0 dollar plan)

Pharmacy RFP

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Pharmacy RFP

Results

- 6 respondents
- Finalists:
 - RxBenefits with ESI savings at \$1.46MM
 - BCBS with Prime savings at \$1.58MM
- Savings includes improved unit cost, improved rebates, and additional savings programs
- Other considerations:
 - Administrative cost to making a change
 - Disruption (drug list, ID cards, new administrator, prior authorizations, savings programs)
 - Impact on employees of additional change
 - Integration concerns and confusion for HCH participants
 - Long term considerations around pricing improvements

Pharmacy RFP

Additional Programs

MMA to have examples
handy

- Manufacturer's Assistance Programs
 - Utilize drug manufacturer copay assistance cards to reduce the cost of specialty medications to the plan. Member pays \$0 at pharmacy.
 - **Savings*: \$179k - \$207k**
- Patient Assistance Program (PAP)
 - Assists members who qualify with obtaining low or no cost specialty medications through alternate sources of funding
 - **Savings*: \$347k - \$471k**

*Values included in overall PBM savings projection

BCBS Pharmacy Disruption

Formulary Disruption	
Period Examined: 12/1/2022 – 3/31/2023	
Total Scripts Analyzed	11,635
# Scripts Positive Impact	36
# Scripts Negative Impact	86
# Scripts Moving to Exclude	77
# Scripts No Change	11,436

Network Opportunity

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Network Opportunity

Blue Essentials

- Current network strategy
 - 3 plans with BCBS on Blue Choice network (broadest network)
 - 2 plans with HCH on Sync network (high performance network)
- BCBS has 3 other network options: Essentials, HPN, Premier
- Best value is with BCBS Blue Essentials
 - **Savings opportunity to replace Low Plan with Blue Essentials: \$583k**
 - HMO / Gatekeeper model
 - Members must select PCP
 - PCP guides care
 - Referrals are required
 - Coverage in Texas

	Blue Choice	Blue Essentials
Total Records	7,060	7,060
Total Matches	6,764	6,702
Percent Matched	95.81%	94.93%
Total Paid Amount	\$12,352,179	\$12,352,179
Total Paid Matches	\$11,678,285	\$11,643,688
Total Paid Percent Matched	94.54%	94.26%

Plan Design

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Proposed Plan Designs

Option 4 – Plan design & network changes

Plan Name	BCBS High Plan Blue Choice	HCH Low Plan	BCBS Low Plan Blue Essentials	Remove Plan <i>BCBS HD Plan</i>	HCH HD Plan
Individual Deductible	~~[\$1,500]~~ \$2,000	~~[\$2,000]~~ \$2,500	~~[\$2,600]~~ \$3,000	\$3,000	~~[\$3,300]~~ \$3,500
Family Deductible	~~[\$3,000]~~ \$4,000	~~[\$4,000]~~ \$5,000	~~[\$5,200]~~ \$6,000	\$6,000	~~[\$6,600]~~ \$7,000
Embedded or Aggregate (HSA plans only)	Embedded	Embedded	Embedded	<i>Embedded</i>	Embedded
Coinsurance Paid by the Plan	80%	80%	70%	70%	70%
Individual Maximum Out of Pocket	~~[\$5,000]~~ \$5,500	~~[\$5,500]~~ \$6,000	\$6,500	\$6,750	~~[\$6,750]~~ \$7,500
Family Maximum Out of Pocket	~~[\$10,000]~~ \$11,000	~~[\$11,000]~~ \$12,000	\$13,000	\$13,500	~~[\$13,500]~~ \$15,000
Primary Office Visit	\$35 copay	\$20 copay	\$40 copay	<i>70% after deductible</i>	70% after deductible
Specialist Office Visit	\$50 copay	\$35 copay	\$55 copay	<i>70% after deductible</i>	70% after deductible
Virtual Visit	\$0 copay	\$0 copay	\$0 copay	<i>100% after deductible</i>	100% after deductible
Inpatient Hospital	80% after deductible	80% after deductible	70% after deductible	<i>70% after deductible</i>	70% after deductible
Outpatient Surgery	80% after deductible	80% after deductible	70% after deductible	<i>70% after deductible</i>	70% after deductible
Emergency Room	~~[\$400]~~ \$500 copay + 80% after deductible	~~[\$400]~~ \$500 copay + 80% after deductible	\$500 copay + 70% after deductible	<i>70% after deductible</i>	70% after deductible
Urgent Care	\$50 copay	\$35 copay	\$55 copay	<i>70% after deductible</i>	70% after deductible
Lab/X-Ray Billed by Doctors Office	Included in office visit	Included in office visit	Included in office visit	<i>70% after deductible</i>	70% after deductible
Lab/X-Ray Billed by Outside Facility	100% no deductible	100% no deductible	100% no deductible	<i>70% after deductible</i>	70% after deductible
Inpatient Advanced Imaging	80% after deductible	80% after deductible	70% after deductible	<i>70% after deductible</i>	70% after deductible
Outpatient Advanced Imaging	80% after deductible	80% after deductible	70% after deductible	<i>70% after deductible</i>	70% after deductible
<i>In-Network Prescriptions</i>					
Retail Prescription Drugs (30 days)	\$15 / \$40 / \$65 / 10% to \$2,500	\$15 / \$40 / \$65 / 10% to \$2,500	\$15 / \$50 / \$75 / 10% to \$2,500	<i>70% after deductible</i>	70% after deductible
Mail Order Prescription Drugs (90 days)	3x retail	3x retail	3x retail	<i>70% after deductible</i>	70% after deductible
Estimated Savings (Total)			(\$774,465)		

Proposed Plan Designs

Option 4a – Plan design, no network changes

Plan Name	BCBS High Plan Blue Choice	HCH Low Plan	BCBS Low Plan Blue Choice	Remove Plan <i>BCBS HD Plan</i>	HCH HD Plan
Individual Deductible	~~[\$1,500]~~ \$2,000	~~[\$2,000]~~ \$2,500	~~[\$2,600]~~ \$3,000	\$3,000	~~[\$3,300]~~ \$3,500
Family Deductible	~~[\$3,000]~~ \$4,000	~~[\$4,000]~~ \$5,000	~~[\$5,200]~~ \$6,000	\$6,000	~~[\$6,600]~~ \$7,000
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Mail Order Prescription Drugs (90 days)	3x retail	3x retail	3x retail	<i>70% after deductible</i>	70% after deductible
Estimated Savings (Total)			(245,440)		

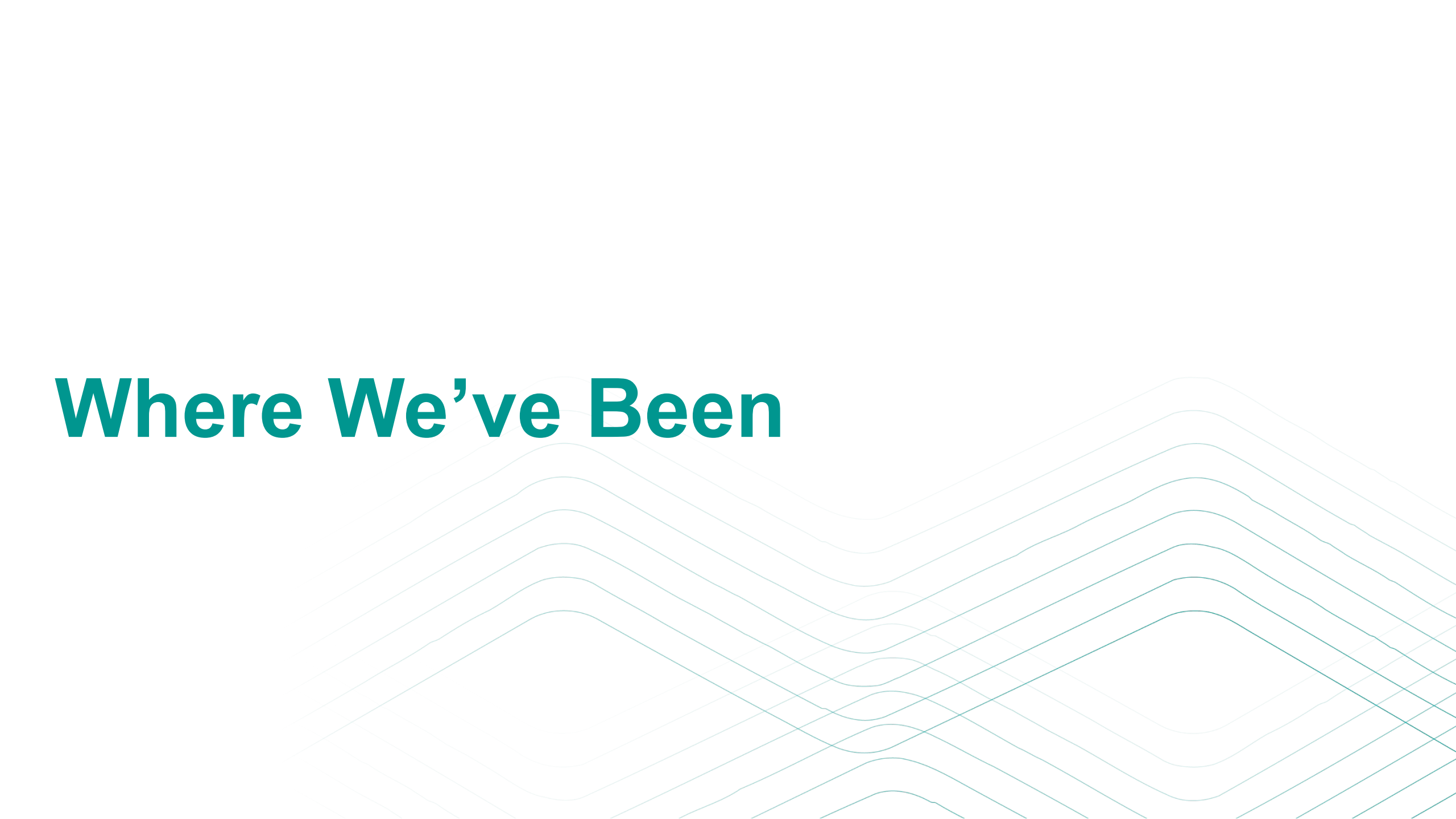
Recap of Strategies

- PBM selection
 - PBM programs
 - Network option
 - Plan design
-
- Next Steps:
 - Decision on district contribution
 - Finalize employee premiums

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Where We've Been

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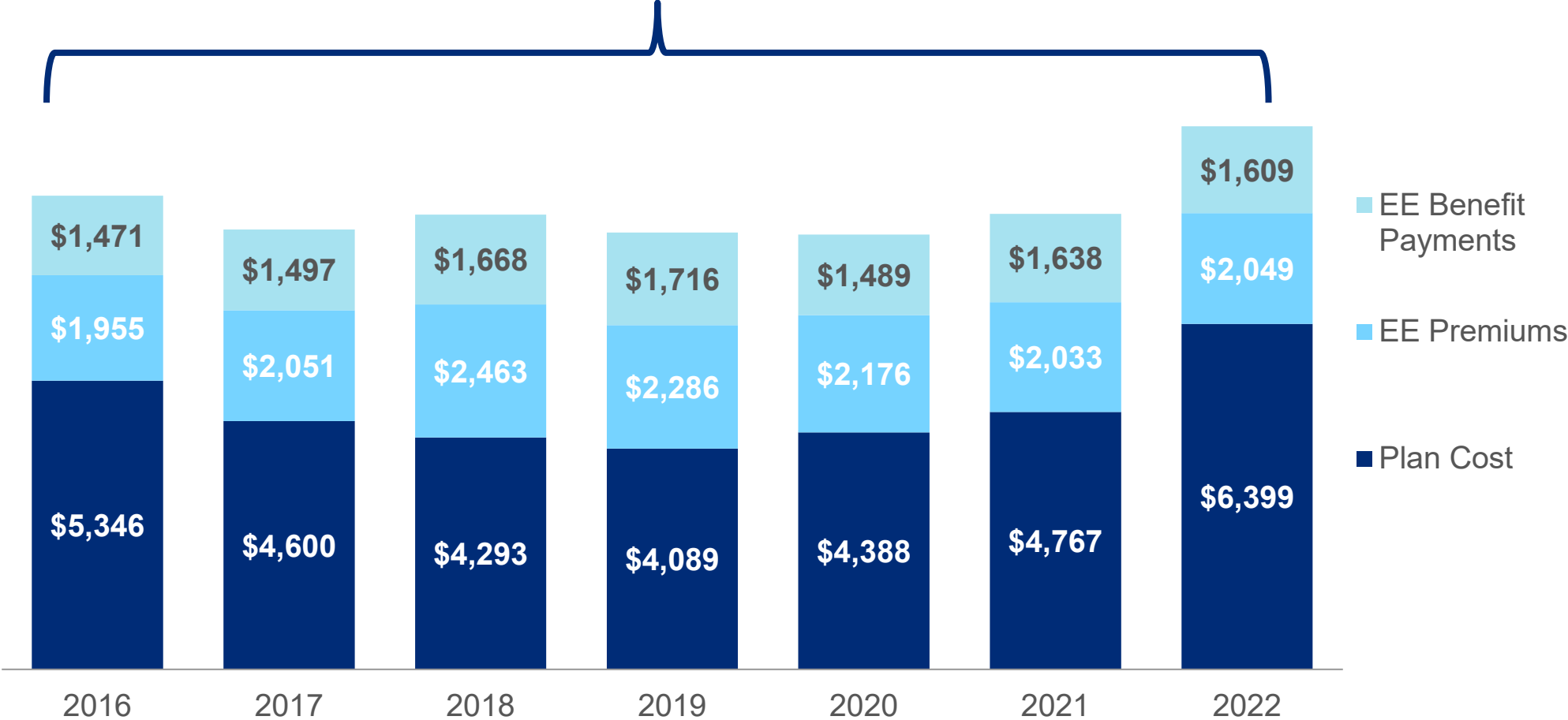
Year over Year Financial Summary

	2016	2017	2018	2019	2020	2021	2022	2023 Projected
Total Medical / Rx Paid Claims	\$15,783,120	\$14,930,418	\$15,402,745	\$15,805,169	\$17,712,740	\$18,604,136	\$21,609,970	\$21,709,599
PMPM	\$365.25	\$330.11	\$336.54	\$335.74	\$350.36	\$369.75	\$461.16	\$452.62
% Increase		-9.6%	1.9%	-0.2%	4.4%	5.5%	24.7%	-1.9%
District Funding PEPM	\$375	\$400	\$400	\$400	\$400	\$400	\$400	\$410
High Cost Claimant Impact (\$100k+)	12 claimants \$2.21MM	11 claimant \$1.73MM	16 claimants \$2.49MM	18 claimants \$3.1MM	24 claimants \$4.1MM	27 claimants \$4.83MM	38 claimants \$7.39MM	
Surplus/Deficit	Deficit (\$2,069,672)	Surplus \$555,998	Surplus \$1,276,502	Surplus \$2,112,223	Surplus \$1,383,122	Surplus \$348,659	Deficit (\$3,982,758)	Projected Deficit (\$3,433,097)
Strategies	- Removed chronic condition management - Dropped Mid & High non-engaged plans - Removed Compass incentive	- Removed non-engaged plans - Increased deductibles/copays - Carved out Rx - Added 4th tier specialty Rx copay - Eliminated Q4 deductible carryover	- Added HDHP - Increased deductibles/copays - Removed iNGAGEDhealth - Improved pharmacy pricing	- Move to UHC with no out of network coverage \$0 premium plan - Removed Compass - Added pharmacy cost management programs - Introduced HSA contribution - Improved pharmacy pricing	- Removed Nexus plan - Adjusted Rx cost management programs & added opioid program - Improved pharmacy pricing	- Consolidated Mid & High plans - Implemented non-network cost containment - Removed Specialty Rx program - HSA to half match - Increased stop loss limit - Improved pharmacy pricing	- Moved from UHC to BCBS/HCH 5 plan designs - HSA to match only - Improved pharmacy pricing	- Minor plan design changes to comply with IRS limits - Improved pharmacy pricing

Year over Year Employee Cost Impact

Per Employee Per Year

EE Cost = 1% Avg Increase Year Over Year



Group Discussion

What are your preferred options/changes to offset the deficit for the medical plans?

Are there any voluntary product changes you would make to cut costs?

Local Peer District Plan Benchmarks

Plan Options	PfISD		Local Peer Districts	
	Plan Description	Employee Cost	Plan Description	Employee Cost
Zero Dollar Plans	- Offers one plan - ACO plan - HDHP/HSA plan	Single: \$0 Family: \$722	- Each offers one plan - Network options: HMO or Limited - HDHP/HSA and Copay plans	Single: \$0 Family: \$559-\$846
Mid Level Plans	- Offers three plans - Network options: ACO & PPO - One HDHP/HSA plan	Single: \$50-\$80 Family: \$850-\$940	- Network options: Limited, HMO & PPO - HSA & Copay plans	Single: \$19-\$115 Family: \$802-\$1,088
Highest Cost Plans	- Network option: PPO - Copay plan	Single: \$185 Family: \$1,120	- Network options: Limited, HMO* & PPO - HSA & Copay plans	Single: \$145-\$330 Family: \$1,365-\$1,700

Local Peer District benchmarks include Austin ISD, Leander ISD, Round Rock ISD and TRS.

Proposed Plan Designs - Recap

Option 5 – Plan design changes only

Plan Name	BCBS High Plan Blue Choice	HCH Low Plan	BCBS Low Plan Blue Essentials	BCBS HD Plan Blue Essentials	HCH HD Plan
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Estimated Savings (Total)			(\$750,739)		