



To: Dr. Mike Riggle
Board of Education

From: Ms. Alice Raflores
Mr. Brad Swanson

Date: Monday, October 22, 2018

Re: Health Insurance Update and Pre-Renewal for Healthcare Premium Rates for Plan Year
January 1, 2019 - December 31, 2019

Recommendation

There is no action required at this time. The final renewal will be presented to the Board of Education at the November 12, 2018 meeting for consideration and action.

Background

In Spring 2018, negotiations between the GEA, GESPA, and GESSA were finalized to include a realignment of health insurance premium equivalent rates, and change in the health insurance plan year to a calendar year (January 1 - December 31). Our health insurance consultant, Gallagher, has provided the District with a preliminary calculation of health insurance premium equivalent rates in consideration of both factors noted above.

Preliminary Premium Equivalent Rates

In developing the preliminary premium equivalent rates for each line of coverage, Gallagher utilized the District's fixed costs (5% of total medical expenses), claims experience, and trend factors. While preliminary calculations recommend a blended rate adjustment of 4.5% for both the HMO and PPO plans, the administration and Cost Containment Committee continues to work with Gallagher to reduce plan costs and overall claim usage by participants.

**Glenbrook PPO and High Deductible PPO Plans (Blue Cross and Blue Shield of Illinois)
Pharmacy Plan (RxBenefits/Express Scripts)**

- Financial Projection
 - Current Funding/Total Premium \$9,249,976
 - 1/1/19 - 12/31/19 Projection \$9,712,048
 - Projected Change (\$462,073)
 - Recommended Rate Adjustment 5%
- Consideration
 - A combination of market trend factors (5.6% medical, 7.3% pharmacy) and the district's historical claims result in the recommended rate increase.
 - Administrative Fee Change: \$51.66 PEPM (2% increase)
 - Stop Loss Change: \$35,000 increase in premiums

**HMO Illinois and Blue Advantage HMO Plans
Pharmacy Plan (Prime Therapeutics)**

- Financial Projection
 - Current Funding/Total Premium \$4,741,634
 - 1/1/19 - 12/31/19 Projection \$4,887,572
 - Projected Change (\$145,938)
 - Recommended Rate Adjustment 3.1%
- Consideration
 - A combination of market trend factors (5.6% medical, 7.3% pharmacy) and the district's historical claims result in the recommended rate increase.
 - Administrative Fee Change: \$43.41 PEPM (1% increase)
 - Stop loss Fee Change: \$67.78 to \$71.04 (4.8% increase)

Dental PPO Plan

- Financial Projection
 - Current Funding/Total Premium \$710,837
 - 1/1/19 - 12/31/19 Projection \$701,837
 - Projected Change \$8,231
 - Recommended Rate Adjustment -1.2% or 0%
- Consideration
 - For the 2017-18 plan year, the District contributed \$123,874 to dental plan expenses, and employees contributed \$518,244. It should be noted that employer-paid dental insurance benefits vary based on employee group.
 - Administrative Fee: \$3.45 PEPM (no change)

A detailed overview of the preliminary premium equivalent rates is included in the attached chart titled, "Premium Equivalent Rate Comparison - Short vs. Long Plan Years".

Realignment of Health Insurance Premium Equivalent Rates

As part of collective bargaining efforts during the spring, the Board of Education agreed to share the expense of realigning premium equivalent rates with employees for the 2018-19 plan year. The cost sharing is fulfilled by providing employees in an eligible plan with a one-time payment of 50% of the cost of realignment. The cost sharing credit will be paid to employees on their February 15, 2019 paycheck. The attached chart titled, "Cost of Realignment Calculation" illustrates the calculation of the cost sharing credit for each plan. The total estimated expense to the District for this credit is \$56,544.

Cost of Realignment Calculation

Preliminary Renewal as of September 28, 2018

Enrollment as of September 2018			2019 Plan Yearly Rates - Not Aligned with Rate Adjustment							2019 Plan Yearly Rates - Aligned with Rate Adjustment									
	Rate Tier	Employees	Not Aligned Rates - Per Employee	Annual Employee Responsibility - Per Employee	Annual Board Responsibility - Per Employee	Total Annual Cost - Employee Portion	Total Annual Cost - Board Portion	Aligned Rates - Per Employee	Annual Employee Responsibility - Per Employee	Alignment Difference	One-Time Realignment Credit (50/50)	One-Time Realignment Credit Cost to the Board	Annual Board Responsibility (Not Including Credit) - Per Employee	Total Annual Cost - Employee Portion	Total Annual Cost - Board Portion (Not Including Credit)				
Glenbrook PPO (6%)	Single	111	\$14,146.80	5%	\$707.34	95%	\$13,439.46	\$78,514.74	\$1,491,780.06	\$9,754.56	5%	\$487.73	-\$219.61	\$0.00	\$0.00	95%	\$9,266.83	\$54,137.81	\$1,028,618.35
	Family	184	\$28,322.52	12%	\$3,398.70	88%	\$24,923.82	\$625,361.24	\$4,585,982.44	\$27,312.72	12%	\$3,277.53	-\$121.18	\$0.00	\$0.00	88%	\$24,035.19	\$603,064.86	\$4,422,475.62
		295																	
High Deductible PPO (6%)*	Single	51	\$8,627.40	5%	\$431.37	95%	\$8,196.03	\$21,999.87	\$417,997.53	\$8,525.52	5%	\$426.28	-\$5.09	\$0.00	\$0.00	95%	\$8,099.24	\$21,740.08	\$413,061.44
	Family	104	\$17,313.00	12%	\$2,077.56	88%	\$15,235.44	\$216,066.24	\$1,584,485.76	\$23,871.36	12%	\$2,864.56	\$787.00	\$393.50	\$40,924.17	88%	\$21,006.80	\$297,914.57	\$2,184,706.87
		155																	
New High Deductible PPO *	Single	0	Plan is new; Plan did not exist in a "not aligned" state.							\$7,987.80	5%	\$399.39	Plan is new			95%	\$7,588.41	\$0.00	\$0.00
	Single +1	0	Plan is new; Plan did not exist in a "not aligned" state.							\$15,975.60	12%	\$1,917.07	Plan is new			88%	\$14,058.53	\$0.00	\$0.00
	Family	0	Plan is new; Plan did not exist in a "not aligned" state.							\$23,963.40	12%	\$2,875.61	Plan is new			88%	\$21,087.79	\$0.00	\$0.00
		0																	
HMO Illinois (8.8%)	Single	64	\$7,954.32	5%	\$397.72	95%	\$7,556.60	\$25,453.82	\$483,622.66	\$6,950.76	5%	\$347.54	-\$50.18	\$0.00	\$0.00	95%	\$6,603.22	\$22,242.43	\$422,606.21
	Family	134	\$21,476.64	12%	\$2,577.20	88%	\$18,899.44	\$345,344.37	\$2,532,525.39	\$19,462.20	12%	\$2,335.46	-\$241.73	\$0.00	\$0.00	88%	\$17,126.74	\$312,952.18	\$2,294,982.62
		198																	
Blue Advantage HMO (8.8%)	Single	34	\$6,363.36	5%	\$318.17	95%	\$6,045.19	\$10,817.71	\$205,536.53	\$6,767.28	5%	\$338.36	\$20.20	\$10.10	\$343.33	95%	\$6,428.92	\$11,504.38	\$218,583.14
	Single +1	19	\$12,329.16	12%	\$1,479.50	88%	\$10,849.66	\$28,110.48	\$206,143.56	\$13,534.56	12%	\$1,624.15	\$144.65	\$72.32	\$1,374.16	88%	\$11,910.41	\$30,858.80	\$226,297.84
	Family	56	\$16,164.36	12%	\$1,939.72	88%	\$14,224.64	\$108,624.50	\$796,579.66	\$20,301.96	12%	\$2,436.24	\$496.51	\$248.26	\$13,902.34	88%	\$17,865.72	\$136,429.17	\$1,000,480.59
		109					\$1,460,292.98	\$12,304,653.58						\$56,543.99			\$1,490,844.27	\$12,211,812.69	
		757					\$13,764,946.56										\$13,702,656.96		

* High Deductible PPO plans receive an additional District-funded HSA benefit of \$1,000 for Single and \$1,600 for Family, which is not factored into the premium equivalent rates.

Premium Equivalent Rate Comparision - Short vs. Long Plan Years

Preliminary Renewal as of September 28, 2018

Enrollment as of September 2018			2018 "Short" Plan Yearly Rates (Sept - December) - Not Aligned							2019 "Long" Plan Yearly Rates (January - December) - Aligned										
	Rate Tier	Employees	Not Aligned Rates	Employee Responsibility	Board Responsibility	Total Cost to the Employee	Total Cost to the Board	Aligned Rates	Percent Change	Employee Responsibility	Plan to Plan Difference for EE	Realignment Credit (50/50)**	Realignment Credit Cost to the Board	Board Responsibility (Not Including Credit)	Total Cost to the Employee	Total Cost to the Board (Not Including Credit)				
Glenbrook PPO (6%)	Single	108	\$13,557.60	5%	\$677.88	95%	\$12,879.72	\$73,211.04	\$1,391,009.76	\$9,754.56	-38.99%	5%	\$487.73	-\$190.15	\$0.00	\$0.00	95%	\$9,266.83	\$52,674.62	\$1,000,817.86
	Family	183	\$27,143.04	12%	\$3,257.16	88%	\$23,885.88	\$596,061.16	\$4,371,115.16	\$27,312.72	0.62%	12%	\$3,277.53	\$20.36	\$0.00	\$0.00	88%	\$24,035.19	\$599,787.33	\$4,398,440.43
		291																		
High Deductible PPO (6%)*	Single	51	\$8,268.12	5%	\$413.41	95%	\$7,854.71	\$21,083.71	\$400,590.41	\$8,525.52	3.02%	5%	\$426.28	\$12.87	\$0.00	\$0.00	95%	\$8,099.24	\$21,740.08	\$413,061.44
	Family	104	\$16,592.04	12%	\$1,991.04	88%	\$14,601.00	\$207,068.66	\$1,518,503.50	\$23,871.36	30.49%	12%	\$2,864.56	\$873.52	\$393.50	\$40,924.00	88%	\$21,006.80	\$297,914.57	\$2,184,706.87
		155																		
New High Deductible PPO *	Single	0	Plan is new; Plan did not exist in a "not aligned" state.							\$7,987.80		5%	\$399.39				95%	\$7,588.41	\$0.00	\$0.00
	Single +1	0	Plan is new; Plan did not exist in a "not aligned" state.							\$15,975.60		12%	\$1,917.07		Plan is new		88%	\$14,058.53	\$0.00	\$0.00
	Family	0	Plan is new; Plan did not exist in a "not aligned" state.							\$23,963.40		12%	\$2,875.61				88%	\$21,087.79	\$0.00	\$0.00
		0																		
HMO Illinois (8.8%)	Single	60	\$7,623.00	5%	\$381.15	95%	\$7,241.85	\$22,869.00	\$434,511.00	\$6,950.76	-9.67%	5%	\$347.54	-\$33.61	\$0.00	\$0.00	95%	\$6,603.22	\$20,852.28	\$396,193.32
	Family	133	\$20,582.28	12%	\$2,469.87	88%	\$18,112.41	\$328,493.19	\$2,408,950.05	\$19,462.20	-5.76%	12%	\$2,335.46	-\$134.41	\$0.00	\$0.00	88%	\$17,126.74	\$310,616.71	\$2,277,855.89
		193																		
Blue Advantage HMO (8.8%)	Single	34	\$6,098.40	5%	\$304.92	95%	\$5,793.48	\$10,367.28	\$196,978.32	\$6,767.28	9.88%	5%	\$338.36	\$33.44	\$10.10	\$343.40	95%	\$6,428.92	\$11,504.38	\$218,583.14
	Single +1	19	\$11,815.68	12%	\$1,417.88	88%	\$10,397.80	\$26,939.75	\$197,558.17	\$13,534.56	12.70%	12%	\$1,624.15	\$206.27	\$72.32	\$1,374.08	88%	\$11,910.41	\$30,858.80	\$226,297.84
	Family	56	\$15,491.16	12%	\$1,858.94	88%	\$13,632.22	\$104,100.60	\$763,404.36	\$20,301.96	23.70%	12%	\$2,436.24	\$577.30	\$248.26	\$13,902.56	88%	\$17,865.72	\$136,429.17	\$1,000,480.59
		109						\$1,390,194.38	\$11,682,620.74							\$56,544.04			\$1,482,377.94	\$12,116,437.38
	748						\$13,072,815.12												\$13,598,815.32	

6.63%	Y-o-Y Net Difference for Employee	\$92,183.56
4.20%	Y-o-Y Net Difference for Board	\$490,360.68
	<i>(Inclusive of 1st Year Realignment Credit)</i>	

* High Deductible PPO plans receive an additional District-funded HSA benefit of \$1,000 for Single and \$1,600 for Family, which is not factored into the premium equivalent rates.

** See "[Cost of Realignment Calculation](#)" document to view realignment credit calculations.

RETIREE PLANS
Premium Equivalent Rate Comparison - Short vs. Long Plan Years
Preliminary Renewal as of September 28, 2018

Enrollment as of September 2018			2018 "Short" Plan Yearly Rates (Sept - December) - Not Aligned							2019 "Long" Plan Yearly Rates (January - December) - Aligned								
	Rate Tier	Employees	Not Aligned Rates	Employee Responsibility	Board Responsibility	Total Cost to the Employee	Total Cost to the Board	Aligned Rates	Percent Change	Employee Responsibility	Plan to Plan Difference for EE	Board Responsibility	Total Cost to the Employee	Total Cost to the Board				
Glenbrook PPO	Single	3	\$13,557.60	5%	\$677.88	95%	\$12,879.72	\$2,033.64	\$38,639.16	\$9,754.56	-38.99%	5%	\$487.73	-\$190.15	95%	\$9,266.83	\$1,463.18	\$27,800.50
	Family	1	\$27,143.04		\$14,263.32		\$12,879.72	\$14,263.32	\$12,879.72	\$27,312.72	0.62%		\$18,045.89	\$3,782.57		\$9,266.83	\$18,045.89	\$9,266.83
		4																
(Retiree) High Deductible PPO *	Single	31	\$8,268.12	5%	\$413.41	95%	\$7,854.71	\$12,815.59	\$243,496.13	\$8,486.52	2.57%	5%	\$424.33	\$10.92	95%	\$8,062.19	\$13,154.11	\$249,928.01
	Single + 1	35	\$16,592.04		\$8,737.33		\$7,854.71	\$305,806.41	\$274,914.99	\$17,313.00	4.16%		\$9,250.81	\$513.48		\$8,062.19	\$323,778.21	\$282,176.79
	Family	7	\$21,408.24		\$13,553.53		\$7,854.71	\$94,874.68	\$54,983.00	\$22,338.60	4.16%		\$14,276.41	\$722.88		\$8,062.19	\$99,934.84	\$56,435.36
		73																
(Retiree) PPO Supplement	Single	5	\$4,733.16	100%	\$4,733.16	0%		\$23,665.80	0	\$4,938.84	4.16%	100%	\$4,938.84	\$205.68	0%	\$0.00	\$24,694.20	\$0.00
	Family	0	\$9,187.92	100%	\$9,187.92	0%		\$0.00	0	\$9,587.16	4.16%	100%	\$9,587.16	\$399.24	0%	\$0.00	\$0.00	\$0.00
		5																
HMO Illinois***	Single	4	\$6,098.40	5%	\$304.92	95%	\$5,793.48	\$1,219.68	\$23,173.92	\$6,742.32	9.55%	5%	\$337.12	\$32.20	95%	\$6,405.20	\$1,348.46	\$25,620.82
	Single + 1	7	\$11,815.68		\$6,022.20		\$5,793.48	\$42,155.40	\$40,554.36	\$13,484.52	12.38%		\$7,079.32	\$1,057.12		\$6,405.20	\$49,555.21	\$44,836.43
	Family	1	\$15,491.16		\$9,697.68		\$5,793.48	\$9,697.68	\$5,793.48	\$20,226.84	23.41%		\$13,821.64	\$4,123.96		\$6,405.20	\$13,821.64	\$6,405.20
		12																
Blue Advantage HMO	Single	7	\$6,098.40	5%	\$304.92	95%	\$5,793.48	\$2,134.44	\$40,554.36	\$6,767.28	9.88%	5%	\$338.36	\$33.44	95%	\$6,428.92	\$2,368.55	\$45,002.41
	Single +1	7	\$11,815.68		\$6,022.20		\$5,793.48	\$42,155.40	\$40,554.36	\$13,534.56	12.70%		\$7,105.64	\$1,083.44		\$6,428.92	\$49,739.51	\$45,002.41
	Family	2	\$15,491.16		\$9,697.68		\$5,793.48	\$19,395.36	\$11,586.96	\$20,301.96	23.70%		\$13,873.04	\$4,175.36		\$6,428.92	\$27,746.09	\$12,857.83
		16																
		110						\$570,217.40	\$787,130.44							\$625,649.89	\$805,332.59	
								\$1,357,347.84								\$1,430,982.48		

Y-o-Y Net Difference for Employee	\$55,432.49
Y-o-Y Net Difference for Board	\$18,202.15
<i>(Inclusive of 1st Year Realignment Credit)</i>	

* High Deductible PPO plans receive an additional District-funded HSA benefit of \$1,000 for Single and \$1,600 for Family, which is not factored into the premium equivalent rates.

** See ["Cost of Realignment Calculation" document to view realignment credit calculations.](#)

*** HMO Illinois premium equivalent rates reflect a 3-tier structure