

**GLENBROOK HIGH SCHOOLS**  
**Office of the Assistant Superintendent for Business Affairs**  
**Regular Meeting Monday, August 27, 2012**

**TO:** Dr. Michael Riggle  
**FROM:** Hillarie Siena  
**DATE:** August 27, 2012  
**RE:** Consent Agenda: Employee Dental Plan

The current collective bargaining agreement between the Glenbrook Educational Association (GEA) and the Board of Education includes the attached Memorandum of Understanding (MOU), which establishes a Medical Insurance Cost Containment Committee. The scope of the committee, as outlined in the MOU, is to review benefit costs, premiums, co-pays and deductibles, review procedures, and look at areas for potential cost savings. For the last two years, the committee has requested that this data be presented annually to the entire staff at each school. These presentations were shared with the Finance Committee and as an informational item with the entire Board of Education. Beginning next spring, this annual review will be presented to the Board of Education prior to the staff meetings. The recommendation that follows is specific to a review of the district's employee dental plan.

Following the FY2011 review of the employee dental plan, the district modified its plan by implementing a "silent" PPO network. The structure of a silent PPO network is to provide access to any dental provider, but afford a greater discount for utilizing a participating network dentist. The purpose for implementing the silent PPO was to address a slight increase in the claims trend, while maximizing out-of-pocket limits for each member of the plan. At the time of implementation of the silent PPO, approximately ½ of enrolled employees (340) were utilizing network dentists. During the FY2012 review of the employee dental plan, claims slightly increased, while network utilization dropped to approximately ⅓ of enrolled employees (250). At the annual cost containment presentation of this data, it was recommended that the district go out to bid for a silent PPO plan.

In June 2012, the district utilized CBC consultants to solicit bids from eleven companies, receiving bids from eight, including Blue Cross and Blue Shield of Illinois, the district's current carrier. Although the district is self-insured, a bid was solicited for comparative purposes from MetLife for a fully-insured plan. The objective of the bid is to reduce fees, increase network utilization, thereby realizing greater savings through network discounts, and enter into a multi-year rate guarantee.

During a review of the bids, several factors should be considered: ASO fee, network discount percentage, network penetration (utilization %), duration of rate guarantee, impact of a change in dental carrier, and level of overall projected savings. Based upon these criteria, it is recommended that the district remain with the BCBS network for the duration of the rate guarantee (2 years) and provide employees with an incentive to utilize BCBS network dentists by waiving deductible (\$25) for restorative services (i.e. fillings, crowns). The ASO fee included in the BCBS bid reflects a reduction from current fees of (.55) per enrolled employee, resulting in a savings of approximately \$4,500. This cost reduction, along with a potential increase in network utilization by providing an incentive, should result in overall cost savings, without causing any disruption in service. The level of projected savings from switching dental carriers included in the attached chart, as compared to the two-year proposal from BCBS, does not justify administrative costs associated with a change of carrier and dental network. By remaining with BCBS, the district provides continuity to our employees, while highlighting the need to discuss major changes to the dental plan within the established cost containment committee structure. The district will also bring the option of a voluntary dental HMO to the committee for consideration.

**GLENBROOK SCHOOL DISTRICT 225  
2012 DENTAL NETWORK ANALYSIS**

	<b>BCBS (Current Provider)</b>	<b>Delta (Immature Claims)</b>	<b>Ameritas</b>	<b>Allied (Guardian / Aetna)</b>	<b>UHC</b>	<b>Guardian</b>	<b>Reliance (Ameritas PPO)</b>	<b>MetLife (Fully Insured)</b>
Projected Monthly Enrollment	670	670	670	670	670	670	670	670
Per Employee Per Month ASO Fee	\$3.35	\$3.23	\$3.24	\$3.25	\$3.63	\$3.91	\$3.94	\$0.00
<b>Projected Annual Administrative Fee</b>	<b>\$26,934</b>	<b>\$25,969</b>	<b>\$26,050</b>	<b>\$26,130</b>	<b>\$29,185</b>	<b>\$31,436</b>	<b>\$31,678</b>	<b>\$0</b>
<b>Projected Annual Paid Claims by Carrier</b>	<b>\$699,110</b>	<b>\$609,586</b>	<b>\$699,110</b>	<b>\$699,110</b>	<b>\$691,547</b>	<b>\$688,830</b>	<b>\$699,110</b>	<b>\$637,603</b>
Projected Run Out (2 months of claims)		\$116,000						\$116,000
Projected Annual Paid Claims	<b>\$699,110</b>	<b>\$725,586</b>	<b>\$699,110</b>	<b>\$699,110</b>	<b>\$691,547</b>	<b>\$688,830</b>	<b>\$699,110</b>	<b>\$753,603</b>
<b>Total Annual Claims + ASO Fee</b>	<b>\$ 726,044</b>	<b>\$ 751,555</b>	<b>\$ 725,160</b>	<b>\$ 725,240</b>	<b>\$ 720,732</b>	<b>\$ 720,266</b>	<b>\$ 730,788</b>	<b>\$ 753,603</b>
<b>Total Annual Cost Compared to BCBS</b>		<b>\$ 25,511</b>	<b>\$ (884)</b>	<b>\$ (804)</b>	<b>\$ (5,312)</b>	<b>\$ (5,778)</b>	<b>\$ 4,744</b>	<b>\$ 27,559</b>
<b>Rate Guarantee (ASO Fee) Years</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>7% cap year 2</b>
Expected Network Discount	30-35%	15-40%	30%	37.4% / 39%	30%	37.4%	30%	35%
Geo Access %	100%	45% / 29%	100%	100%	100%	100%	100%	100%
Geo Access Assumptions	Actual	Actual	2 in 10	2 in 10	2 in 10	2 in 10	2 in 10	2 in 10
Network Penetration based on top 100 providers	33%			26% / 15%		26%		24%

<b>PLAN YEAR</b>	<b>PAID CLAIMS (Not Trended)</b>	<b>June - August (Avg Claims)</b>
2007-2008	\$548,713	\$50,000
2008-2009	\$549,065	\$46,104
2009-2010	\$603,414	\$54,792
2010-2011	\$663,820	\$56,571
*2011-2012	\$652,152	
6/1/11 - 6/1/12	\$656,601	

\* Ten Months is \$543,460 / Claims were annualized

**NOTES**

Projected Claims of \$699,110 based on CBC underwriting projections for September 2011 Renewal.  
Geo Access Assumptions: Actual = Based on actual network utilization; 2 in 10 = 2 Providers within 10 miles of ee zip code.  
All carriers duplicated current dental plan assuming "silent" network.

## Markets Approached for: **Glenbrook High School District 225**

Quotes for group Dental insurance programs were requested from the following carriers:

<b><u>CARRIERS</u></b>	<b><u>OUTCOME</u></b>
Allied Benefit Systems, Inc.	Shown in Proposal
Ameritas	Shown in Proposal
Assurant Employee Benefits	Declined - Uncompetitive
Delta Dental of Illinois	Shown in Proposal
Guardian	Shown in Proposal
Met Life	Shown in Proposal
Mutual of Omaha	Declined - Uncompetitive
Principal	Declined - Uncompetitive
Reliance	Shown in Proposal
United Healthcare	Shown in Proposal

**MEMORANDUM OF UNDERSTANDING: Medical Insurance Cost Containment  
Committee**

Whereas the Board of Education and the Glenbrook Education Association (GEA) agree that there is a mutually beneficial need to contain the increases in medical insurance costs, the Board and the GEA agree to establish a medical insurance cost containment committee.

The committee shall be composed of three (3) members appointed by the Superintendent and three (3) members appointed by the President of the GEA. The committee shall be chaired by the Assistant Superintendent for Business Affairs.

The committee shall convene for its first meeting not later than November 1, 2008 and shall meet at least annually thereafter.

The committee shall seek representation from the Glenbrook Educational Support Staff Association (GESSA), the Glenbrook Educational Support Paraprofessional Association (GESPA) and the Support Staff Advisory Council (SSAC).

The committee shall examine such topics as those contained in the following list:

- 1) a "stand alone" prescription drug plan,
- 2) a review of the procedures for setting insurance premiums,
- 3) benefit costs and utilization rates,
- 4) potential savings and enhancements, and
- 5) deductibles and co-pays.

Implementation of the committee recommendations shall require the approval of the Board and the GEA.

It is understood that the Board retains the sole right to determine premiums.

The terms and provisions of this Memorandum will be deemed nonprecedential in effect. Except in the case of an alleged violation of this Memorandum, neither party shall present or raise, for any reason, either this Memorandum or its terms or conditions in any subsequent grievance or arbitration proceeding regarding the interpretation, application or implementation of the Negotiations Agreement between the Board and the GEA or a successor to the Negotiations Agreement.

  
Diane Pranske, President  
Glenbrook Education Association

  
Dave Hales, Superintendent  
Glenbrook High School District #225

May 12, 2008