

Glenbrook HSD 225

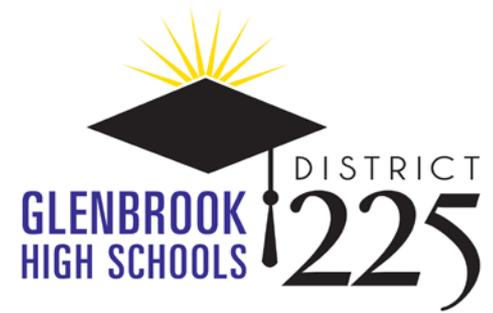
Northbrook/Glenview

**"Nationally Recognized for Cost Containment
and Health Promotion"**

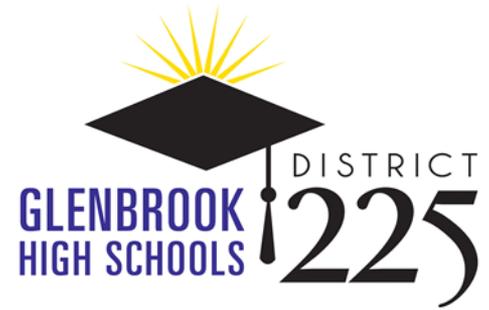
Insurance Update July 2009 – December 2012

Hillarie Siena, Ed.S., SFO

Insurance – A Historical Perspective

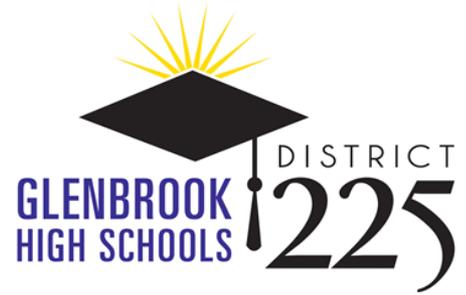


- General Overview
 - Rationale for Self-Insurance
 - Loss of liability coverage in 1985
 - SSCRMP
 - Liability pool formed in 1989
 - Worker's Compensation
 - Coverage pooled in 2007
 - Member districts retain varying deductible levels
 - SSCRMP provides re-insurance & all support services
 - Health/Dental/Life
 - Health/Dental pooled in 2007
 - Life insurance pooled in 2009



Worker's Compensation Update – Since July 1, 2009

- February 2010, SSCRMP Board of Directors selected a new WC model and new TPA
 - Old model limitations:
 - Over 175 cases assigned to a single case worker (more appropriate case load is 50-60 cases)
 - System forced member districts to over rely on WC attorneys for claim management services (inefficient & expensive)
 - Case load prohibited face to face interaction with employees
 - Case load caused delays in reporting and increased paid days off



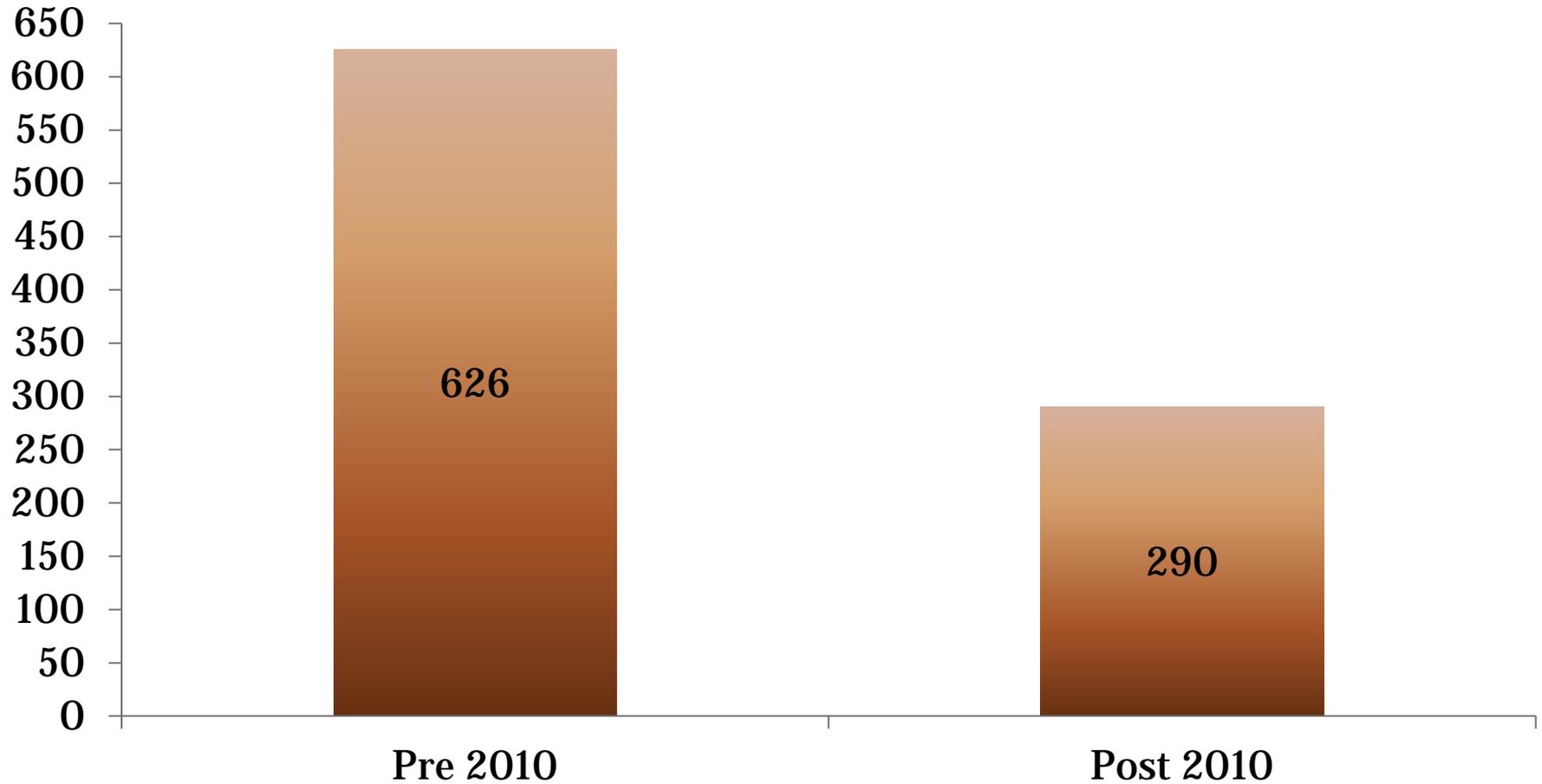
New Worker's Compensation Model - 2010

- Alternative Service Concepts (ASC) TPA
 - Dedicated claims adjuster for SSCRMP districts only; case load is limited to 60 cases among SSCRMP districts (office at D214)
 - Dedicated safety coordinator for SSCRMP districts only (office at D214)
 - Develop safety initiatives; work with school safety committees
 - Conduct on-site inspections and training; safety audits (D225 FY2011)
 - Conduct post-accident investigations; immediate response
 - Streamline initial incident reporting through Medcor
 - Direct ASC and Medcor to develop interactive protocols
 - Work directly with Medcor on nurse triage reporting
 - Online training through Global Compliance Network (GCN)

Secondary School Cooperative Risk Management Program



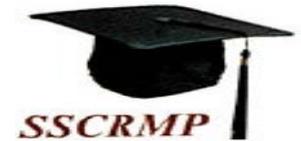
D225 Lost Time Days¹ Reduced 54%



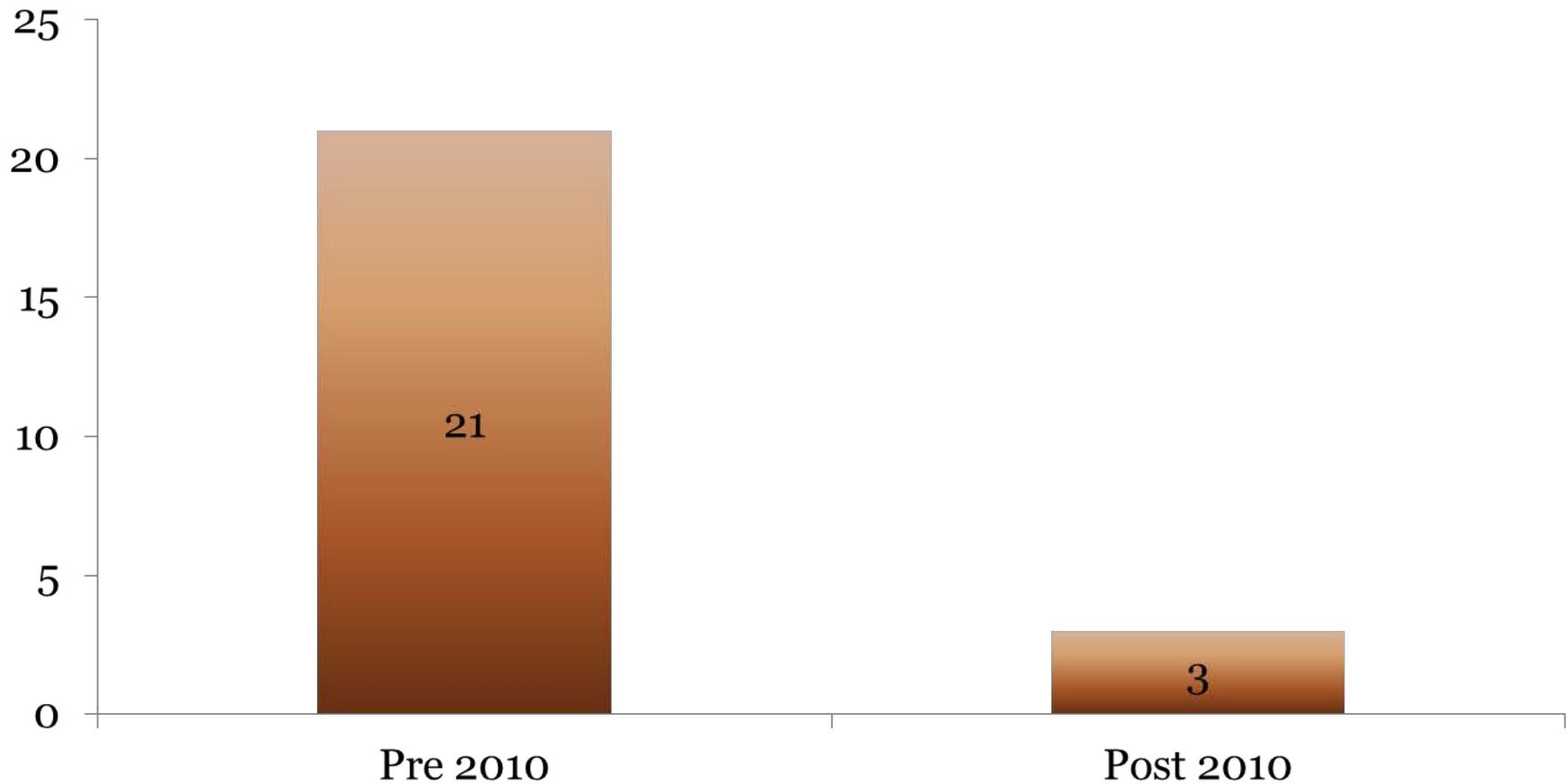
¹Lost time days represents paid time off and costs of temporary replacement personnel

*Source: Alternative Service Concepts December 2012 SSCRMP report; Pre-2010 represents years 2009 & 2010; Post-2010 represents years 2011 & 2012

Secondary School Cooperative Risk Management Program



D225 Life Span of an Average Claim² Reduced 86%



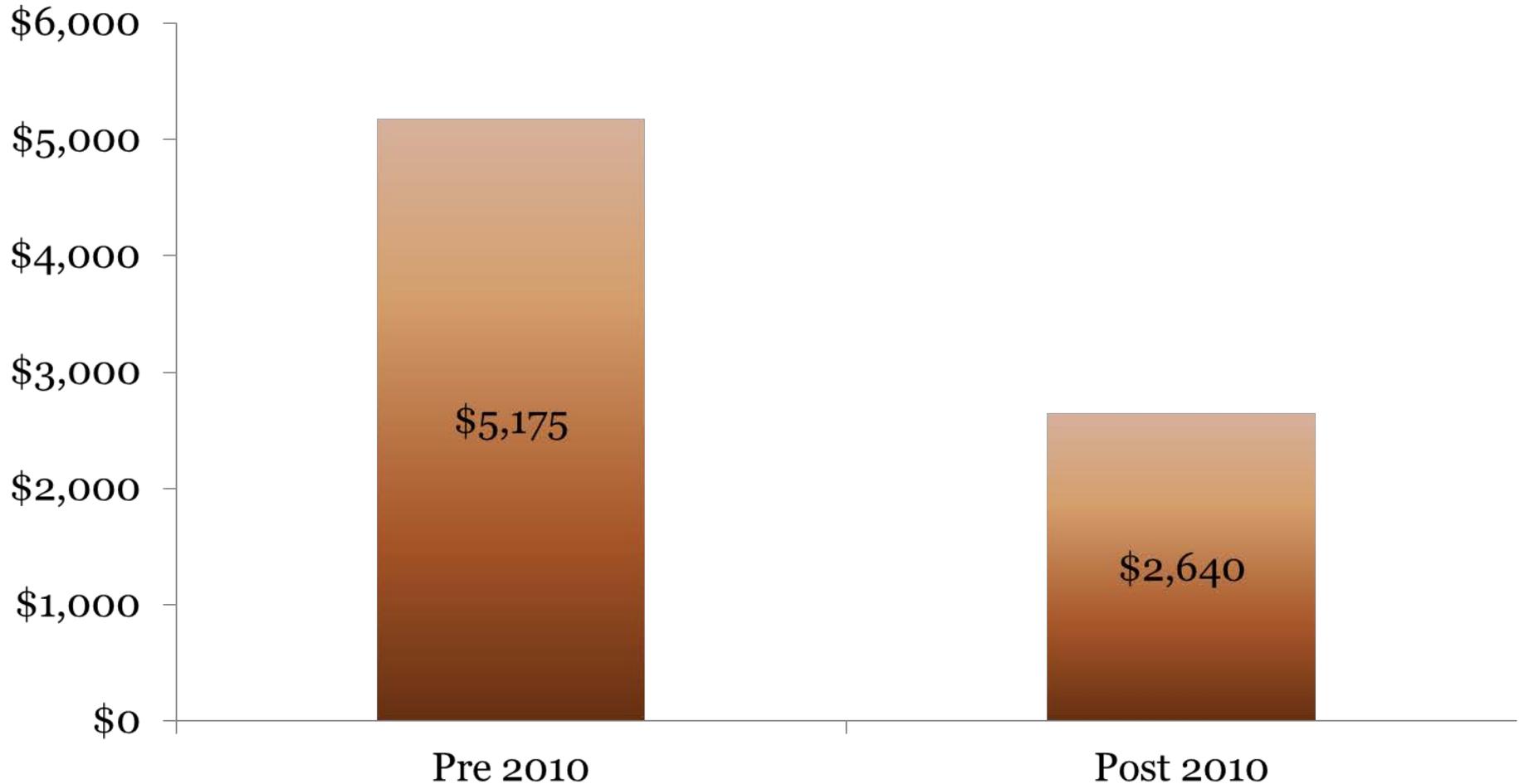
²Life span of an average claim represents the number of paid days off for an average claim, from time of reporting until return to work

*Source: Alternative Service Concepts December 2012 SSCRMP report; Pre-2010 represents years 2009 & 2010; Post-2010 represents years 2011 & 2012

Secondary School Cooperative Risk Management Program



Medical Cost per Claim³ Reduced 49%



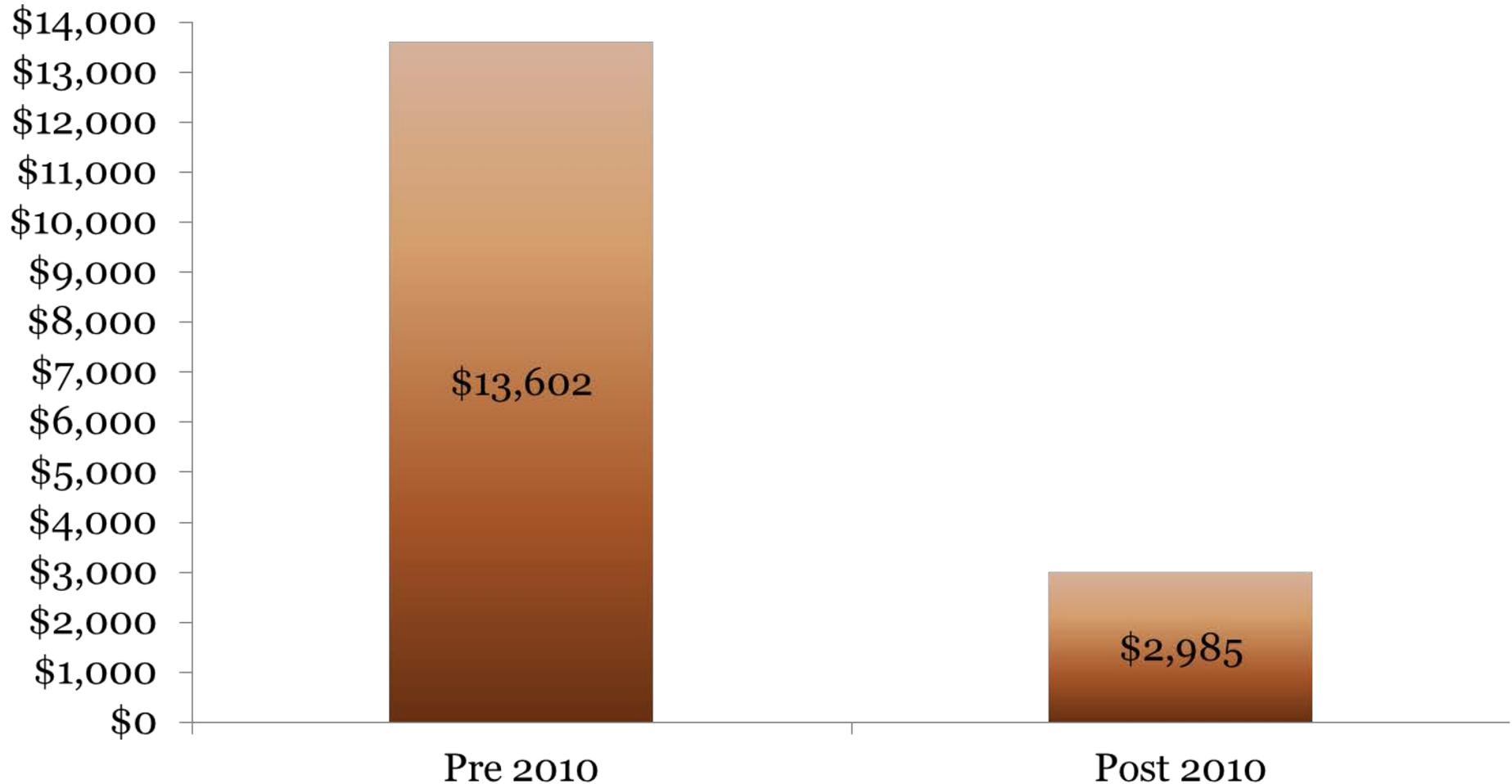
³Medical cost per claim represents all costs related to medical treatment

*Source: Alternative Service Concepts December 2012 SSCRMP report; Pre-2010 represents years 2009 & 2010; Post-2010 represents years 2011 & 2012

Secondary School Cooperative Risk Management Program



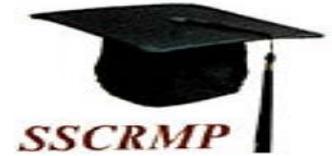
Indemnity Cost per Claim⁴ Reduced 78%



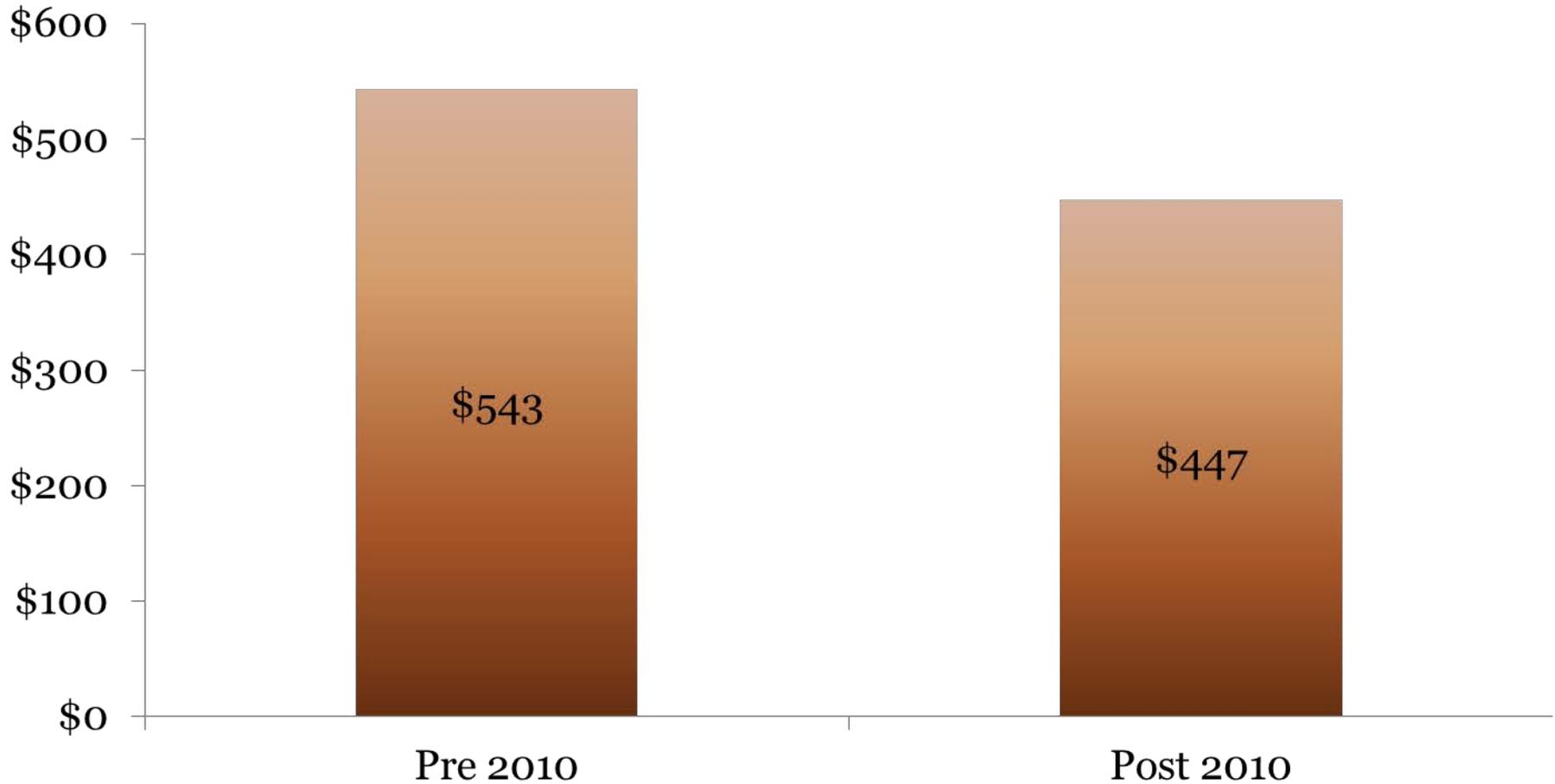
⁴Indemnity cost per claim represents paid temporary total disability (TTD) benefits

*Source: Alternative Service Concepts December 2012 SSCRMP report; Pre-2010 represents years 2009 & 2010; Post-2010 represents years 2011 & 2012

Secondary School Cooperative Risk Management Program



Expense Cost per Claim⁵ Reduced 18%



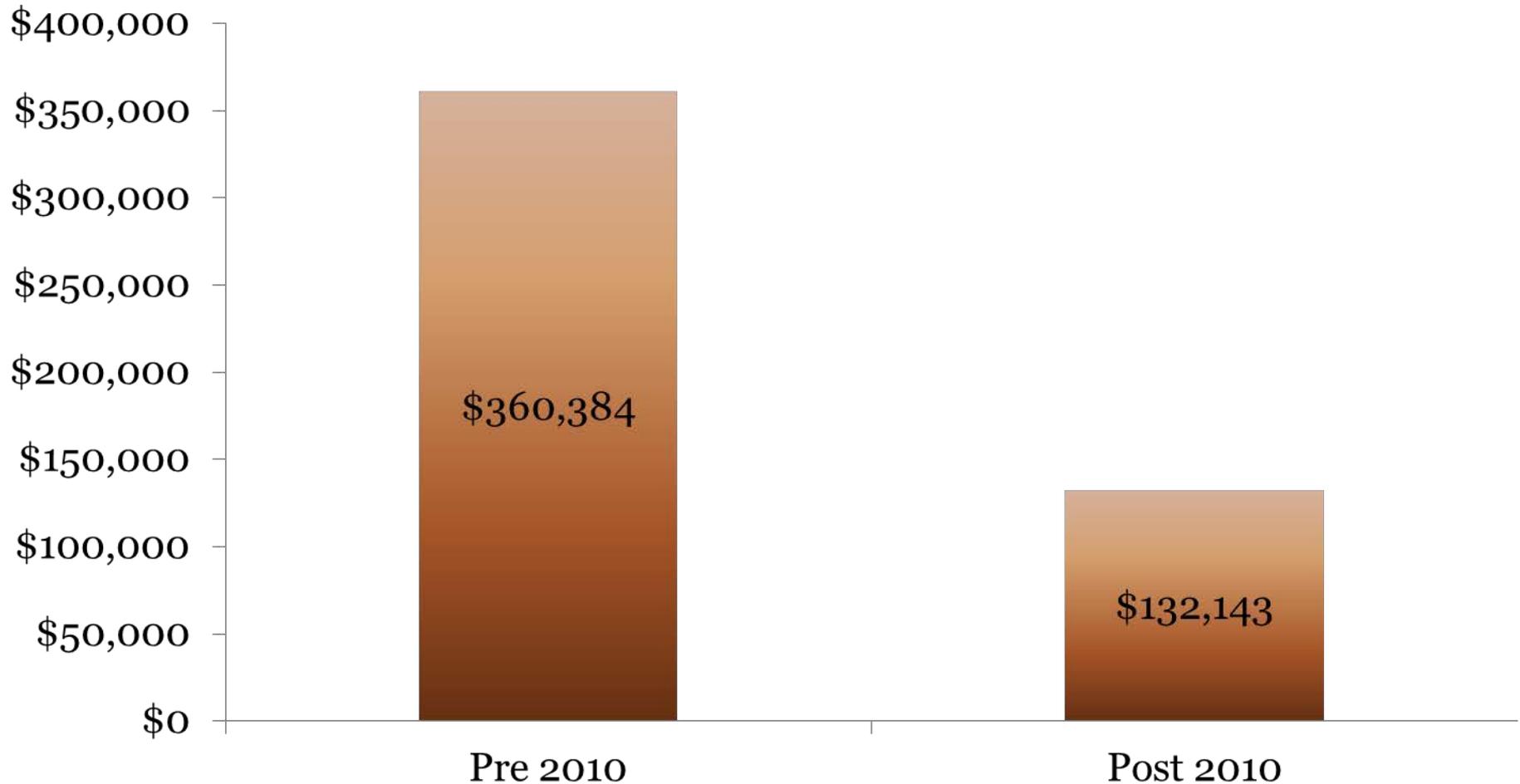
⁵Expense cost per claim represents all non-medical, non-compensatory expenses related to a claim

*Source: Alternative Service Concepts December 2012 SSCRMP report; Pre-2010 represents years 2009 & 2010; Post-2010 represents years 2011 & 2012

Secondary School Cooperative Risk Management Program



Total Costs⁶ Reduced 63%



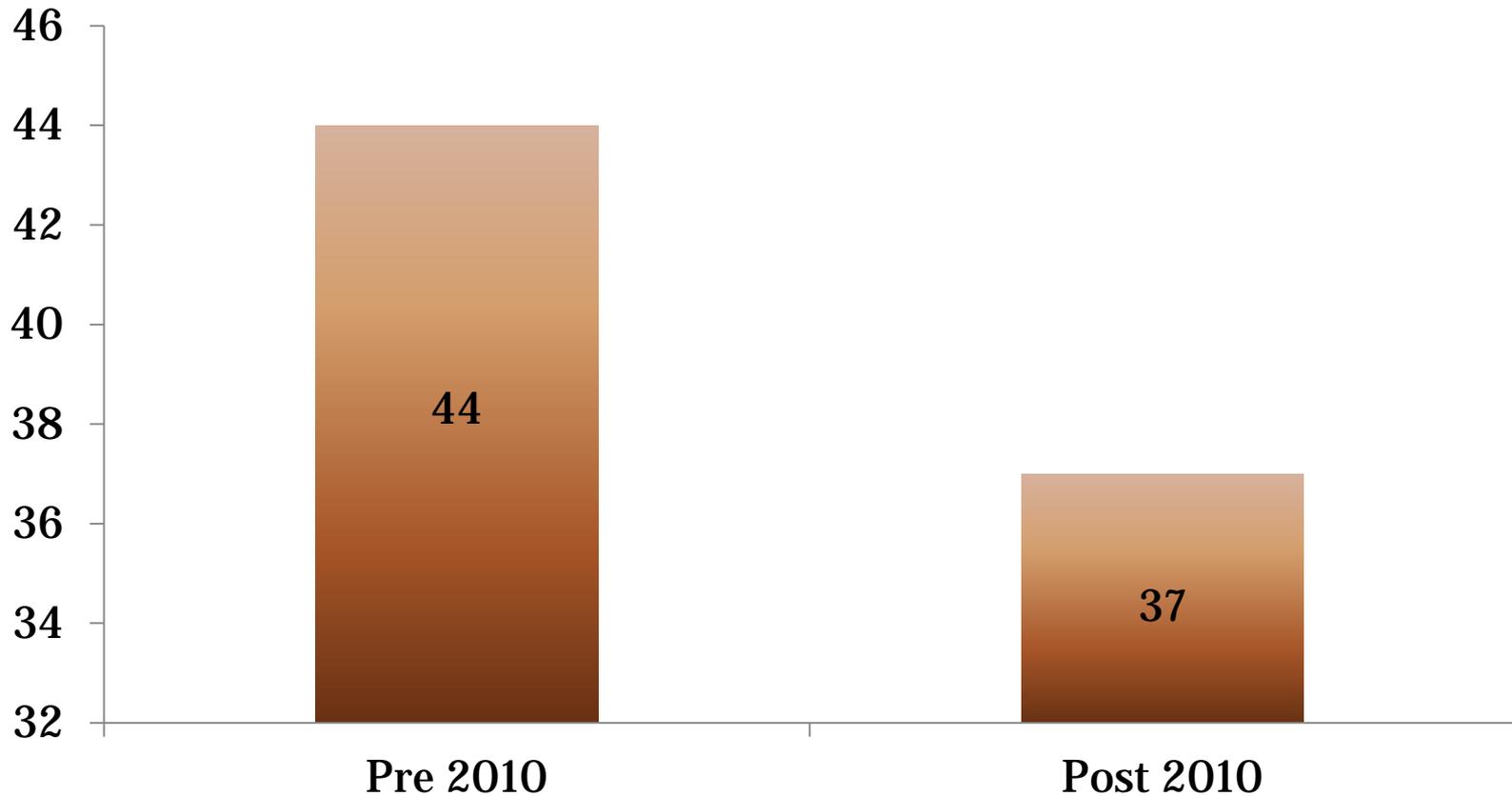
⁶Total costs represents costs for medical, indemnity and all other expenses

*Source: Alternative Service Concepts December 2012 SSCRMP report; Pre-2010 represents years 2009 & 2010; Post-2010 represents years 2011 & 2012

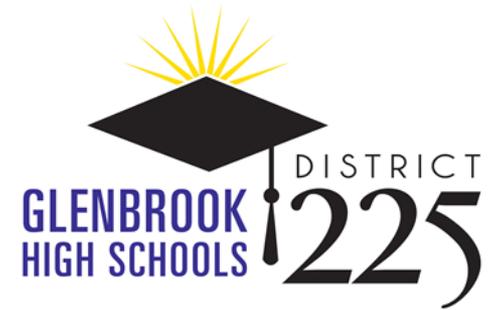
Secondary School Cooperative Risk Management Program



Total Number of Claims Reduced 16%

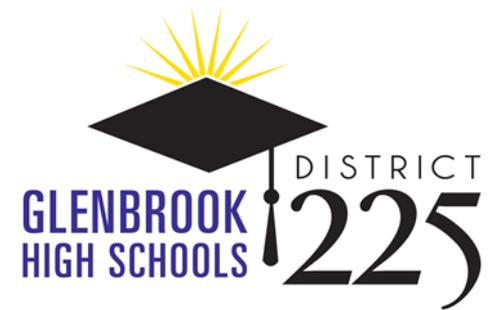


Health Insurance Update



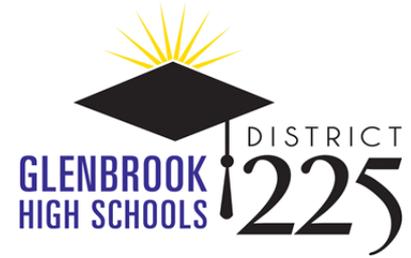
- SSCRMP initiatives since July 1, 2010:
 - July 2010, increased PPO Individual Stop Loss (ISL) from \$200K to \$250K
 - January 2011, SSCRMP contract agreement with Walgreen's Health Initiatives (WHI) (Previously individual contracts)(Better rates & rebates)
 - January 2011, 3-year renewal for life insurance with zero increase (Total of 6 years 2009-2014 with no increase; rate of .115/\$1,000)
 - July 2012, moved PPO ISL from BCBS to Symetra
 - September 2012, issued an RFP for dental TPA
 - November 2012, negotiated 3-year agreement with Catamaran (formerly WHI) for PPO Rx plan

Health Insurance Update



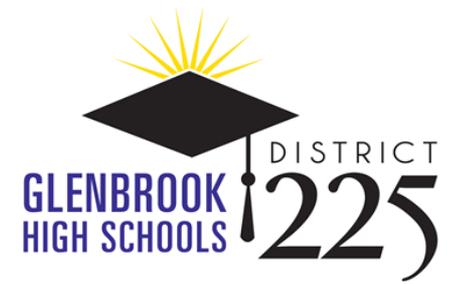
- Glenbrook initiatives since July 1, 2010:
 - September 2011, increased Rx copay for 2nd & 3rd tier drugs
 - September 2011, implemented mandatory Clinical Prior Authorization (CPA) for OTC drugs, Statins, Controlled Substances and Anti-depressants
 - September 2012, implemented "silent" PPO dental plan
 - September 2012, increased dental premium for 1st time in six years
 - September 2012, implemented targeted increase in medical premiums to better match cost drivers

Impact on Calculated Premiums*



- Nine-year average premium increase for PPO = 3.7%
- Nine-year average premium increase for HMO = 5.3%
- Budget projections set at 9% escalation factor
- FY2010 increased from 6.8% to 8% for age 26 dependents; FY2011 increased to 9% for future costs of Health Care Reform
- Compounded effect of avoided costs July 2010 – August 2013 ≈ \$1,850,500

Increase PPO ISL level from \$200K to \$250K	\$ 159,000
Prescription drug plan from BCBS to WHI	\$ 110,000
3-year life insurance renewal	\$ 285,000
Increase Rx copay 2nd & 3rd tiers	\$ 17,000
Move PPO ISL from BCBS to Symetra	\$ 34,000
Lower dental admin fees from dental bid	\$ 4,500
3-year agreement with Catamaran Rx	\$ 41,000
Net savings from Wellness Program (3 to 1 ratio)	<u>\$ 1,200,000</u>
Total Compounded Avoided Costs	\$ 1,850,500

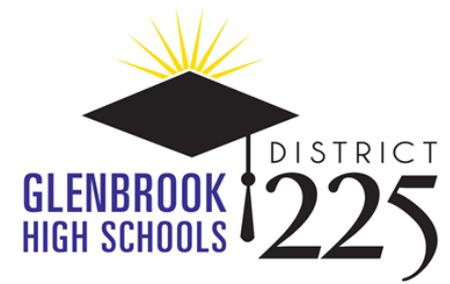


Comparison of Annual Premiums Among Contiguous High School Districts¹

District	PPO-S	PPO-F	HMO-S	HMO-F
202	11,539	32,597	6,667	17,905
125	10,033	25,282	5,542	15,165
203	8,875	22,045	5,888	16,112
113	8,712	22,176	7,526	20,459
214*	8,484	19,176	6,456	17,796
219	8,384	20,955	6,593	17,175
115	8,381	20,946	5,966	16,325
207*	7,572	20,640	5,544	15,036
225*	7,512	15,024	5,424	14,664

¹FY2012 Data

*SSCRMP Districts



Comparison of Annual Premiums Among Northfield Township School Districts

District	PPO-S	PPO-F	HMO-S	HMO-F
27	12,084	28,233	6,120	16,650
30	10,039	26,437	7,643	19,636
28	9,480	19,207	6,735	17,460
34	8,549	20,398	6,450	17,883
31	8,393	20,289	6,592	17,206
225	7,512	15,024	5,424	14,664

*FY2012 Data

Wellness Program

*Shape Your Life**



- Wellness Business Partners
 - HPN Worldwide, Inc. – Wellness Specialists/TPA
 - Hooper Holmes Health & Wellness – Medical personnel screenings
 - Walgreen's / Osco Drug – Flu shots screenings
 - Secure web wellness portal design and support
 - On-site fitness instructors
 - Lunch-n-learn speakers
 - *Hope Health* Newsletter
 - Lifetime Fitness – *Experience Life* magazine
 - Employee Resource Systems – Employee Assistance Program (EAP)
 - Global Compliance Network (GCN) – Employee information/training
 - NorthShore Omega – Pre-employment physicals
 - Quest Food Management Services – Screenings & healthy eating
 - Glenbrook High School
 - Wellness coordinators
 - On-site fitness instructors

Shape Your Life



Publications

Web & 24/7 Tools

Wellness Screenings



Training, Books & Health Decision Tools



Incentive Programs



Fitness Classes

Health Coaching



Flu Shots



Healthy Lifestyle



24/7 EAP

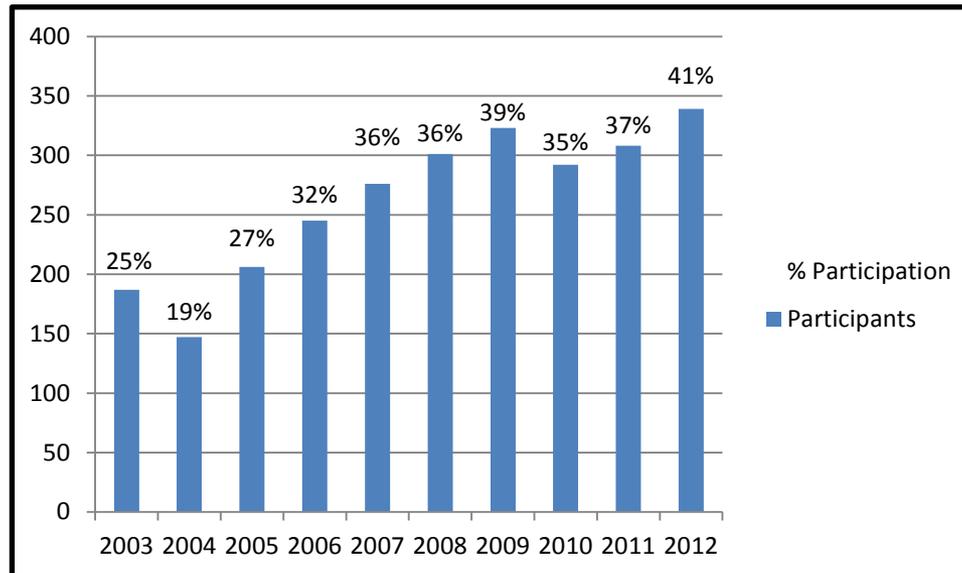


Wellness Program

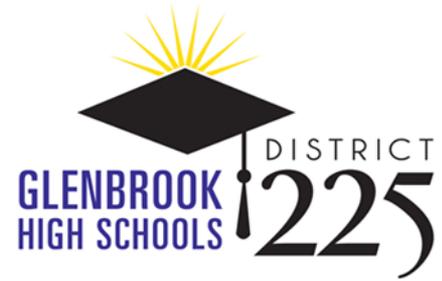
Shape Your Life



- Voluntary screening participation is at 41%, an all-time high
- Annual investment of \$200,000
- 3 to 1 ROI \approx \$600,000 gross annual savings (industry standard)
- \$400,000 annual savings net of investment

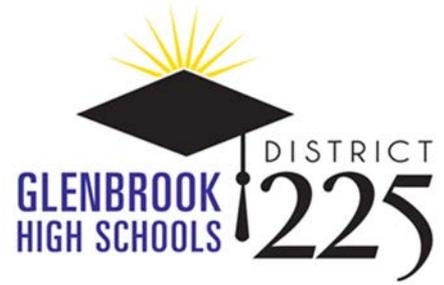


HEALTH INSURANCE ACTION COMMITTEE



What is it?

- The HIAC met pre-negotiations for about three months. It's composition included all employee groups – union, non-union, and administrative.
- **It's mission: Review all healthcare information including participation, plans, and costs. Review alternatives such as new plans, benefit changes, wellness, etc.**
- The HIAC meets as a *Medical Insurance Cost Containment Committee*, post negotiations.



Medical Insurance Cost Containment Committee

What does it do?

- Review deductibles and co-pays
- Review prescription drug plan
- Review procedures for setting premiums
- Review benefit costs and utilization
- Identify potential areas for savings and/or enhancements

Employer Contributions

- The Glenbrook Board of Education currently contributes the following percentages/amounts toward health care costs (FY2012 rates):
 - Single health insurance 95% ≈ \$7,100 per year (based on PPO)
 - Family health insurance 88% ≈ \$13,200 per year (based on PPO)
 - Pharmacy Rx
 - Generic Drugs Full cost less \$10.00 co-pay
 - Preferred Brand Drugs Full cost less \$20.00 co-pay
 - Non-Preferred Brand Full cost less \$35.00 co-pay
 - Dental insurance (ESP only) 90% Single coverage ≈ \$490 per year
 - Flexible Spending Account
 - Single Teacher \$1,000.00 (hired prior to 7/1/00)
 - Single ESP 12-month \$750.00 (hired prior to 7/1/00)
 - Single ESP 10-month \$500.00 (hired prior to 7/1/00)
 - Life/Disability insurance 100% (Group life only)

Analysis of Pharmacy

- Total Pharmacy Costs (11,278 Rx) **\$2,024,340**
- Current Co-pay Structure:

Retail 30	Generic Drugs	\$ 10.00
	Preferred Brand Drugs	\$ 20.00
	Non-Preferred Brand Drugs	\$ 35.00
Retail 90	Generic Drugs	\$ 20.00
	Preferred Brand Drugs	\$ 40.00
	Non-Preferred Brand Drugs	\$ 70.00
Mail	Generic Drugs	\$ 20.00
	Preferred Brand Drugs	\$ 40.00
	Non-Preferred Brand Drugs	\$ 70.00

- Pharmacy Utilization:
 - Generic utilization has increased +4% from 59%(2011) to 63%(2012)
 - Distribution: Retail 30 = 45%, Retail 90 = 50%, Mail = 5%
 - Brand Rebates per Rx: Retail 30 = \$16, Retail 90 = \$25 , Mail = \$27

*Source: Catalyst Rx Quarterly Trend Report

Analysis of Calculated Premium

● Total Medical Claims (includes stop loss)	\$6,882,535
● Total Pharmacy Rx	2,024,340
● Total Fees	<u>349,938</u>
● Total Medical Costs	\$9,256,813
● Less: Premium at Current Rates	<u>(9,246,240)</u>
● Shortfall at Current Premium Rates	10,573
● Projected Increase in Claims*	<u>942,976</u>
● Projected Premium Shortfall	\$953,549

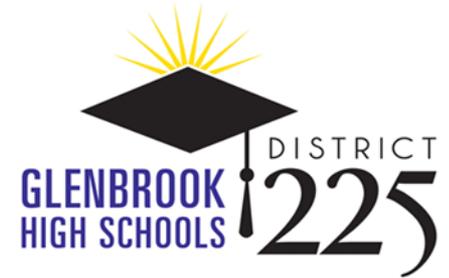
*Source: CBC Renewal April 18, 2012

Review of Two-Year Costs

Benefit Years Ending 8/31/2011 & 8/31/2012

	<u>8/31/2011</u>	<u>8/31/2012</u>
● Total PPO Claims*	\$ 3,915,141	\$3,961,188
● Total HMO-IL Claims*	3,277,064	2,630,289
● Total HMO-BA Claims*	100,758	84,312
● Total Stop Loss Coverage	197,184	206,746
● Total Pharmacy Rx*	2,028,169	2,024,340
● Total Dental Claims*	675,927	693,796
● Total Flex Claims*	553,133	523,409
● Total Life/Disability (w/optional)	164,385	168,786
● Total Fees*	<u>373,275</u>	<u>349,938</u>
● TOTAL BENEFIT COSTS	\$11,285,036	\$10,642,804

*Self-funded plans



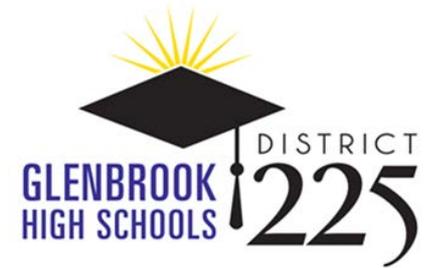
**Medical Insurance Cost
Containment Committee
Action Items
Last Two Years**

Committee Actions – FY2012

- **9/1/11** increase to calculated premium to offset current benefit year shortfall of \approx \$600,000
 - PPO increase by 6.5%
 - HMO-IL increase by 7.8%
 - HMO-BA increase by 7.0%
- Implement recommendations for pharmacy without reducing benefits
- Implement “silent” PPO dental plan to maximize available annual limits and reduce costs to the plan
- Increase participation in the District’s wellness program by restructuring plan design and programs
- Goal is to cover future costs (\approx \$1M) through restructure

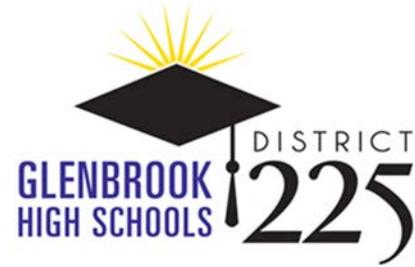
Committee Actions – FY2013

- **9/1/12** increase to calculated premiums to offset future benefit shortfalls:
 - PPO increase by 3.0% (Projected 7.0%)
 - HMO-IL increase by 10.0% (Projected 17.3%)
 - HMO-BA increase by 0% (Projected to remain flat)
 - Dental increase \$1/mo-S, \$3/mo-F (Optional network)
 - Continued shift toward generic equivalent drugs
 - Participation in the *ShapeYour Life* wellness program
 - Check for HMOIL physicians in HMOBA network
 - Utilize network dentists for better discounts



How Do We Continue To Meet The Challenges of the Future?

- Board Support
- Management Strategy
- Employee Education, Support and Participation (Cost Containment Committee)
- Health Promotion
- Business Partnerships
- Data Driven Results



Questions?