

Insurance Committee Summary Spring 2011

	Representative
	2010-11
Middle School Teacher Support Staff Representatives	Vanessa Moreland Cheryl Campbell
Elementary Teachers	Julia Fehring Chet Daniel
Retiree Representative	Judy Wampler Caroline Perigo
Administrative Representative	Doretta Fox Jacque Faulkner
School Insurance Adm. Assistant High School Teachers	Staci Ashworth Jeremy Phillips
School Board Representative Assistant Superintendent Superintendent	Chris Parks Jim Cummins Richard Page

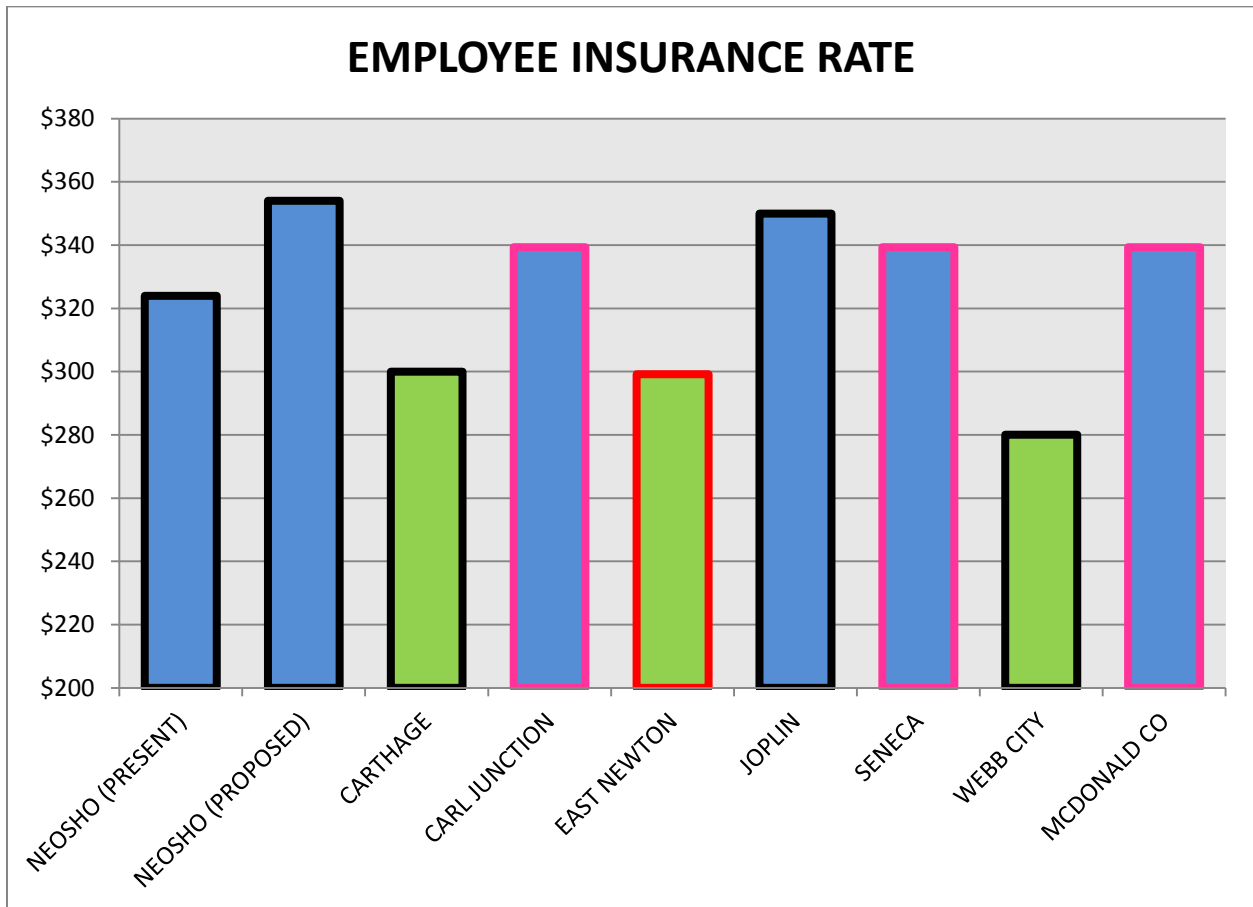
The insurance committee began meeting in February and held four meetings to discuss all facets of our health care trust. We began with the function of the insurance committee (to become educated on the health care plan benefits, costs, and means by which it supports itself; to be a sounding board for the gathering and disseminating of information as it relates to the trust; and to share ideas, concerns and the feelings of others in their group to the committee) and we ended with the committee's general consensus of how we should move forward. In between we studied the plan savings generated by reducing benefits, we invited David Powell (our TPA/Broker) from BMI to attend and speak, we compared our plan to other area school district plans, we discussed T-chart comments (pros and cons of current plan) and employee concerns, we looked at the benefits/costs of expanding our in-network physicians to include certain doctors at Ortho of the Four States and Dr. Walker, and we talked at length about our "grandfathered-status", Obama Care and the political implications of allowing new hires to bring on their spouses, but not our present employees. I greatly appreciate the committee's willingness to serve, to share with their staffs, to dig in to the plan to really understand how it works, and to share, to question, and to dialogue so that we could come up with a strong recommendation.

In addition to the committee's efforts, Staci Ashworth has been a great resource with her background with the trust and relationship with BMI. During the last several months she and I have met with other brokers, representatives from Freeman Hospital and agents of the offices of Ortho and Dr. Walker. I have also met with other insurance representatives and TPA providers. The purpose of these meetings were to learn "the system", explore options, hold our current TPA accountable for the services and fees of his company, and be prepared to educate the committee on the best options we have available to us. At the end of the process, I feel good better about our

present situation. Besides the increased knowledge of our plan, we were also able to negotiate some changes in our TPA agreement and better understand the fees we are paying our TPA. We will continue to be diligent about the costs of our plan.

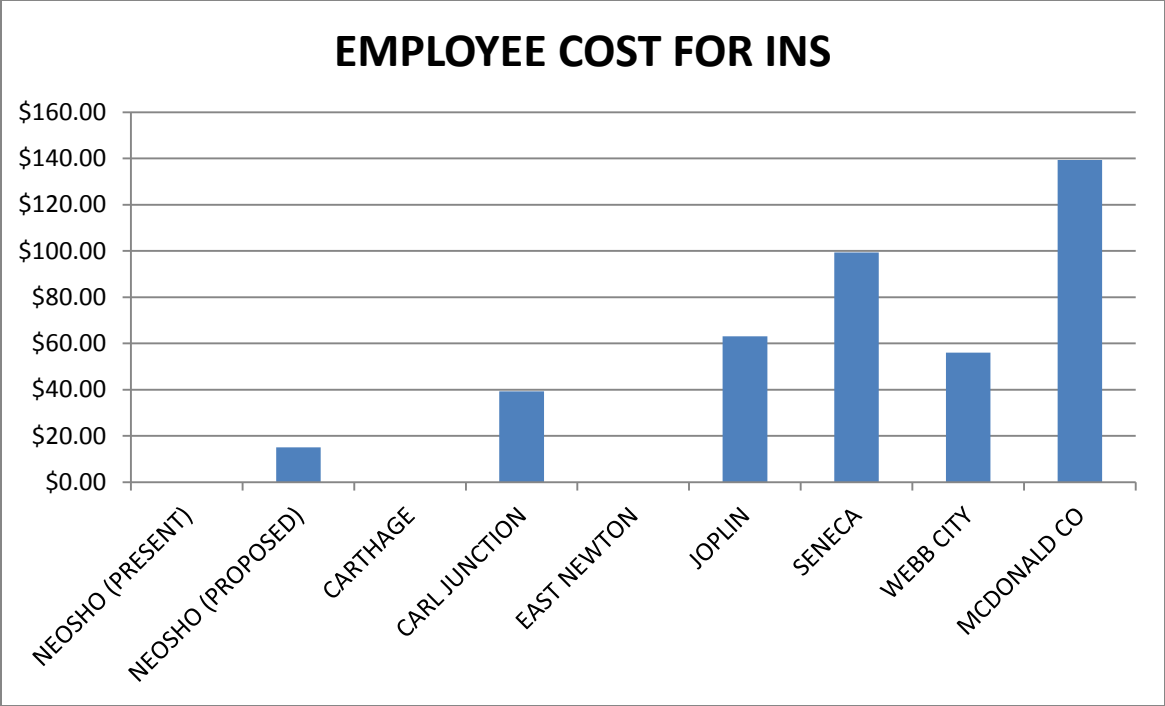
Included in this recap are several of the graphs, charts, and data that were provided to the committee. I have provided them here as a basis for you to connect with the data we examined.

One of the first pieces of data we looked at was a comparison chart with other schools.



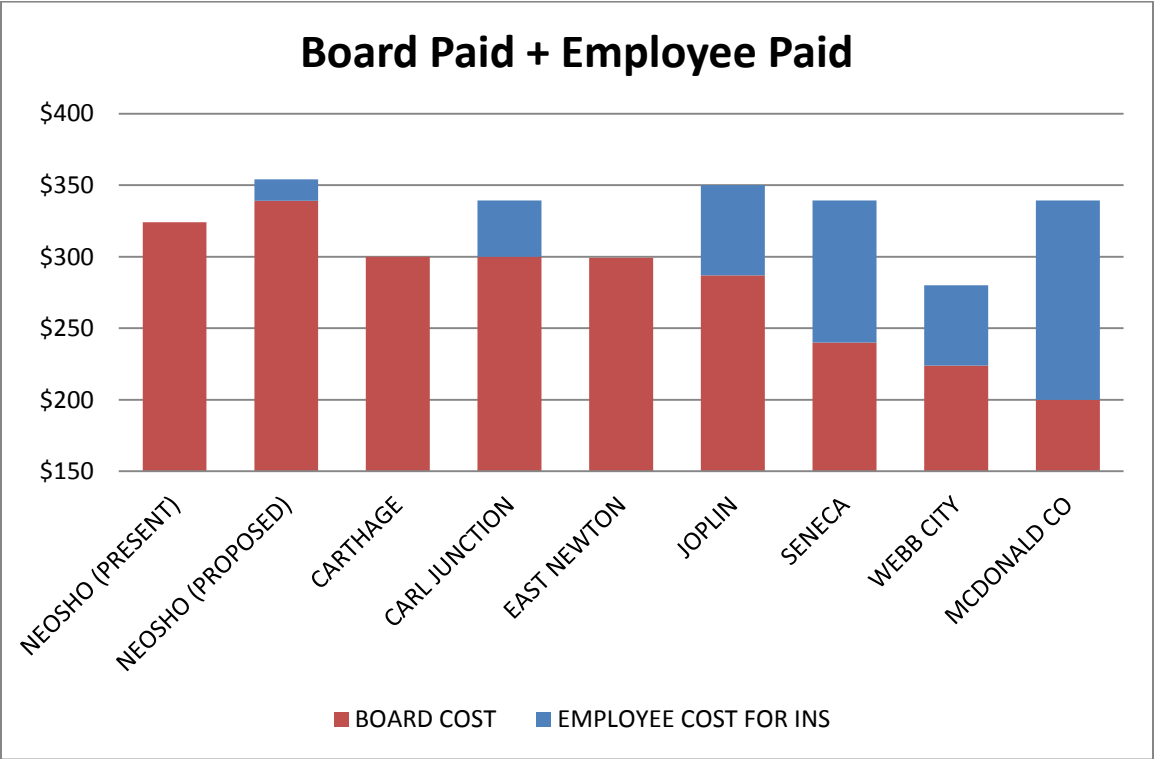
IMPORTANT REMINDER on all charts – All rates except Neosho Proposed are for 10-11, so not sure what the other schools will do with their rates for next year.

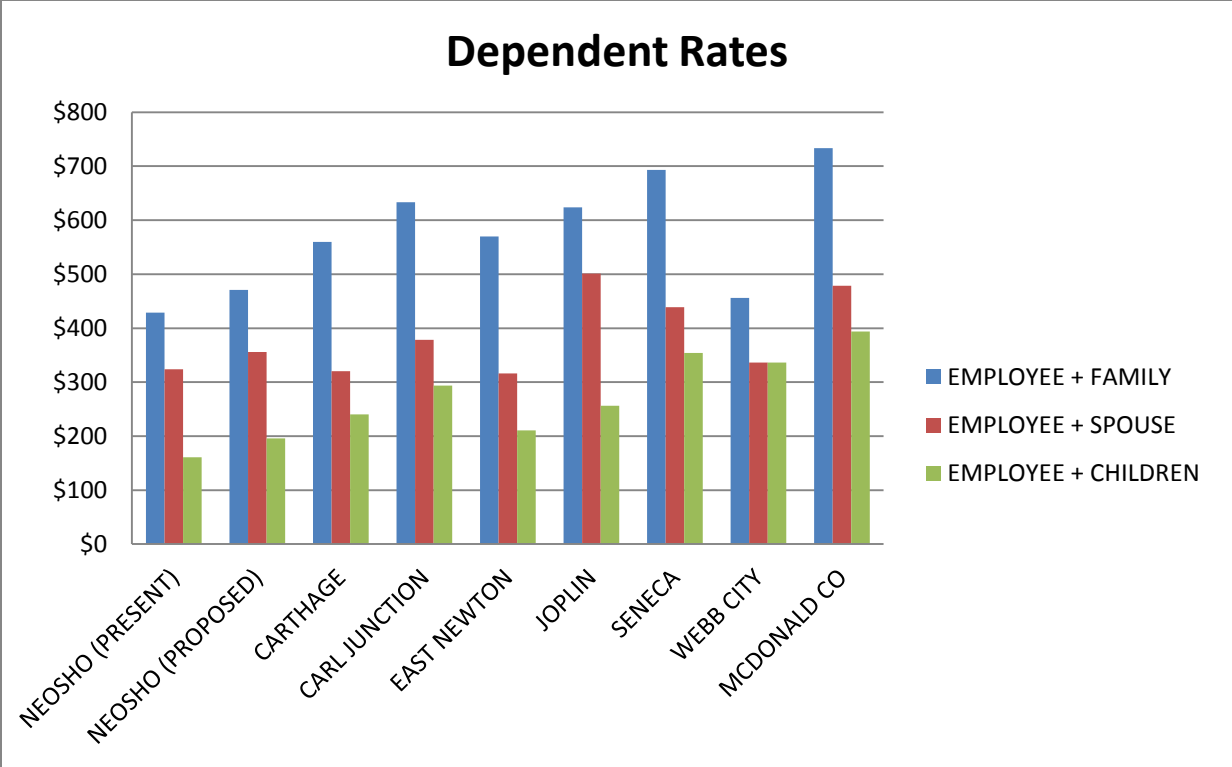
The bars outlined in black are self-funded districts; red outline is in one SMEG group; and the pink outline is another SMEG group. Green filled bars are served by Mercy (St. Johns) and the blue are Freeman districts.



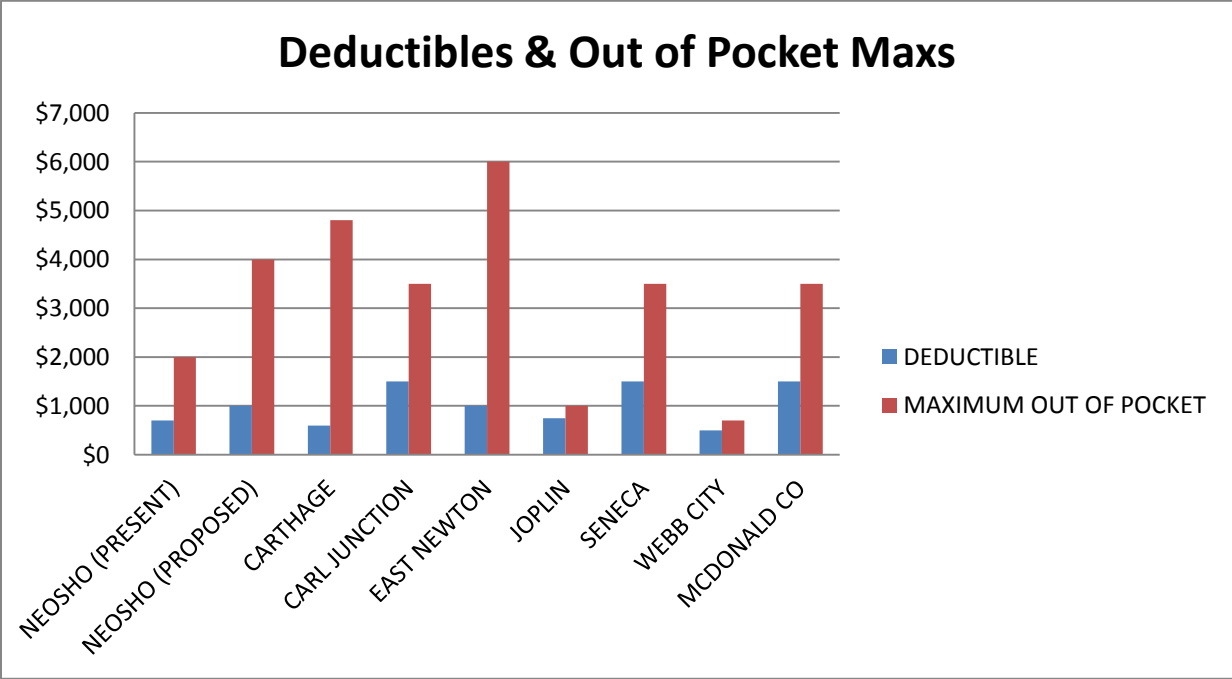
The chart ABOVE represents what the employee contributes to the cost of the base, EMPLOYEE ONLY, cost.

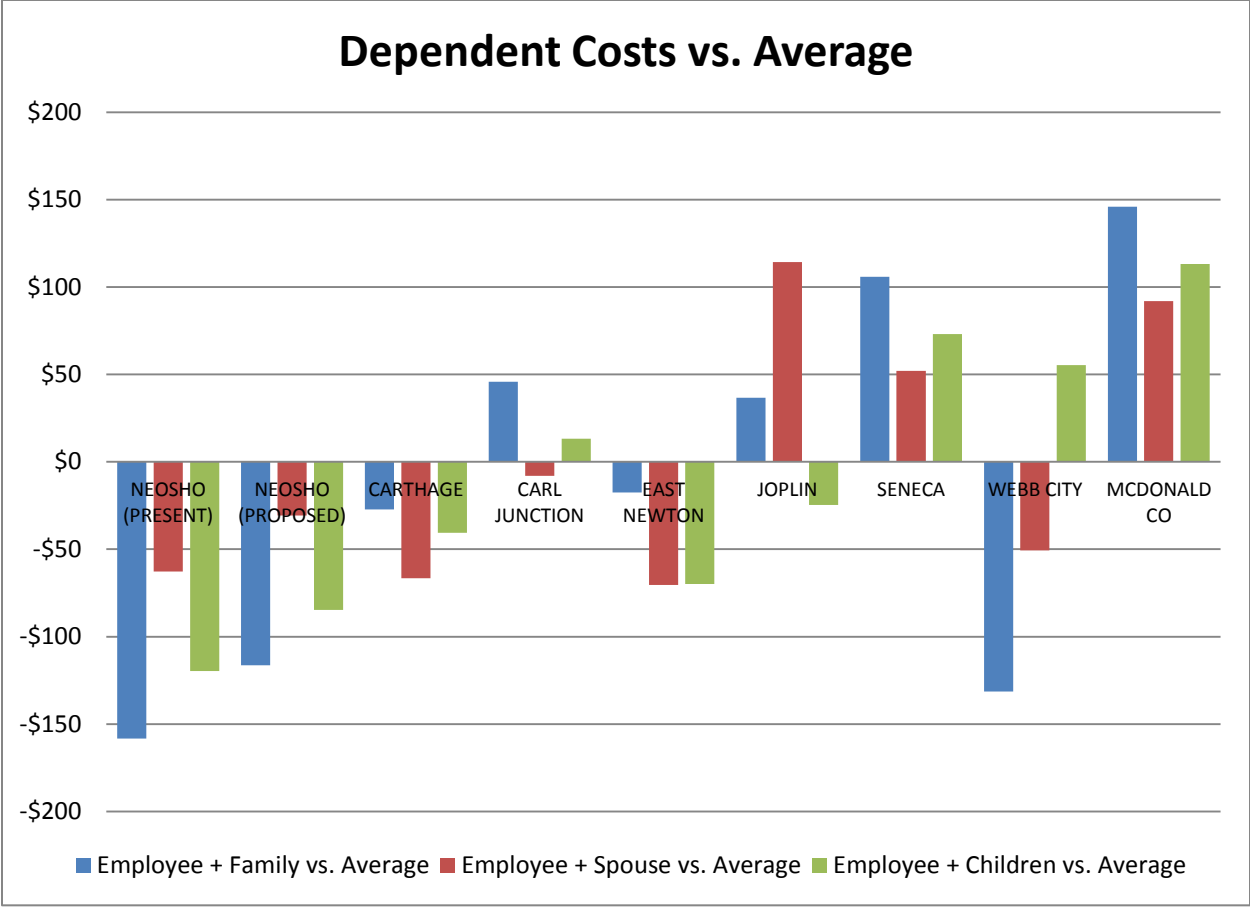
The chart BELOW shows the combination price of the plan and the relative percentage that the district and the employee pay.





One thing that is not reflected on this graph is the 5th tier we are recommending. We are recommending splitting the Employee + Children category into (Employee + 1 Child & Employee + 2 or more Children). The rate for the Employee – 2+ Children would be \$217. This would still put the rate below all but East Newton.



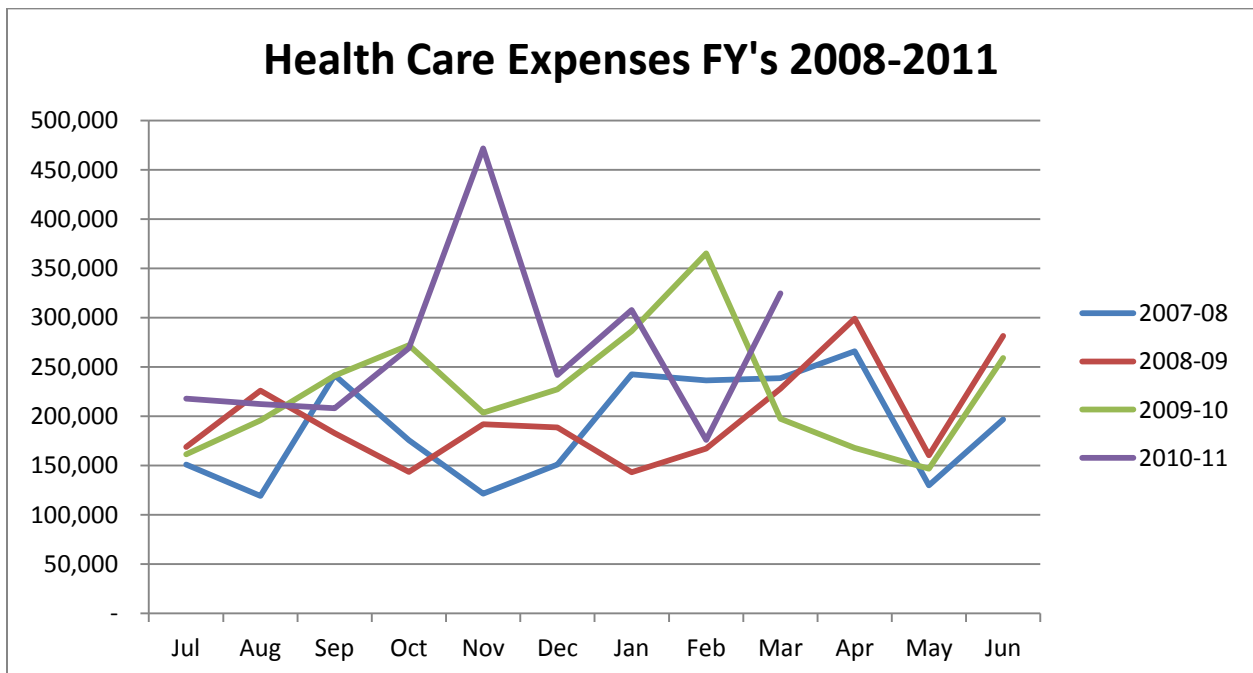
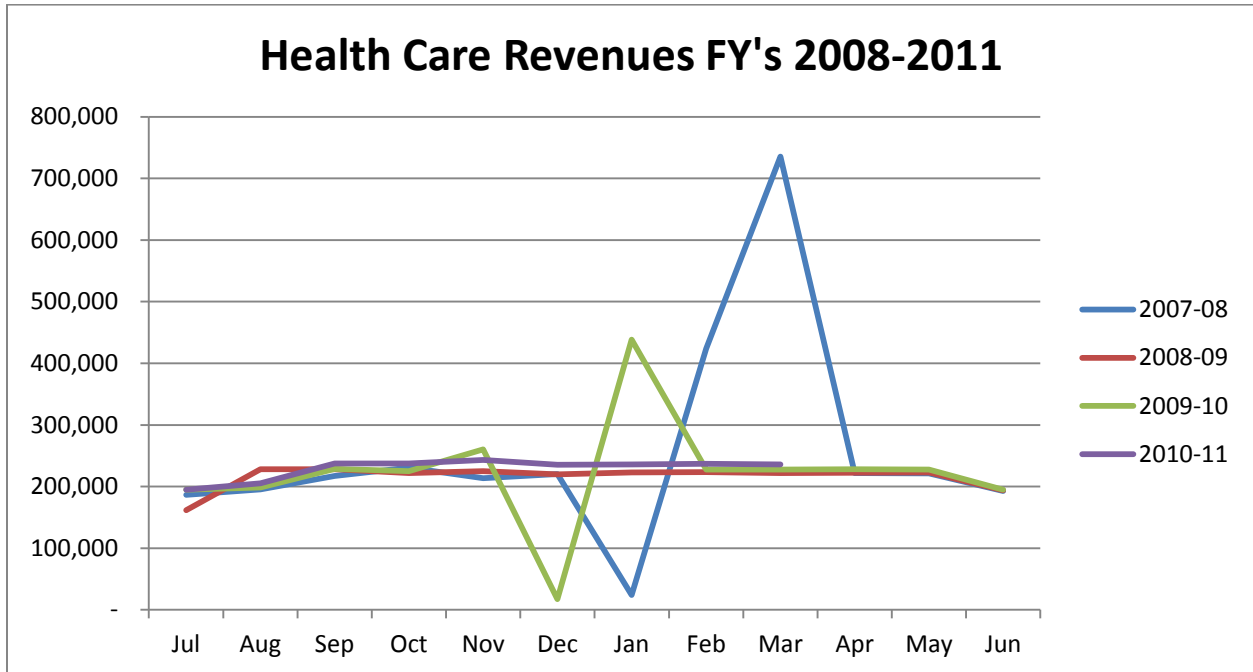


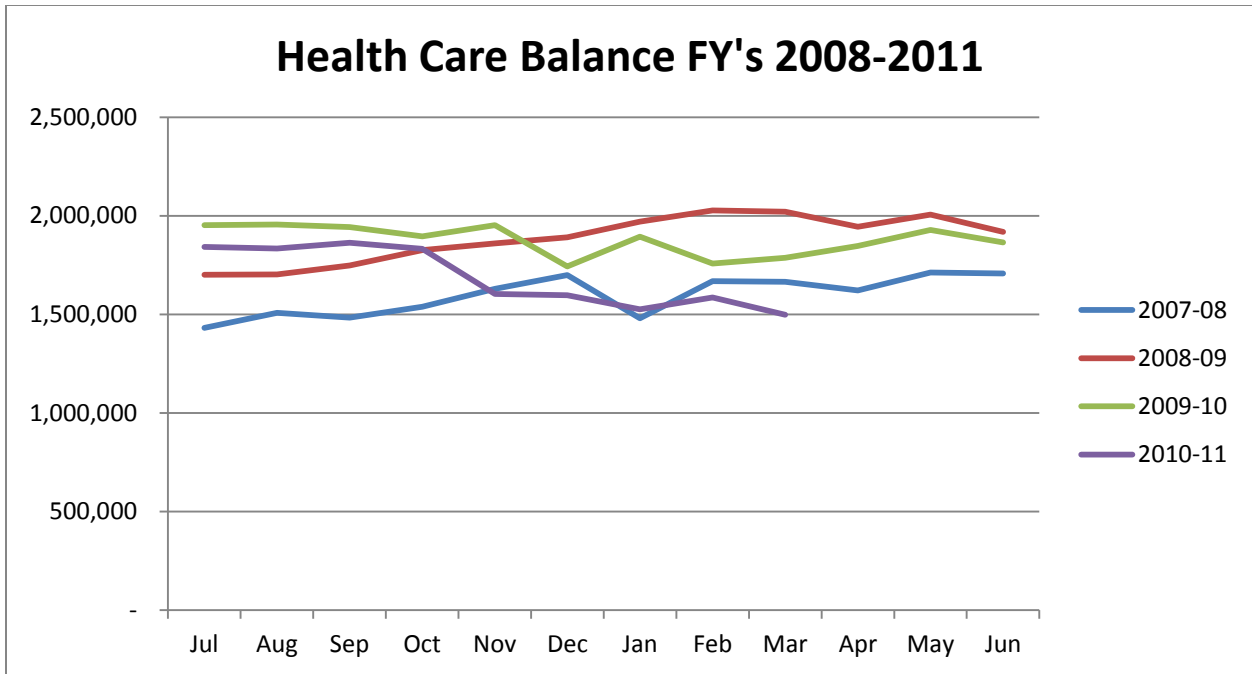
As one can see by reviewing the preceding charts, the Neosho health plan offers good benefits and is a good bargain for our staff. As an employee benefit we are conscious of the need to maintain it as a quality benefit that helps attract and retain great staff.

The spreadsheet on the following page highlights various aspects of the area plans. The items in red are the proposed changes.

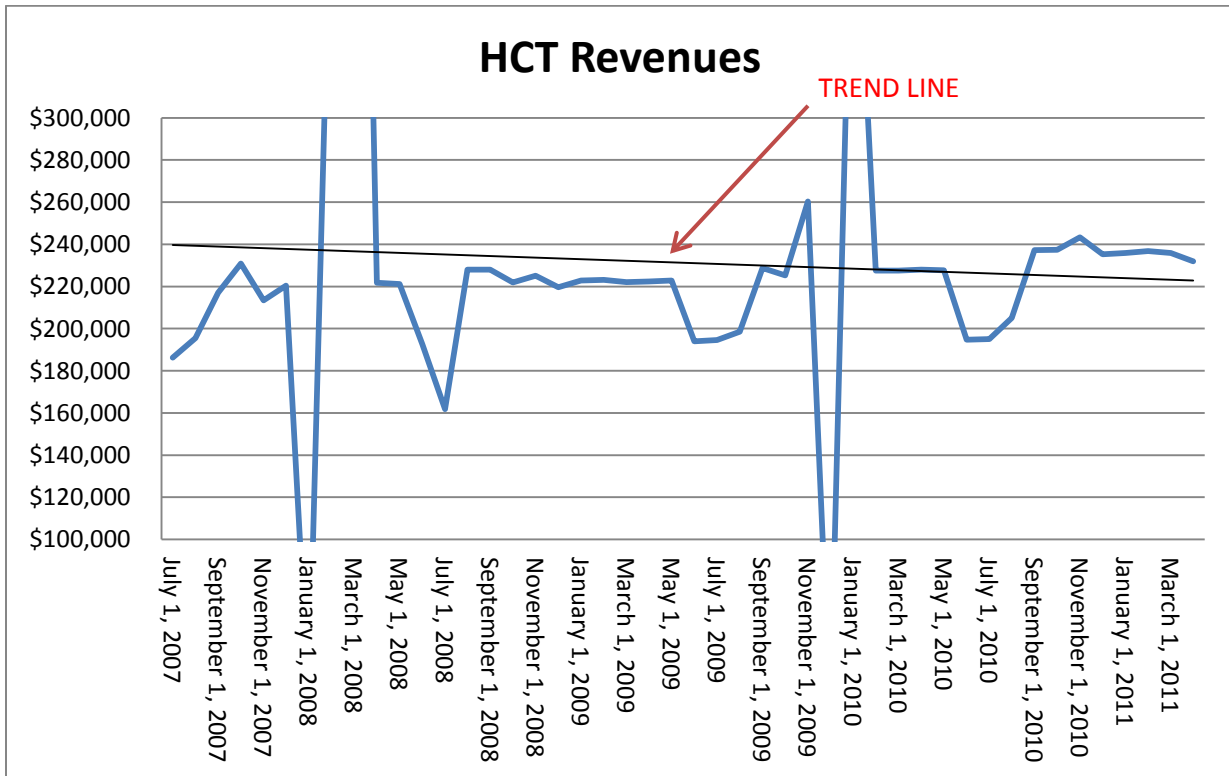
	NEOSHO (PRESENT)	NEOSHO (PROPOSED)	CARTHAGE	CARL JUNCTION	EAST NEWTON	JOPLIN	SENECA	WEBB CITY	MCDONALD CO
INSURANCE CARRIER NETWORK	Self funded - BMI Freeman	Self funded - BMI Freeman	Self Funded - BMI Mercy	SMEG Freeman	SMEG Mercy	Self Funded - BMI Freeman	SMEG Freeman	Self Funded - BMI Mercy	SMEG Freeman
EMPLOYEE INSURANCE RATE	\$324.00	\$354.00	\$300.00	\$339.32	\$299.18	\$350.00	\$339.32	\$280.00	\$339.32
EMPLOYEE COST FOR INS	\$0.00	\$15.00	\$0.00	\$39.32	\$0.00	\$63.00	\$99.32	\$66.00	\$139.32
BOARD COST	\$324.00	\$339.00	\$300.00	\$300.00	\$299.18	\$287.00	\$240.00	\$224.00	\$200.00
EMPLOYEE + FAMILY	\$429.00	\$471.00	\$560.00	\$633.14	\$569.82	\$624.00	\$693.14	\$456.00	\$733.14
EMPLOYEE + SPOUSE	\$324.00	\$356.00	\$320.00	\$378.65	\$316.25	\$501.00	\$438.65	\$336.00	\$478.65
EMPLOYEE + CHILDREN	\$161.00	\$196.00	\$240.00	\$293.82	\$210.82	\$256.00	\$353.82	\$336.00	\$393.82
Board Paid Percentage	100%	96%	100%	88%	100%	82%	71%	80%	59%
Employee + Family vs. Average	-\$156.28	-\$116.28	-\$27.28	\$45.86	-\$17.46	\$36.72	\$105.86	-\$131.28	\$145.86
Employee + Spouse vs. Average	-\$62.65	-\$30.65	-\$66.65	-\$8.00	-\$70.40	\$114.35	\$52.00	-\$50.65	\$92.00
Employee + Children vs. Average	-\$119.66	-\$84.66	-\$40.66	\$13.16	-\$69.84	-\$24.66	\$73.16	-\$5.34	\$113.16
DEDUCTIBLE	\$700.00	\$1,000.00	\$600.00	\$1,500.00	\$1,000.00	\$750.00	\$1,500.00	\$500.00	\$1,500.00
MAXIMUM OUT OF POCKET	\$2,000.00	\$4,000.00	\$4,800.00	\$3,500.00	\$6,000.00	\$1,000.00	\$3,500.00	\$700.00	\$3,500.00
PHYSICIAN OFFICE VISITS IN NETWORK	\$25 co-pay	\$25 co-pay	\$25 co-pay	\$25 co-pay	\$25 co-pay	80% after deductible	\$25 co-pay	90% after deductible	\$25 co-pay
IN-NETWORK %OUT-OF-NETWORK %	90% - 60%	80% - 60%	80% - 40%	70% / 50%	70% - 50%	80%-50%(\$1500 ded)	70% / 50%	90% / 70%	70% / 50%
DRUGCARD: GENERIC, NAME BRAND 1 & 2	\$15 / \$35 / \$45	\$15 / \$35 / \$45	N/A	\$15 / \$30 / \$50	\$15 / \$40 / 50%	\$10 / \$30 / \$55	\$15 / \$30 / \$50	N/A (80% after ded)	\$15 / \$30 / \$50
DRUGMAIL ORDER (3 MONTHS - PRICE OF 2)	\$30 / \$70 / \$90	\$30 / \$70 / \$90	\$30 / \$90	\$30 / \$75 / \$125	\$30 / \$80	\$20 / \$60 / \$110	\$30 / \$60 / \$100	N/A	\$30 / \$60 / \$100
URGENT CARE	100% after \$60 co-pay	100% after \$60 co-pay	100% after \$25 co-pay	70% after deductible	100% after \$50 co-pay	80% after deductible	70% after deductible	90% after deductible	70% after deductible
EMERGENCY ROOM	90% after deductible	90% after deductible	80% after deductible	70% after deductible	100% after \$100 co-pay	80% after deductible	70% after deductible	90% after ded, \$200 paraly	70% after deductible
PRE-EXISTING CONDITION CLAUSE	Yes- 12 months	None	Yes-12 months	None	None	Yes-12 months	None	Yes-18 months	None
DEPENDENT COVERAGE LIMITATIONS	Yes-only medically insurable	None - If within first 31 days	None-if within first 31days	None-if within first 31days	None-if within first 31days	None-if within first 31days	None-if within first 31days	Yes-only medically/insurable	None-if within first 31days

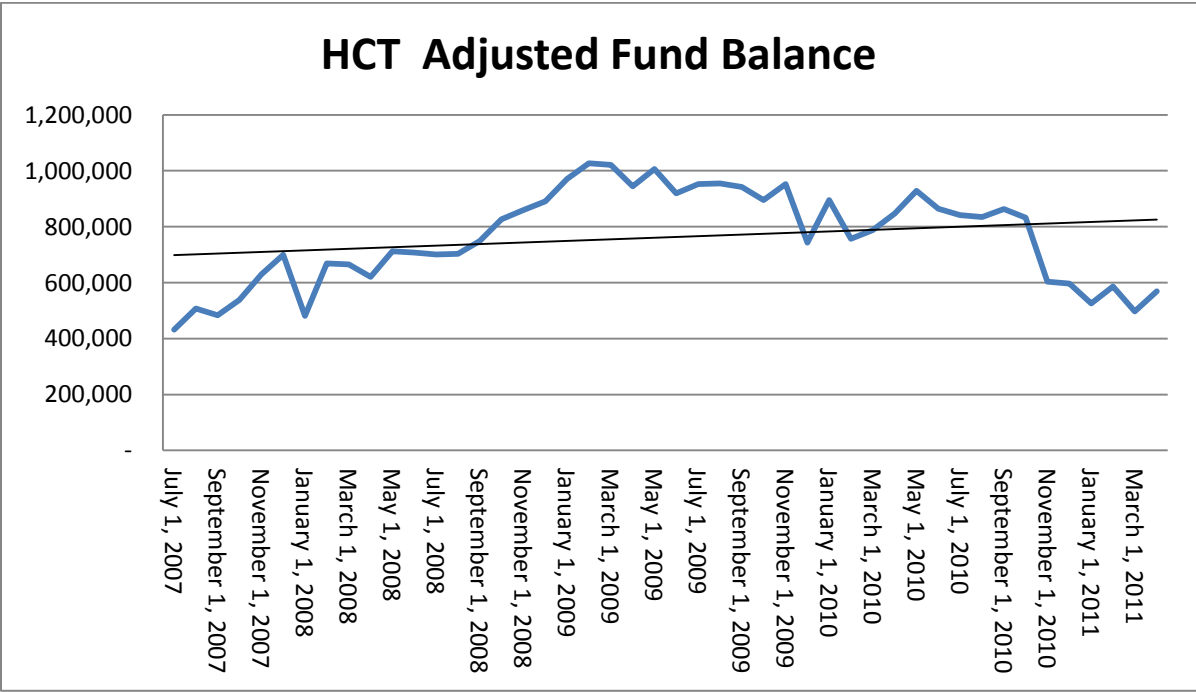
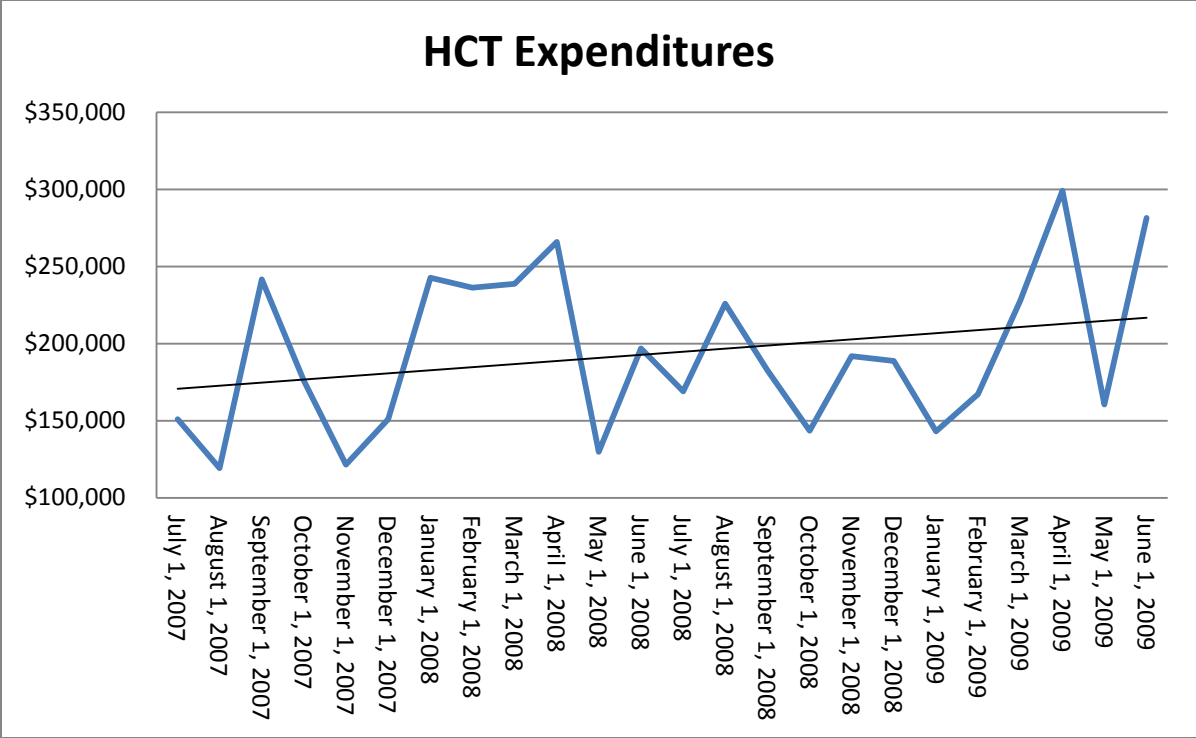
After we looked at where are plan was in relation to other schools with regard to benefits and costs, we turned our attention to the financial state of the plan. We examined the historical data of the last few years. The following slides show the year-over-year revenues, expenses and fund balances. In the last graph in this section, the fund balance numbers presented reflect the absence of the \$1M which was pulled out of the restricted balance and placed in general revenue.





In addition to the year-over-year graphs we examined the trend lines for expenses, revenues and fund balances. In the following graphs you can see that expenses are trending up, revenues are trending down, and PRESENTLY the fund balance trend line is still positive, but it will quickly tip at the rate we are going.





Trend Line Recap

	Revenue	Expense	Difference
June 2009	\$ 223,000	\$ 220,000	\$ 3,000
June 2010	220,000	240,000	(20,000)
April 2011	223,000	264,000	(41,000)

WHAT ARE THE ISSUES & WHAT QUESTIONS DO WE NEED TO BE ASKING?

Equipped with what we had and where we were at, it came time to discuss what the pros and cons were about the plan and what we were going to about making changes to the plan benefits and costs. The representatives on the committee provided a t-chart opportunity for their peers to list pros and cons about the plan. Here is a summary of their thoughts.

T Chart Feedback Results - March 2011

THINGS LIKED ABOUT THE HEALTH INSURANCE PLAN		SUGGESTED IMPROVEMENTS TO THE HEALTH INSURANCE PLAN	
Co-pay amounts	12	Better dental rates / plan	3
100% board paid	11	Coverage for all dependents regardless of insurability	3
Deductible amounts	6	Lower deductible	3
Maximum out of pocket better than area schools	4	Optical coverage	3
Prescription benefits	4	Increase wellness benefit amount	2
90% / 10% benefits	3	Lower dependent rates	2
Lab One	3	Better communication when changes are made	1
Premium costs for dependents	3	Better communication with Custodial staff regarding insurance changes	1
Awesome plan	2	Better life insurance	1
Adequate coverage	1	Cover doctor ordered screenings	1
Benny card	1	Cover prescription formula for infant	1
BMI customer service	1	Dental coverage	1
Emergency room cost better than area schools	1	ER visit co-pay	1
Freeman network	1	Give \$324 to employees not covered on health plan	1
Good plan when compared to area schools	1	Have a tier plan where employees could select the coverage they need	1
Not needing a referral for a specialist	1	Improve BMI customer service	1
Quick payment of bills by BMI	1	Increase prescription cap if changes are need	1
Steady rates	1	Insurance be made available to employees working less than 30 hrs	1
We don't have to use mail order for prescriptions	1	Insurance thru State of MO & get rid of BMI	1
Wellness program	1	Make sure that every employee receives a plan booklet (custodians)	1
		Merge with other schools to lower costs and increase benefits	1
		Modern version of birth control	1
		More ease with Lab One (pays great but hard to work with)	1
		More hospital choices	1
		Raise network co-pays if plan changes are needed	1

We considered this data when recommending changes: #1 – like the copay amount (copays aren't changing) and #2 – board paid (we are recommending paying ½ of the increased premium). On the con side, #1 - dental is not part of this discussion other than the possibility of adding as a benefit sometime, and #2 – coverage for all is being recommended.

In addition to reviewing the t-chart results, we also heard anecdotal stories from employees relayed by their rep, as well as questions from staff meetings that committee members attended. This process allowed the committee to discuss many aspects of the plan.

During the few months the insurance committee was meeting, I or Staci and I met with the following people to learn more about self-insured plans, TPAs, brokers, commissions, stop-loss, Obama care, and quality patient care for our employees: Drew Hartley (Freeman Hospital), Cary Marion (The Insurancenter), Eric Wright (Mutual Assurance Associates), David Powell (BMI), Chris Snell (Arthur J Gallagher), Joe Caputo (Ortho of the Four States), Bruce Walker (Dr. Renee Walker's office) and others. Not only was each meeting beneficial in its own regard, the accumulation of information allowed more informed questions to be asked each time.

WHAT DO WE DO WITH WHAT WE HAVE GATHERED?

At the end of the last insurance committee meeting we needed to be able to present Dr. Page and the school board with a proposal that would slow or correct the losing ways of the healthcare trust. I prepared two spreadsheets for the committee to review. I also presented them to Dr. Page. As noted on the spreadsheet some proposals were not possible because they did not generate enough savings to the trust. However, they were still present for visual evidence of the facts.

SCENARIOS WITH NO EMPLOYEE CONTRIBUTION

Present						NEOSHO NUMBERS			BMI GENERATED NUMBERS		
	Units	Rate	Cost/Staff	Revenue		5% INC	10% INC	BLENDED	CURRENT	ACTUARIAL	5 - TIER
EE	340	\$ 324	\$ -	\$ 110,160	Plan Savings						
EE+Child	81	485	161	39,285	Increase deductible to \$1000	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980
EE+Spouse	44	648	324	28,512	Change coinsurance to 80/20, copay limit to \$4,000	135,541	135,541	135,541	135,541	135,541	135,541
Family	60	753	429	45,180	- PLAN DESIGN SAVINGS	253,521	253,521	253,521	253,521	253,521	253,521
Monthly Total	525			\$223,137	Additional Revenues						
					- ADDITIONAL REVENUES GENERATED	97,918	\$ 195,836	\$ 249,000	248,747	249,799	249,738
					TOTAL DIFFERENCE IN PLAN	\$351,439	\$ 449,357	\$ 502,521	\$ 502,268	\$ 503,320	\$ 503,259
Employee Contribution	\$ -				PERCENT INCREASE	13.17%	16.84%	18.83%	18.83%	18.86%	18.86%
					EMPLOYEE % OF REVENUE GENERATION	6.29%	6.29%	31.76%	31.76%	81.25%	72.01%
					DISTRICT % OF REVENUE GENERATION	93.71%	93.71%	68.24%	68.24%	18.75%	27.99%

CENTRAL OFFICE GENERATED SCENARIOS							BMI GENERATED SCENARIOS								
5% Increase							Current Rate Allocation								
5% Inc to all Rates	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase	Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase		
16.20	\$ 340.20	\$ -	\$ -	-	\$ 115,668	\$ 5,508	EE	29.97	\$ 353.97	\$ -	-	\$ 120,350	\$ 10,190		
8.05	493.05	152.85	(8.15)	-5.06%	39,937	652	EE+Child	45.96	530.96	176.99	45.96	28.55%	43,008	3,723	
16.20	664.20	324.00	-	0.00%	29,225	713	EE+Spouse	59.94	707.94	383.94	59.94	18.50%	31,149	2,637	
21.45	774.45	434.25	5.25	1.22%	46,467	1,287	Family	69.65	822.65	498.65	69.65	16.24%	49,359	4,179	
Monthly Total					\$ 231,297	\$ 8,160		Monthly Total				\$ 243,866	\$ 20,729		
Annual Increase						\$ 97,918		Annual Increase				\$ 248,747			
					District's Increase	\$ 16.20	5.00%	\$ 91,757				District's Increase	\$ 29.97	9.25%	\$ 169,750

10% Increase							Actuarial Rate Allocation								
10% Inc	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase	Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase		
32.40	\$ 356.40	\$ -	\$ -	-	\$ 121,476	\$ 11,016	EE	8.27	\$ 332.27	\$ -	-	\$ 112,972	\$ 2,812		
16.10	501.10	144.70	16.30	-10.12%	40,589	1,304	EE+Child	113.09	598.09	265.82	113.09	70.24%	48,445	9,160	
32.40	680.40	324.00	-	0.00%	29,938	1,426	EE+Spouse	49.77	697.77	365.50	49.77	15.36%	30,702	2,190	
42.90	795.90	439.50	10.50	2.45%	47,754	2,574	Family	110.91	863.91	531.64	110.91	25.85%	51,835	6,655	
Monthly Total					\$ 239,457	\$ 16,340		Monthly Total				\$ 243,954	\$ 20,817		
Annual Increase						\$ 195,836		Annual Increase				\$ 249,799			
					District's Increase	\$ 32.40	10.00%	\$ 183,514				District's Increase	\$ 8.27	2.55%	\$ 46,841

Blended Change (some % increase, some actuarial increase)							Actuarial Rate Allocation (Five-tiers)								
Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase	Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase		
30.00	\$ 354.00	\$ -	\$ -	-	\$ 120,360.00	\$ 10,208	EE	12.34	\$ 336.34	\$ -	-	\$ 114,356	\$ 4,196		
50.00	535.00	181.00	20.00	12.42%	19,795.00	5,062	EE+Child/1	19.51	504.51	168.17	7.17	4.45%	18,667	4,117	
73.00	558.00	204.00	43.00	26.71%	24,552.00		EE+Child/2+	137.24	622.24	285.90	124.90	77.58%	27,379	2,644	
47.00	695.00	341.00	17.00	5.25%	30,580.00	2,068	EE+Spouse	58.32	706.32	369.98	45.98	14.19%	31,078	2,566	
57.00	810.00	456.00	27.00	6.25%	48,600.00	3,420	Family	121.49	874.49	538.15	109.15	25.44%	52,469	7,289	
					\$243,887.00	\$ 20,760						\$ 243,949	\$ 20,812		
Annual Increase						\$249,000		Annual Increase				\$ 249,738			
					District's Increase	\$ 30.00	9.26%	\$ 168,920				District's Increase	\$ 12.34	3.81%	\$ 69,894

This proposal sheet is with the employees making no contribution. The first two proposals on the right side are a flat 5% & 10% increase in premium. These were immediately ruled out because the district incurred almost the entire cost of the increase. In addition, the 5% scenario didn't generate enough savings. The scenarios on the right were generated by our TPA/Broker BMI. The first one is based upon generating approximately \$250,000 based upon our current rate structure. The next one is based upon actuarial data, in other words charging more premiums to those who are costing the plan the most money. The last one is the same scenario (actuarial), but with a new category (Employee w/ 2+ children). Presently we only have Employee and Child/Children.

SCENARIOS WITH A \$15 EMPLOYEE CONTRIBUTION

Present					NEOSHO NUMBERS			BMI GENERATED NUMBERS		
	Units	Rate	Cost/Staff	Revenue	5% INC	10% INC	BLENDED	CURRENT	ACTUARIAL	5 - TIER
EE	340	\$ 324	\$ -	\$ 110,160						
EE+Child	81	485	161	39,285	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980
EE+Spouse	44	648	324	28,512	135,541	135,541	135,541	135,541	135,541	135,541
Family	60	753	429	45,180	253,521	253,521	253,521	253,521	253,521	253,521
Monthly Total	525			\$ 223,137						
Plan Savings										
Increase deductible to \$1000					\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980	\$ 117,980
Change coinsurance to 80/20, copay limit to \$4,000					135,541	135,541	135,541	135,541	135,541	135,541
- PLAN DESIGN SAVINGS					253,521	253,521	253,521	253,521	253,521	253,521
Additional Revenues										
- ADDITIONAL REVENUES GENERATED					97,918	\$ 195,836	\$ 249,000	248,747	249,799	249,738
TOTAL DIFFERENCE IN PLAN					\$ 351,439	\$ 449,357	\$ 502,521	\$ 502,268	\$ 503,320	\$ 503,259
PERCENT INCREASE					13.17%	16.84%	18.83%	18.83%	18.96%	18.86%
EMPLOYEE % OF REVENUE GENERATION					93.06%	49.68%	65.88%	65.91%	100.00%	100.00%
DISTRICT % OF REVENUE GENERATION					6.94%	50.32%	34.12%	34.09%	0.00%	0.00%
Employee Contribution \$ 15										

CENTRAL OFFICE GENERATED SCENARIOS							BMI GENERATED SCENARIOS						
5% Increase							Current Rate Allocation						
5% Inc to all Rates	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase	Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase
\$ 16.20	\$ 340.20	\$ 15.00	\$ 15.00		\$ 115,668	\$ 5,508		\$ 29.97	\$ 353.97	\$ 15.00	\$ 15.00	\$ 120,350	\$ 10,190
8.05	493.05	167.85	6.85	4.25%	39,937	652		45.96	530.96	191.99	60.96	37,866	3,723
16.20	664.20	339.00	15.00	4.63%	29,225	713		59.94	707.94	383.94	74.94	31,149	2,637
21.45	774.45	449.25	20.25	4.72%	46,467	1,287		69.65	822.65	498.65	84.65	49,359	4,179
Monthly Total					\$ 231,297	\$ 8,160		Monthly Total				\$ 243,866	\$ 20,729
Annual Increase						\$ 97,918		Annual Increase					\$ 248,747
	District's Increase	\$ 1.20	0.37%	\$ 6,797				District's Increase	\$ 14.97	4.62%	\$ 84,790		
10% Increase							Actuarial Rate Allocation						
10% Inc	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase	Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase
\$ 32.40	\$ 356.40	\$ 15.00	\$ 15.00		\$ 121,176	\$ 11,016		\$ 8.27	\$ 332.27	\$ 8.27	\$ 8.27	\$ 112,972	\$ 2,812
16.10	501.10	159.70	(1.30)	-0.81%	40,589	1,304		113.09	598.09	274.09	128.09	79,566	9,160
32.40	680.40	339.00	15.00	4.63%	29,938	1,426		49.77	697.77	373.77	64.77	30,702	2,190
42.90	795.90	454.50	25.50	5.94%	47,754	2,574		110.91	863.91	539.91	125.91	51,835	6,655
Monthly Total					\$ 239,457	\$ 16,320		Monthly Total				\$ 243,954	\$ 20,817
Annual Increase						\$ 195,836		Annual Increase					\$ 249,799
	District's Increase	\$ 17.40	5.37%	\$ 98,554				District's Increase	\$ -	0.00%	\$ -		
Blended Change (some % increase, some actuarial increase)							Actuarial Rate Allocation (Five-tiers)						
Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase	Increase	Rate	Cost/Staff	Total Inc (staff)	% Increase	Revenue	Increase
\$ 30.00	\$ 354.00	\$ 15.00	\$ 15.00		\$ 120,360.00	\$ 10,200		\$ 12.34	\$ 336.34	\$ 12.34	\$ 12.34	\$ 114,356	\$ 4,196
50.00	535.00	196.00	35.00	21.74%	19,795.00	5,062		19.51	504.51	180.51	19.51	12,126	18,667
73.00	558.00	219.00	58.00	36.02%	24,552.00			137.24	622.24	298.24	137.24	85.24%	27,379
47.00	695.00	356.00	32.00	9.88%	30,580.00	2,068		58.32	706.32	382.32	58.32	18,00%	31,078
57.00	810.00	471.00	42.00	9.79%	48,600.00	3,420		121.49	874.49	550.49	121.49	28.32%	52,469
Monthly Total					\$ 243,887.00	\$ 20,780		Monthly Total				\$ 243,949	\$ 20,812
Annual Increase						\$ 249,000		Annual Increase					\$ 249,738
	District's Increase	\$ 15.00	4.63%	\$ 84,960				District's Increase	\$ -	0.00%	\$ -		

The plan changes that are recommended are the same on both scenarios. These changes are expected to save the plan around \$250,000. The goal was to generate \$500,000 in savings and new premiums. The final four scenarios do this. **The committee felt the Blended Plan was the best alternative.** The question then became “do we have the employee contribute or not?” The committee stated that many employees had requested that the employee not have to pay anything toward the plan. However, they were also ok with the \$15 given the likelihood that we will be able to do some good on salaries this year.

Pros of employee contributions

The employees have some buy in with cost containment (using the emergency room, etc.) The district saves \$85,000 that would fund about \$250 in a base salary increase. Those who don't take the insurance get some of the benefits of the saved \$\$.

Cons of employee contributions

It is no longer a 100% paid board benefit
Some employees will be upset

RECOMMENDATION

PLAN CHANGES

- Increase the annual deductible to \$1000 (up from \$700)
- Change the coinsurance to 80% (down from 90%)
- Change the max coinsurance out of pocket to \$4,000 (up from \$2,000)
- Allow an open enrollment period from June 1 – June 30 for any spouse or eligible dependent to come on the plan

RATE CHANGES

- Employee - \$354 (up \$30, either paid 100% by school or 50/50 with employee)
- Employee + 1 Child - \$535 (employee part \$181, up \$20)
- Employee + 2+ Children - \$558 (employee part \$204, up \$43) NEW TIER
- Employee + Spouse - \$ 695 (employee part \$341, up \$17)
- Employee + Family - \$810 (employee part \$456, up \$27)

POSITIVE FINANCIAL IMPACT ON PLAN

Increase annual deductible to \$1000	\$ 117,980
Change coinsurance to 80%, out of pocket max to \$4,000	135,541
Additional revenues generated	<u>249,000</u>
Total	<u><u>\$ 502,521</u></u>

DISTRICT IMPACT

WITH NO EMPLOYEE CONTRIBUTION

- \$169,920 (9.26% increase)
- District funds 68.24% of new revenue, employee 31.76%

WITH \$15 EMPLOYEE CONTRIBUTION

- \$84,960 (4.63% increase)
- District funds 34.12% of new revenue, employee 65.88%

Submitted by: Dr. Jim Cummins, Asst. Superintendent