

**INDEPENDENT SCHOOL DISTRICT NO. 271
Bloomington, MN**

REQUEST FOR SCHOOL BOARD ACTION

DATE OF BOARD MEETING: March 27, 2017

SUBJECT: 2017-18 Vendors and Rates for District Group Insurance

ORIGINATING DEPARTMENT: Office of Human Resources

APPROVAL OF ADMINISTRATOR: Mary Burroughs
Executive Director of Human Resources

RESOLUTION FOR BOARD TO ADOPT:

RESOLVED that the School Board of Independent School District No. 271 approves the vendors and rates for District group insurance for the 12-month period from July 1, 2017 to June 30, 2018, per the attached memo.

1. PreferredOne – Third Party Administrator for Self-Funded Health Insurance
2. PreferredOne Insurance Company (PIC) – Reinsurance for Self-Funded Health Insurance
3. Fairview – Employee Assistance Program (EAP)
4. HealthEquity – Health Savings Accounts Provider
5. Delta Dental – Third Party Administrator for Self-Funded Dental Insurance
6. VOYA – Long-Term Disability (LTD) Insurance
7. VOYA – Life Insurance
8. Corporate Health Systems, Inc. – Benefits Consultant
9. EyeMed Vision Care – Voluntary Vision Program
10. VOYA – Voluntary Accident/Wellness Program
11. VOYA – Critical Care Insurance Program
12. UCare – Medicare Supplement

FURTHER BE IT RESOLVED that the School Board of Independent School District No. 271, per its organization meeting of January 9, 2017, authorizes the Superintendent, or his designee, to execute documents within the authorized budget as appropriate to the daily operations of the school district.

REVIEW AND RECOMMENDATION OF SUPERINTENDENT:

Approve.

DETAILED BACKGROUND:

This Board motion follows the move in 2010 to consolidate Board motions regarding District group insurance. The attached memo provides the specifics of the recommended resolution, as well as significant background information.

Recommended by Office of Human Resources, District Insurance Committee, District Benefits Consultant and Office of Business Services.



Educational Services Center
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TO: School Board
FROM: Mary Burroughs, HR Director
DATE: March 27, 2017
RE: Memo: Vendors and Rates for District Group Insurance

The Office of Human Resources and Labor Management Committee recommend the following vendors and rates for District group insurance for the 12-month period from July 1, 2017 to June 30, 2018, as follows:

1. PreferredOne – Third Party Administrator for Self-Funded Health Insurance (renewal)

Fee per member per month	2016-17	2017-18	%
Administrative Services (ASO) Fee	\$25.00	\$25.00	0%
Pharmacy Benefit Management (PBM) Fee	\$ 3.00	\$ 3.00	0%

- Rate Cap: third year of a three-year rate cap
- Projected annual cost of administrative contract \$467,712 (1,392 contracts)
- Projected additional annual ASO cost over 2016-17: none

2. PreferredOne Insurance Group (PIC) – Reinsurance for Self-Funded Health Insurance (renewal)

Premium per member per month	2016-17	2017-18	%
Specific Stop-Loss Premium - Single	\$17.93	\$27.61	54%
Specific Stop-Loss Premium - Family	\$53.42	\$82.27	54%
Aggregate Stop-Loss Premium	\$ 0.61	\$.061	0%

- Specific Stop-Loss: \$200,000 per member annually (no change)
- Rate Cap: 25%, first year of a two-year contract
- Projected annual cost of contract: \$833,096 (specific); \$10,000 (aggregate) = \$843,096 (total)
- Projected annual cost over 16-17: \$292,133 (specific).

3. Fairview – Employee Assistance Program (EAP) (renewal)

Fee per employee per year	2016-17	2017-18	%
Program Fee	\$20.00	\$20.00	0%

- Rate Cap: none; one-year contract
- Projected annual cost of contract: \$38,160 (1,908 members)
- Projected additional annual cost over 2016-17: none

4. HealthEquity – Health Savings Accounts Provider (renewal)

Fee per member per month	2016-17	2017-18	%
One-time set-up fee:	waived	waived	-
Administrative Services fee	\$2.95	\$2.95	0%

- Rate Cap: none; one-year contract
- Projected annual cost of contract: \$47,931.60 (1,354 members)
- Projected additional annual cost over 2016-17: none

5. Delta Dental – Self-Funded Dental Insurance (renewal)

Fee per member per month	2016-17	2017-18	%
Administrative Services Fee	\$3.15	\$3.15	0%

- Rate Cap: none; fourth year of five-year contract
- Projected annual cost of administrative contract: \$69,514.20 (1,839 contracts)
- Projected additional annual cost over 2016-17: none

6. VOYA (previously ING) – Long-Term Disability (LTD) Insurance (renewal)

Rate per \$100 of payroll per month	2016-17	2017-18	%
Long-term disability	\$0.29	\$0.29	0%

- LTD covers 66.7% of salary for full-time employees after 90-calendar day elimination period.
- Rate Cap: none; third year of a three year contract
- Projected annual cost of contract: \$245,446.08 (1,587 members)
- Projected additional annual cost over 2016-17: none

7. VOYA (previously ING) – Life Insurance (renewal)

Rate per \$1,000 of payroll per month	2016-17	2017-18	%
Basic Life	\$0.120	\$0.120	0%
Accidental Death & Dismemberment	\$0.013	\$0.013	0%
Dependent Life (per employee per month)	\$ 0.48	\$0.48	0%

- Coverage: two times salary/wages for all part-time and full-time employees
- Dependent Life: Spouse and Dependent Children (to age 26) insured for \$2,000
- Rate Cap: none; third year of a three year contract
- Projected annual cost of administrative contract: \$290,832.60 (1,757 members)
- Projected additional annual cost over 2016-17: none

8. OneDigital (previously Corporate Health Systems) – Benefits Consultant (renewal)

Fees	2016-17	2017-18	%
Annual Benefits Consulting Fee (annual fee)	\$75,000.00	\$75,000.00	0%
DC FSA Plan Re-Draft (annual fee)	400.00	400.00	0%
DC FSA Enrollment Fee per occurrence	\$9.47	\$9.47	0%
DC FSA Admin Fee per member per month	\$3.76	\$3.76	0%
COBRA/Retiree Event Fee per occurrence	\$3.33	\$3.33	0%
COBRA/Retiree Admin Fee per member per month	\$4.83	\$4.83	0%

- Corporate Health provides benefit consulting and administers the District Dependent Care Flexible Savings Account (DC FSA) program and COBRA/retiree insurance administration program.
- Rate Cap: none; one-year contract
- Projected annual cost of flex/COBRA/retiree admin contract: \$25,462.00
- Projected additional annual cost over 2016-17: none

9. VOYA (previously ING) – Critical Care Insurance (renewal)

Rate per employee per month	2016-17	2017-18	%
Critical Care	\$2.18	\$2.18	0%

- Coverage: \$2,000 per incident for all part-time and full-time employees.
- Rate Cap: none; one-year contract
- Opt-out option: Employee may opt-out, same as for District group life insurance (over \$50,000).
- Premiums paid by District self-funded health insurance fund. Taxes on premium paid by employee (three times per year), so that benefit is non-taxable to the employee.
- Projected annual cost of contract: \$44,969.04 (1,719 members)
- Projected additional annual cost over 2016-17: none

10. Voluntary Programs – no cost to the District

- EyeMed Vision Care – Voluntary Vision Program– first year of a four-year rate cap
- VOYA (previously ING) – Voluntary Accident/Wellness Program – one-year contract.
- UCare – Medicare Supplement (continuous renewal)