

***Oak Park and River Forest High School  
District 200***

*201 North Scoville Avenue • Oak Park, IL 60302-2296*

TO: Board of Education

FROM: Tod Altenburg, Chief School Business Official; and the Finance Committee

DATE: November 10, 2015

RE: Approval of the Renewal of Medical, Dental and Life Insurance

---

**BACKGROUND:**

The Finance Committee reviewed this information earlier this evening at its meeting.

Gallagher Benefits Services, Inc. has prepared the January 1, 2016 renewal of health, dental and life insurance. To be able to begin the renewal on January 1<sup>st</sup>, it is necessary to start the open enrollment process in November.

**SUMMARY OF FINDINGS:**

Attached is the renewal information. The Insurance Committee recommends keeping employee premiums flat and utilize funds from the existing health insurance fund balance.

Lisa Yefsky from Arthur J. Gallagher will be in attendance to answer any questions.

**RECOMMENDATION:**

MOTION: To approve the renewal of Medical, Dental and Life Insurance as presented.

## Oak Park & River Forest High School District Executive Summary 2016 Renewal Results

### Medical Renewal

The unified renewal projection for the PPO and HMO plans is calling for a 2.8% increase in funding. The estimated increase in medical cost for the 2016 plan year is \$202,994 as shown on the attached rate exhibit.

Individually the PPO plan performed well showing a needed decrease in funding of 2.7%. The HMO plan experienced a bad claim year resulting in a needed increase of 21.1%. We have already seen an improvement in the HMO plan loss ratio in the last two months. The District has been blending the medical increases for the past several years to maintain the actuarial value between the plans. This is a recommended financial strategy for the District's population size.

### Dental Renewal

The dental plan renewal projection is calling for a 3.8% decrease in funding. The recommendation is to keep the current employer and employee premiums the same on this plan.

### Stop Loss Renewal

The current stop loss carrier is Blue Cross and Blue Shield. The current stop loss level is \$100,000 for specific coverage. The aggregate stop loss is set at 135% of expected claims. For the renewal we have recommended increasing the stop loss level to \$130,000. This stop loss level is more appropriate for the group size. Stop loss levels should be increased to keep pace with medical inflation. As a result of the increase, stop loss premiums went down and are offset by an increase in claims exposure. The net result produced a positive impact on the renewal by \$149,144.

### Life & LTD Renewal

The Life, AD&D, Voluntary Life and Long-term disability coverage are with MetLife. There are no increases in premiums.

**Oak Park and River Forest  
Renewal Equivalent Rates  
Blended PPO and HMO Increase  
\$130,000 ISL  
1/1/2016 through 12/31/2016**

*PPO Low Deductible P97376/P96861*

Rate Tier	Employees	Current Rates - 1/1/2015 to 12/31/2015	Renewal Rates - 1/1/2016 to 12/31/2016
Single	129	\$611.37	\$628.55
Single + Spouse	42	\$1,611.08	\$1,656.35
Single + Child(ren)	45	\$1,217.56	\$1,251.78
Family	109	\$1,978.27	\$2,033.86
Total Monthly	325	\$416,954	\$428,670
% Change from Current		-	2.8%

*PPO VEBA P97374/P96862*

Rate Tier	Employees	Current Rates - 1/1/2015 to 12/31/2015	Renewal Rates - 1/1/2016 to 12/31/2016
Single	17	\$472.30	\$485.57
Single + Spouse	11	\$1,378.07	\$1,416.80
Single + Child(ren)	4	\$918.87	\$944.69
Family	13	\$1,418.67	\$1,458.54
Total Monthly	45	\$45,306	\$46,579
% Change from Current		-	2.8%

Total Monthly - All PPO Plans	370	\$462,260	\$475,250
Total Annual - All PPO Plans		\$5,547,117	\$5,702,997
Annual Change from Current		-	\$155,880
% Change from Current		-	2.8%

**Oak Park and River Forest  
Renewal Equivalent Rates  
Blended PPO and HMO Increase  
\$130,000 ISL  
1/1/2016 through 12/31/2016**

*HMO IL H96715*

Rate Tier	Employees	Current Rates - 1/1/2015 to 12/31/2015	Renewal Rates - 1/1/2016 to 12/31/2016
Single	44	\$526.03	\$540.81
Single + Spouse	15	\$1,157.71	\$1,190.24
Single + Child(ren)	19	\$911.04	\$936.64
Family	31	\$1,556.72	\$1,600.47
Total Monthly	109	\$106,079	\$109,060
% Change from Current		-	2.8%

*HMO Blue Advantage B96716*

Rate Tier	Employees	Current Rates - 1/1/2015 to 12/31/2015	Renewal Rates - 1/1/2016 to 12/31/2016
Single	11	\$490.03	\$503.80
Single + Spouse	9	\$1,077.35	\$1,107.63
Single + Child(ren)	5	\$835.15	\$858.62
Family	10	\$1,437.42	\$1,477.81
Total Monthly	35	\$33,636	\$34,582
% Change from Current		-	2.8%

Total Monthly - All HMO Plans	144	\$139,715	\$143,642
Total Annual - All HMO Plans		\$1,676,586	\$1,723,700
Annual Change from Current		-	\$47,114
% Change from Current		-	2.8%

*Total - PPO and HMO*

Total Monthly - All PPO and HMO Plans	514	\$601,975	\$618,891
Total Annual - All PPO and HMO Plans		\$7,223,703	\$7,426,697
Annual Change from Current		-	\$202,994
% Change from Current		-	2.8%

**Oak Park and River Forest  
Renewal Equivalent Rates  
Blended PPO and HMO Increase  
\$130,000 ISL  
1/1/2016 through 12/31/2016**

*Dental*

Rate Tier	Employees	Current Rates - 1/1/2015 to 12/31/2015	Renewal Rates - 1/1/2016 to 12/31/2016
Single	317	\$46.10	\$44.35
Family	226	\$134.96	\$129.84
Total Monthly	543	\$45,115	\$43,403
Total Annual		\$541,376	\$520,833
Annual Change from Current		-	(\$20,542)
% Change from Current		-	-3.8%

*This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.*

**Oak Park and River Forest**  
**\$130,000 ISL**  
**PPO Renewal Projection**  
**Projection Period - 1/1/2016 through 12/31/2016**

Category	Medical		Prescription Drug		Total	
	9/1/13 through 8/31/14	9/1/14 through 8/31/15	9/1/13 through 8/31/14	9/1/14 through 8/31/15	9/1/13 through 8/31/14	9/1/14 through 8/31/15
Paid Claims	\$3,241,292	\$3,583,398	\$561,795	\$681,177	\$3,803,086	\$4,264,575
Access Fees	\$56,913	\$77,659	\$0	\$0	\$56,913	\$77,659
Claims over Stop Loss Limit	(\$601,432)	(\$562,586)	\$0	\$0	(\$601,432)	(\$562,586)
Claim Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Net Paid Claims</b>	<b>\$2,696,773</b>	<b>\$3,098,471</b>	<b>\$561,795</b>	<b>\$681,177</b>	<b>\$3,258,567</b>	<b>\$3,779,648</b>
Experience Period Lives	4,238	4,244	4,246	4,250		
PEPM Claim Cost	\$636.33	\$730.08	\$132.31	\$160.28	\$768.64	\$890.36
Annual Trend	7.1%	7.1%	13.0%	13.0%	8.1%	8.2%
Trend Months	28.0	16.0	28.0	16.0	28.0	16.0
Trend Factor	1.1736	1.0958	1.3300	1.1770	1.2005	1.1104
Trended PEPM Claim Cost	\$746.78	\$800.00	\$175.97	\$188.64	\$922.75	\$988.65
Dependent Ratio Adjustment	2.33%	0.69%	6.07%	2.71%		
Large Claimant Adjustment	\$61.35	\$61.26	N/A	N/A	\$61.35	\$61.26
Adjusted Claim Cost - PEPM	\$825.53	\$866.79	\$186.66	\$193.76	\$1,012.18	\$1,060.54
Period Weighting	15%	85%	15%	85%	15%	85%
Projected Claim Cost - PEPM	\$860.60		\$192.69		\$1,053.29	
Projected Lives	370		370		370	
Months to Project	12		12		12	
Projected Claim Cost	\$3,821,050		\$855,547		\$4,676,598	
Benefit Adjustment - Health Care Reform	1.0000		1.0000		1.0000	
Adjusted Projected Claims	<b>\$3,821,050</b>		<b>\$855,547</b>		<b>\$4,676,598</b>	
Individual Stop Loss Fees			\$414,056			
Aggregate Stop Loss Fees			\$3,540			
Total Projected Stop Loss Fees			<b>\$417,596</b>			
Administration Fees (Includes VEBA Contribution)			\$292,867			
Rx Rebates			(\$51,193)			
ACA Fees			\$24,020			
GBS Fees			\$33,204			
VEBA Administration			\$2,930			
Total Projected Administration Fees			<b>\$301,829</b>			
Total Projected Costs			\$5,396,022			
Current Equivalent Premium			\$5,547,117			
Projected Equivalent Premium Increase			(\$151,095)			
Estimated Renewal Adjustment			<b>-2.7%</b>			

*This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts.*

*Please see your policy or contact us for specific information or further details in this regard.*

**Oak Park and River Forest**  
**\$130,000 ISL**  
**HMO Renewal Projection**  
**Projection Period - 1/1/2016 through 12/31/2016**

Category	Medical		Prescription Drug		Total	
	9/1/13 through 8/31/14	9/1/14 through 8/31/15	9/1/13 through 8/31/14	9/1/14 through 8/31/15	9/1/13 through 8/31/14	9/1/14 through 8/31/15
Paid Claims	\$412,577	\$984,773	\$327,830	\$345,890	\$740,407	\$1,330,664
Access Fees	\$0	\$0	\$0	\$0	\$0	\$0
Claims over Stop Loss Limit	\$0	(\$357,870)	\$0	\$0	\$0	(\$357,870)
Claim Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Net Paid Claims</b>	<b>\$412,577</b>	<b>\$626,903</b>	<b>\$327,830</b>	<b>\$345,890</b>	<b>\$740,407</b>	<b>\$972,794</b>
Experience Period Lives	1,583	1,676	1,578	1,685		
PEPM Claim Cost	\$260.63	\$374.05	\$207.75	\$205.28	\$468.38	\$579.32
Annual Trend	7.1%	7.1%	13.0%	13.0%	9.8%	9.2%
Trend Months	28.0	16.0	28.0	16.0	28.0	16.0
Trend Factor	1.1736	1.0958	1.3300	1.1770	1.2430	1.1245
Trended PEPM Claim Cost	\$305.87	\$409.87	\$276.31	\$241.61	\$582.17	\$651.48
Dependent Ratio Adjustment	1.61%	0.46%	5.92%	3.02%		
Large Claimant Adjustment	\$0.00	\$77.57	N/A	N/A	\$0.00	\$77.57
Adjusted Claim Cost - PEPM	\$310.79	\$489.32	\$292.66	\$248.90	\$603.46	\$738.22
Period Weighting	15%	85%	15%	85%	15%	85%
Blended Claim Cost - PEPM	\$462.54		\$255.47		\$718.01	
Projected Lives	144		144		144	
Months to Project	12		12		12	
Projected Claim Cost	\$799,272		\$441,448		\$1,240,720	
Benefit Adjustment - Health Care Reform	1,0000		1,0000		1,0000	
Adjusted Projected Claims	\$799,272		\$441,448		\$1,240,720	
Physician Service Fees			\$566,693			
Adjusted Projected Claims and Physician Costs			<b>\$1,807,413</b>			
Individual Stop Loss Fees			\$97,083			
Aggregate Stop Loss Fees			\$728			
Total Projected Stop Loss Fees			<b>\$97,811</b>			
Administration Fees			\$92,673			
Rx Rebates			(\$19,924)			
HMO ACA Fees			\$20,114			
GBS Fees			\$12,792			
HMO Managed Care Fee			\$19,803			
Total Projected Administration Fees			<b>\$125,458</b>			
Total Projected Costs			\$2,030,682			
Current Equivalent Premium			\$1,676,586			
Projected Equivalent Premium Increase			\$354,096			
Estimated Renewal Adjustment			<b>21.1%</b>			

*This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts.*

*Please see your policy or contact us for specific information or further details in this regard.*



## Oak Park and River Forest Dental Renewal Projection

Projection Period - 1/1/2016 through 12/31/2016

Category	Dental	
	9/1/13 through 8/31/14	9/1/14 through 8/31/15
Paid Claims	\$440,616	\$494,219
Claim Adjustment	\$0	\$0
Total Adjusted Claims	\$440,616	\$494,219
Experience Period Lives	6,555	7,064
PEPM Claim Cost	\$67.22	\$69.96
Annual Trend	6.1%	6.1%
Trend Months	28.0	16.0
Trend Factor	1.1482	1.0821
Trended PEPM Claim Cost	\$77.18	\$75.71
Dependent Ratio Adjustment	0.00%	0.00%
Period Weighting	30%	70%
Blended Claim Cost - PEPM	\$76.15	
Projected Lives	543	
Months to Project	12	
Projected Claim Cost	\$496,197	
Benefit Adjustment	1.0000	
Adjusted Projected Claims	<b>\$496,197</b>	
Administration Fees	\$24,630	
Total Projected Administration Fees	<b>\$24,630</b>	
Total Projected Costs	\$520,827	
Current Equivalent Premium	\$541,376	
Projected Equivalent Premium Increase	(\$20,548)	
Estimated Renewal Adjustment	<b>-3.8%</b>	

*This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.*