



# 2018 BENEFITS RENEWAL

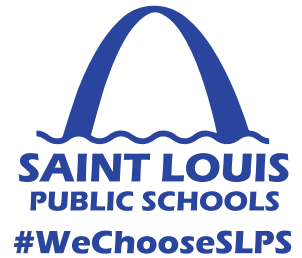
**Presentation to the Special Administrative Board**

**Charles Burton, Interim Chief Human Resources Officer & USI Insurance Services LLC**

**September 28, 2017**



# 2018 BENEFITS RENEWAL UPDATE



- ❑ **Renewal Summary**
- ❑ **2018 District Costs for Benefits**
- ❑ **District Responsibility Per Employee Per Month 2010 through 2018  
Proposed & Compounded Premium Increases – Medical Only**
- ❑ **SLPS Wellness Program Update**
- ❑ **Next Steps**

# RENEWAL SUMMARY



The January 1, 2018 renewal was presented to the Joint Benefit Committee (JBC) on August 8<sup>th</sup>.

The Committee is comprised of representatives from Local 420 Active and Retiree groups; Local 148; Local 44; the PSRSSTL Retirement office, Finance and Human Resources.

- ❑ All lines of coverages were marketed for the January 1, 2017 Renewal.

## MEDICAL

- ❑ Based on the marketing, the Medical coverage was moved to United Healthcare (UHC) effective January 1, 2017 with a 7.3% premium rate decrease, for an estimated annual savings of \$1,685,923. (In comparison, the Coventry/Aetna 2017 renewal was a 5% for a premium increase of \$1.3M.)
- ❑ To prevent a significant increase the 2<sup>nd</sup> year with UHC, USI negotiated rate caps for the next two renewal years:
  - ❑ Effective January 1, 2019, the rate cap is 9%. (Year 3, the rate cap is 12%.)

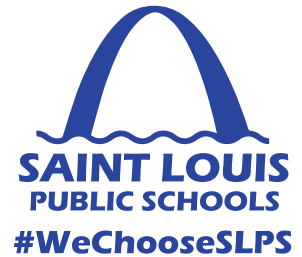
# RENEWAL SUMMARY- cont.



## PHARMACY WITH EXPRESS SCRIPTS (ESI)

- ❑ ESI premium rates are calculated taking into account:
  - ❑ Monthly headcounts
  - ❑ Monthly claims
  - ❑ Rx trend
  - ❑ Business Health Coalition (BHC fees)
- ❑ The increase to the District for pharmacy is 1.5% for an estimated annual increase of \$148,778.
  - ❑ This increase is well below the District's average trend increase of 9.4% and industry trend of 12-14%.
  - ❑ The District has been able to keep the pharmacy costs down with the implementation of several cost savings programs:
    - ❑ Fraud, Waste and Abuse
    - ❑ Prior Authorization
    - ❑ Exclusive Specialty
    - ❑ Multiple Sclerosis Care Value Program

# RENEWAL SUMMARY-cont.



- ❑ Based on the marketing, the Ancillary coverages remained with the incumbent carriers. USI negotiated the rate guarantees below:
  - ❑ Dental with Delta Dental: 2 year rate guarantee, with rate cap for 3<sup>rd</sup> year; added Healthy Smiles, Healthy Lives Program – next renewal January 1, 2019.
  - ❑ Vision with VBA: 3 year rate guarantee – next renewal January 1, 2020.
  - ❑ Life and Accidental Death & Dismemberment (AD&D) with Cigna: 3 year rate guarantee – next renewal January 1, 2020.
  - ❑ Voluntary Life with Cigna: 3 year rate guarantee – next renewal January 1, 2020.
  - ❑ Short Term Disability (STD) with Cigna: 3 year rate guarantee – next renewal January 1, 2020.
  - ❑ Long Term Disability (LTD) with Cigna: 3 year rate guarantee – next renewal January 1, 2020.

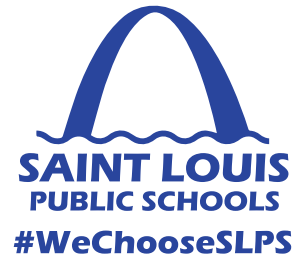
# 2018 DISTRICT COST FOR BENEFITS

District's Calendar Year Annual cost for **ACTIVE** employees. This includes premiums paid for Medical, Wellness, Rx, Dental, Vision, Life, STD, LTD, and EAP.

**Renew All current vendors. All medical and pharmacy copays continue to count towards the OOP Maximum.**

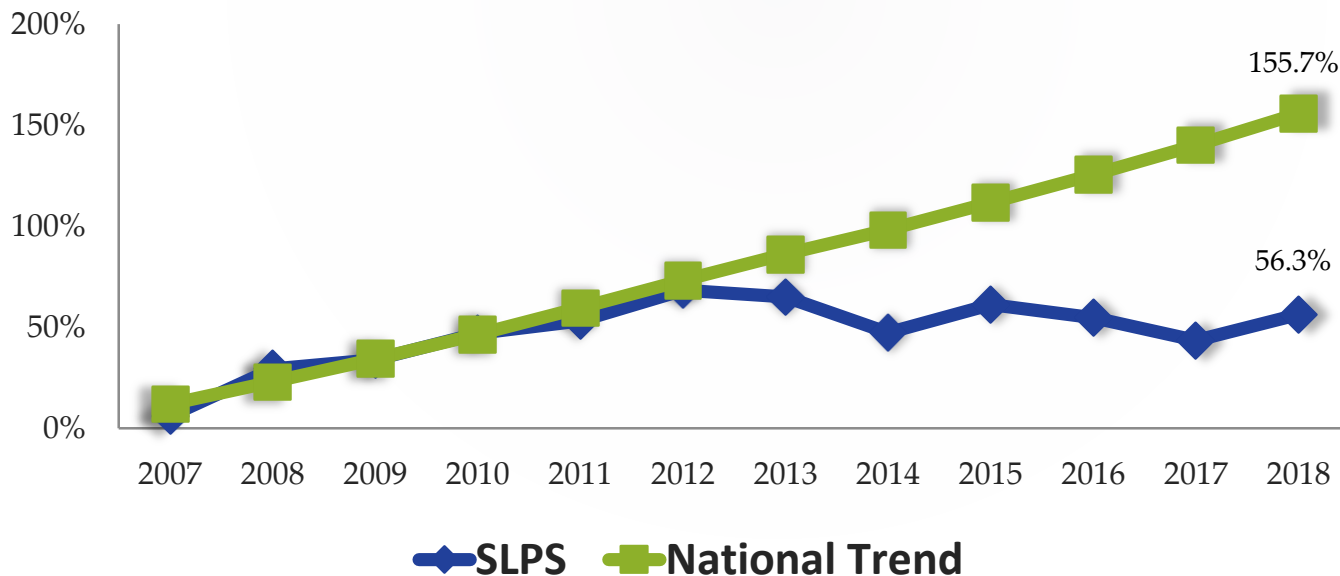
Coverage	Carrier	TOTAL Estimated Annual Premium			Employee Responsibility			District Responsibility		
		Current	Proposed	% Change	Current	Proposed	% Change	Current	Proposed	% Change
Medical	UHC	\$20,680,545	\$22,541,972	9.0%	\$2,590,706	\$2,823,873	9.0%	\$18,089,839	\$19,718,099	9.0%
Pharmacy	Express Scripts	\$10,926,186	\$11,090,191	1.5%	\$1,014,225	\$1,029,453	1.5%	\$9,911,960	\$10,060,738	1.5%
Wellness	UHC	Included above	Included above	0.0%	Included above	Included above	0.0%	Included above	Included above	0.0%
Dental	Delta of MO	\$1,660,447	\$1,660,447	0.0%	\$487,909	\$487,909	0.0%	\$1,172,538	\$1,172,538	0.0%
Vision	VBA	\$140,731	\$140,731	0.0%	\$71,595	\$71,595	0.0%	\$69,136	\$69,136	0.0%
Basic Life and AD&D	CIGNA	\$335,802	\$335,802	0.0%	\$0	\$0	0.0%	\$335,802	\$335,802	0.0%
Voluntary EE & Dep Life	CIGNA	\$327,896	\$327,896	0.0%	\$327,896	\$327,896	0.0%	\$0	\$0	0.0%
Short Term Disability	CIGNA	\$776,286	\$776,286	0.0%	\$0	\$0	0.0%	\$776,286	\$776,286	0.0%
Long Term Disability	CIGNA	\$509,911	\$509,911	0.0%	\$0	\$0	0.0%	\$509,911	\$509,911	0.0%
EAP	UHC	\$945	\$945	0.0%	\$0	\$0	0.0%	\$945	\$945	0.0%
<b>Total Premium</b>		<b>\$35,358,749</b>	<b>\$37,384,181</b>		<b>\$4,492,332</b>	<b>\$4,740,726</b>		<b>\$30,866,417</b>	<b>\$32,643,455</b>	
<b>Total Savings/Cost</b>			<b>\$2,025,432</b>			<b>\$248,394</b>			<b>\$1,777,038</b>	
<b>Percent of Change</b>			<b>5.7%</b>			<b>5.5%</b>			<b>5.8%</b>	

# DISTRICT RESPONSIBILITY PER EMPLOYEE PER MONTH 2010 THROUGH 2018 PROPOSED



	2010	2011	2012	2013	2014	2015	2016	2017	2018 Proposed
District Responsibility	\$28,509,576	\$27,822,986	\$27,249,754	\$28,260,446	\$27,583,817	\$30,799,608	\$31,927,961	\$30,866,417	\$32,643,455
Active Employee Headcount	3,751	3,639	3,227	3,393	3,602	3,618	3,641	3,555	3,629
Per Employee Per Month (pepm)	\$633.38	\$637.15	\$703.69	\$694.09	\$638.16	\$709.41	\$730.75	\$723.54	\$749.60
% Change From Prior Year		0.6%	10.4%	-1.4%	-8.1%	11.2%	3.0%	-1.0%	3.6%

## COMPOUNDED PREMIUM INCREASES – MEDICAL ONLY



# SLPS WELLNESS UPDATE

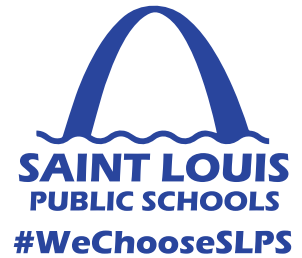


## ☐ SLPS Wellness Program with United Healthcare (UHC)

- ☐ District Wellness Day will be held on **Saturday, October 28, 2017 from 9 a.m. to 1 p.m.**
- ☐ United Health Care Real Appeal Weight Loss Program
  - ☐ No cost program to employees
  - ☐ Program rolled out to employees in March of 2017
  - ☐ 770 registered employees
  - ☐ 445 at risk members are enrolled
  - ☐ Total weight loss as of August 15 is 2,199 pounds
- ☐ District employees participated in American Heart Association Heart Walk on May 6, 2017.
- ☐ Wellness page added to the District's website under Staff tab.



# NEXT STEPS



- ☐ SAB Consideration of Recommendations
- ☐ JBC respectfully requests approval of the 2018 Benefit Plans at this meeting so that the employee communication and enrollment process can begin.

# QUESTIONS?