

# 2018 BENEFITS RENEWAL

Presentation to the Special Administrative Board

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# 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.

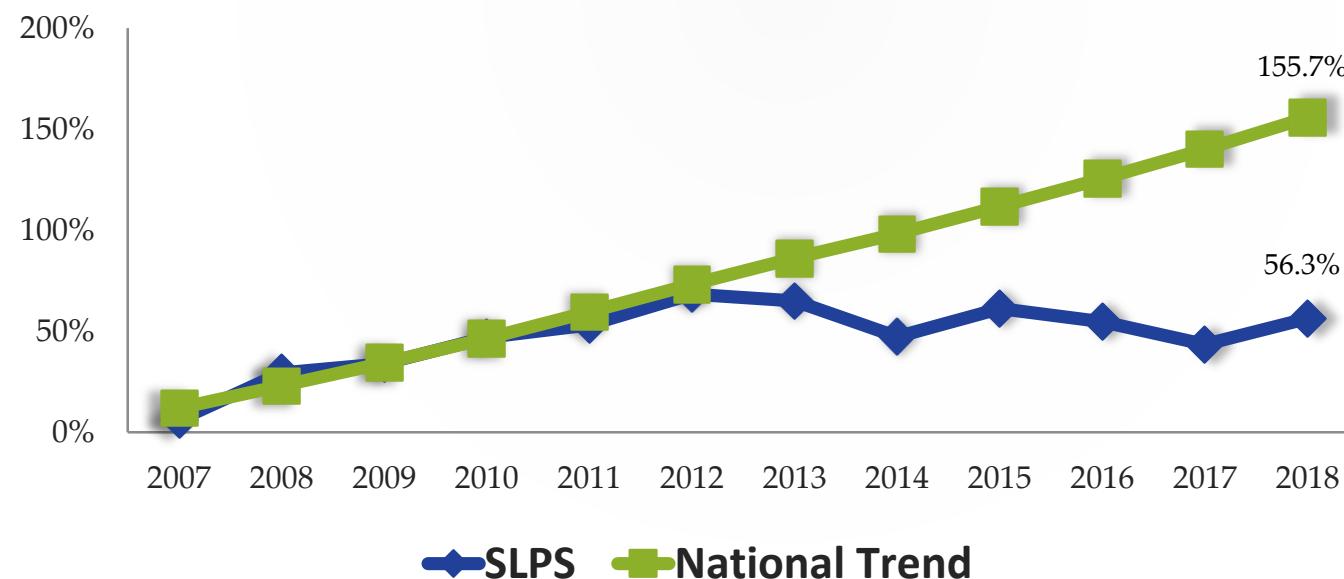
<b>Coverage</b>	<b>Carrier</b>	<b>TOTAL Estimated Annual Premium</b>			<b>Employee Responsibility</b>			<b>District Responsibility</b>		
		<b>Current</b>	<b>Proposed</b>	<b>% Change</b>	<b>Current</b>	<b>Proposed</b>	<b>% Change</b>	<b>Current</b>	<b>Proposed</b>	<b>% Change</b>
Medical	UHC	\$20,680,545	\$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?