Benefit Plan Comparison - 2016

CAMPBELL COUNTY SCHOOL DISTRICT

Current Plan verses State of Wyoming Employee Group Insurance Plan

An evaluation follows that compares the Benefits and Costs of the Health Insurance Programs available to the employees of CCSD#1, comparing :

- Wyoming School Boards Association Insurance Trust
- State of Wyoming

There are MANY different facets of a detailed comparison surrounding the benefits offered and how those benefits affect the participants of the Plan. The other major issue with benefits comparison, is how the administration of those benefits are handled (e.g.: The State Plan requires pre-certification for all "scans" (CT, MRI and PET), and routinely, the Administrator for the Plan, CIGNA, denies the procedures until all their necessary criteria has been completed; sometimes delaying the scan for 6 to 12 months; sometimes never approving the scan), and altering the "satisfaction" level of employees. Benefits are relatively easy to compare (more Black and White) while administration of benefits is not as easy.

The "easiest" comparison, however, are the "costs". But like everything else, there are always issues with cost comparison(s).

NOTES:

CURRENT Benefit Plan

Name:	Wyoming School Boards Association Insurance Trust (WSBAIT)
Type of Plan:	Partially Self-Insured Multiple Employer Welfare Arrangement (MEWA)
Plan Sponsor:	Wyoming School Boards Association
"Ownership"	Deficit / Surplus amounts are "owned" by the participating Districts
Governing "Body"	Trust Board of the WSBAIT Plan / Applicable Federal Entities, Laws and Regulations WSBA Board of Directors

The Current Benefit plans offered are: The Plans offered by CCSD#1 are Plans C, D and E.

Medical

	PLAN - B		PLAN - C		PLAN - D		PLAN - E	
Deductible Amount	Single	Family	Single	Family	Single	Family	Single	Family
	$1,000	$2,000	$2,500	$5,000	$2,600	$5,200	$5,000	$10,000
Dr. Office Co-Pay	Primary	Specialist	Primary	Specialist	Primary	Specialist	Primary	Specialist
Tier 1 or Tier 2 Network	$35	$75	$35	$75	Deductible & Co-Insurance		Deductible & Co-Insurance	
Non-Network **	Non-Network Ded & Coins		Non-Network Ded & Coins					
Rx Card	Preferred	Non-Preferred	Preferred	Non-Preferred	Preferred	Non-Preferred	Preferred	Non-Preferred
Generic	$0	$20	$0	$20	Deductible & Co-Insurance		Deductible & Co-Insurance	
Brand Name	$45	$85	$45	$85				
Specialty Rx	$250		$250					
Mail Order	2 1/2 x Monthly co-pay - 3 Month Supply		2 1/2 x Monthly co-pay - 3 Month Supply					
Hospital Co-Pay (per facility visit)	In-Patient	Out-Patient	In-Patient	Out-Patient	In-Patient	Out-Patient	In-Patient	Out-Patient
Tier 1 or Tier 2 Network	$0	$0	$0	$0	$0	$0	$0	$0
Non-Network **	$1,000	$500	$1,000	$500	$1,000	$500	$1,000	$500
Co-Insurance								
Tier 1 Network	80%	80%	100%	100%	100%	100%	100%	100%
Tier 2 Network	60%	60%	80%	80%	80%	80%	90%	90%
Non-Network **	50%	50%	50%	50%	50%	50%	50%	50%
TOTAL Out-of-Pocket *(including Deductible, Co-insurance, Office Visit and RX Co-Pays)*								
Tier 1 Network	$5,600	$11,200	$6,000	$12,000	$2,600	$5,200	$5,000	$10,000
Tier 2 Network	$6,500	$13,000	$6,500	$13,000	$3,500	$7,000	$5,500	$11,000
Non-Network	$10,000	$20,000	$11,500	$23,000	$6,500	$13,000	$8,000	$16,000

** Non-Network Out-of-Pocket Amount does NOT include amounts in excess of the 70th percentile of Reasonable and Customary.

NOTES:

The WSBAIT Plan:

- is a non-grandfathered Plan under the Affordable Care Act (ACA)
- is a plan that complies with all the coverage/benefit requirements under ACA; complies with applicable State regulations
- is a two tiered PPO network benefit plan that pays "better" (lower out-of-pocket costs) at cost effective providers
    * In emergencies, all providers are "Tier 1"
    * In maternity situations, all providers are "Tier 1"
- due to negotiated discounts with Tier 1 providers, the portion of the bill paid by employees (their co-insurance) is less
- on renewals, CCSD#1 is considered 85% "credible"; meaning there are benefits and risks at renewal time based on loss ratio
- is one that promotes an active Wellness program. The Plan provides/pays for annual Wellness exams from Campbell County Health.
    * if participation meets/exceeds 65%, rates are reduced by 2%
    * if participation meets/exceeds 85%, rates are reduced by 4%

There are some costs and potential revenues of "getting out" of WSBAIT:

- Terminal Costs

  CCSD#1 must pay all claims incurred prior to termination but not paid until after termination. The current estimate is:

  $3,641,673

- YTD Deficit Costs

  $12,417

- Surplus Ownership

  All participating Districts "own" their pro-rata share of the surplus and/or deficit of the WSBAIT plan. That surplus amount is paid out over a period of 3 years following termination. The actual amount of the surplus is calculated by the Trust's auditor and a report is distributed annually to Trust Board members. In last year's audit report supplied to CCSD#1, the amount reported was: $2,179,930 (x 75% divided by 3 = $545,000 per year)

The 2016/17 rates being charged by WSBAIT are:

	Enrollment	Plan C	Enrollment	Plan D	Enrollment	Plan E
Employee Only	148	$878.12	208	$815.73	30	$623.49
EE & Spouse	90	$1,761.34	114	$1,631.47	11	$1,247.00
EE & Child(ren)	53	$1,600.51	76	$1,485.37	2	$1,135.33
EE & Family	121	$2,246.43	219	$2,086.81	16	$1,595.04
	$645,127.42		$925,558.93		$60,213.00	
	$1,630,899.35			$19,570,792.20		
	Monthly			Annually		

** Enrollment is based on September 2016 employee participation.

** Premiums are based on the 4% discount for Health Incentive participation

Minus Employee Contributions:

	Enrollment	Plan C	Enrollment	Plan D	Enrollment	Plan E
Employee Only	148	$658.12	208	$611.73	30	$467.49
EE & Spouse	90	$1,415.34	114	$1,310.47	11	$1,002.00
EE & Child(ren)	53	$1,160.51	76	$1,077.37	2	$823.33
EE & Family	121	$1,721.43	219	$1,598.81	16	$1,196.04
	$494,582.42		$708,652.93		$45,830.00	
	$1,249,065.35			$14,988,784.20		
	Monthly			Annually		

Additionally, CCSD#1 contributes to Participant HSA Accounts (Plans D and E);

	Plan D	Plan E
Employee Only	$81.00	$94.00
EE & Spouse	$148.00	$170.00
EE & Child(ren)	$163.00	$187.00
EE & Family	$208.00	$239.00

Plan D	$91,660.00	
Plan E	$8,888.00	
TOTAL	$100,548.00	monthly

NOTES:

NOTES:

The State EGI Plan

Name:	Wyoming State Employees' and Officials' Group Insurance
Type of Plan:	Totally Self-funded 415(a) Welfare Benefit Plan
Plan Sponsor:	State of Wyoming
"Ownership"	Deficit and Surplus amounts are owned/controlled by the State
Governing "Body"	A 10 member "Advisory Panel" consisting of 8 appointed members and 2 designated members from the State Insurance Department and the Governor's Office

The Current Benefit plans offered are: (2015/16 Benefits)

	Option - 1	Option - 2	Option - 3	Option - 4
Deductible Amount				
Single	$350	$750	$2,000	$1,500
Family	$700	$1,500	$4,000	$3,000
"Aggregated" (Y/N)	N	N	N	Y
HSA Eligible (Y/N)	N	N	N	Y
Wellness Exams	100%	100%	100%	100%
Co-Insurance				
Wyoming In-Network	85%	85%	85%	85%
Wyoming Non-Network	80%	80%	80%	80%
Non-Wyoming In-Network	80%	80%	80%	80%
Non-Wyoming Non-Network	60%	60%	60%	60%
Out-of-Pocket Maximums (Single/Family)				
Wyoming In-Network	$2,350 / $4,750	$2,750 / $5,500	$4,000 / $8,000	$3,500 / $6,850
Wyoming Non-Network	$4,350 / $8,700	$4,750 / $9,500	$6,000 / $12,000	$5,500 / $11,000
Non-Wyoming In-Network	$2,350 / $4,750	$2,750 / $5,500	$4,000 / $8,000	$3,500 / $6,850
Non-Wyoming Non-Network	$6,350 / $12,700	$6,750 / $13,500	$8,000 / $16,000	$7,500 / $15,000
Rx Co-pays				
Generic	$10	$10	$10	Scripts paid as all other costs after deductible amount
Preferred Brand	$20	$20	$20	
Non-Preferred Brand	$50	$50	$50	
Specialty	$80	$80	$80	
Doctor Office Co-pays	Does Not Apply	Does Not Apply	Does Not Apply	Does Not Apply

*** PLUS an Additional OOP Amount of $600 per person per year for Emergency Room Co-pays ($100 co-pay, then co-insurance)*

*** PLUS an Additional $2,000 Single / $4,000 Family Out-of-Pocket for Rx Card Co-pays (NOT including Non-preferred Brand Co-pays)*

There are many wording / benefit description areas which would need explored in much more detail if pursuit of the State Plan is desired. Three of those are:

1. "Ambulance services, including air ambulance services to the nearest treatment center with adequate available facilities is payable under this Plan."
   <u>Question</u>: Who defines what is "adequate available services"? The State currently is "fighting" in court about $2 million in charges from Air Ambulance providers who balanced billed participants ... so it is a BIG issue Statewide.
2. An excluded item in the pharmacy side is "Allergy serums." This is not currently excluded in the WSBAIT Plan.
3. A listed exclusion is, "An accidental injury or sickness for which the person on whom the claim is presented is entitled to indemnity under the terms of any Worker's Compensation or similar law. This applies whether or not such person has declined participation under the law."
   <u>Question</u>: How would this work for Districts who opt to NOT include Workers Compensation coverage on non-extra-hazardous employees (e.g.: Teachers) ... even though it IS available through the State?

NOTES:

<u>The State EGI Plan</u>

The Rates:

In order to make a comparison, we have to "place" employees in the closest applicable plan with the State as to where they are currently enrolled ... but; because of the manner in which the State's plan is handled, the actual premium charged <u>to the District</u> is different than the premium "allocated" to participants. The most "expensive" plan premium for Employee Only coverage is $122.53 (2016 Rates). Because of the variation of benefits and rates (plans chosen by employees) likely at enrollment, actual amounts paid by the group as a whole would vary substantially from the comparison below.

- Current Plan "C" enrollees will be placed in Plan "3"
- Current Plans "D" and "E" enrollees will be place in Plan "4"

2017 RATES

	Enrollment	Plan 3	Enrollment	Plan 4	Enrollment	
Employee Only	148	$742.08	238	$751.85	0	
EE & Spouse	90	$1,493.58	125	$1,513.76	0	
EE & Child(ren)	53	$1,126.41	78	$1,141.63	0	
EE & Family	121	$1,717.34	235	$1,746.86	0	
	$511,747.91		$867,719.54		$0.00	
	$1,379,467.45			$16,553,609.40		
	Monthly			Annually		

** Observation: The Participant + Child(ren) rate is severely discounted verses the WSBAIT rates

The ACTUAL employer contribution amount (required by the State) varies from above, and, it is based on the number of "eligible" participants. The State requires full contribution if:

- an employee is working at the 20 hour per week level. This may include MANY additional "eligible" participants (e.g.: bus drivers, food service, para-professionals, custodial, etc.)
- the employee elects ANY other coverage (life, dental, etc.)

The required contribution (regardless of plan selection by employee, is: (based on current enrollees ... 1,097 employees))

	Enrollment	ER	Enrollment		Enrollment	
Employee Only	386	$752.96				
EE & Spouse	215	$1,498.88				
EE & Child(ren)	131	$1,145.07				
EE & Family	356	$1,714.46				
	$1,373,253.69		$0.00		$0.00	
	$1,373,253.69			$16,479,044.28		
	Monthly			Annually		

NOTES:

One challenge is determining an "estimate" of what actual enrollment would likely be. There are an infinite number of variables that would/could influence actual enrollment and cost to the District. The least expensive option is looking at enrolling all participants at the "Employee Only" level. The District has 1,744 "eligible" employees at the 20 hour level (an additional 647).

	Enrollment	ER	Enrollment		Enrollment	
Employee Only	1033	$752.96			0	
EE & Spouse	215	$1,498.88			0	
EE & Child(ren)	131	$1,145.07			0	
EE & Family	356	$1,714.46			0	
	$1,860,418.81		$0.00		$0.00	
	$1,860,418.81			$22,325,025.72		
	Monthly			Annually		

Just enrolling these employees at the "Employee Only" costs increases the District's cost by:

- $5.8 million higher than the State's costs from current enrollment; a 35% increase
- $7.3 million higher than the current expenditure with WSBAIT (gross premium minus employee contributions)

If the 1,744 employee enrolled at the same demographic split as the current group is enrolled, the numbers would be:

	Enrollment	ER	Enrollment		Enrollment	
Employee Only	614	$752.96			0	
EE & Spouse	342	$1,498.88			0	
EE & Child(ren)	208	$1,145.07			0	
EE & Family	566	$1,714.46			0	
	$2,183,185.45		$0.00		$0.00	
	$2,183,185.45			$26,198,225.36		
	Monthly			Annually		

Enrolling these employees, at this demographic, increases the District's cost by:

- Almost $10 million higher than the State's costs of current enrollment; a 65% increase
- $11.3 million higher than the current expenditure with WSBAIT (gross premium minus employee contributions)

*** The amount shown from the State is the REQUIRED employer contribution*

NOTES:

One of the chief attractions of the State EGI Plan is the retiree benefits available to participants. Those benefits allow for participants that have reached the "Rule of 85" and age 50 to retire and remain on the State's plan "forever" ... even dependent(s) are allowed to remain on for life. There are "costs" assessed to the employer for having this option. Those "fees/costs" are:

1. A charge of $11.50 per year of service (up to 30 years of service) for each pre-65 retiree.
   a. If the District had 100 pre-65 retirees who average 25 years of service, the annual cost would be $345,000
2. A charge of $5.75 per year of service (up to 30 years of service) for each post 65 retiree.
   a. If District had 30 post 65 retirees who averaged 25 years of service, the annual cost would be $51,744.
3. A subsidy charge to the District of up to 1% of payroll for the retiree program. The current number is .6%.
   a. Based on current payroll of $84 million, the maximum number is $840,000 per year. Current number is $504,000 /year.
   b. It is also important to note, that this is a REQUIRED advance payment (at the beginning of each plan year).

From the "K-12 OPT-IN HANDBOOK", pages 19, 20, it says (additional details regarding Employer Costs):

Retirees

Retirees in the State plan receive a monthly employer contribution at the rate of eleven dollars and fifty cents ($11.50) per year of service up to a maximum of thirty (30) years of service for those retirees who are not Medicare eligible, and at the rate of five dollars and seventy-five cents ($5.75) per year of service up to a maximum of thirty (30) years of service for those retirees who are Medicare eligible. The retiree subsidy for retirees covered by the District at the time the district joins the State plan will be based on the years of service for participating entities with the State at the point the District joins the State program. The retiree subsidy for employees who retire after the District joins the State plan will be based on the years of service for participating entities with the State at the point the employee retires.

Participating Entities all pay into the health insurance benefits account created by 2008 Wyoming Session Laws, Chapter 48, Section 303 each pay period an amount up to one percent (1.0%), as established by the Department of Administration and Information, of each benefit eligible employee's salary. Participating entities will be required to pay EGI this amount for retirees on the program prior to the District opting into the State's program. Currently, participating entities are being assess .6% which to date has been sufficient to fund retiree subsidy contributions. Participating entities are required to provide the State Auditor with a monthly contribution of .6% of eligible employee's payroll which will be used to provide employer contributions for retirees who retire while the District is a participating entity.

Including ALL of the Costs for coverage, and how it impacts the CCSD#1 Budget:

Current WSBAIT Premium - Current Enrollment		$19,570,792.20	
MINUS Employee Contribution(s)	-	$4,582,008.00	
PLUS Current HSA Contributions by Employer	+	$1,206,576.00	
CURRENT NET Total	=	$16,195,360.20	
State EGI Employer Contribution - Anticipated Enrollment		$26,198,225.36	
EGI Retiree ASSUMED Fixed Costs	+	$396,744.00	
EGI Retiree ASSUMED Payroll Fee	+	$504,000.00	
CURRENT Cost of Exiting WSBAIT			
Anticipated IBNR Cost	+	$3,641,673	
Anticipated "Deficit" Costs	+	$12,417	
Anticipated "Surplus" Ownership	+	$2,179,930	Payable over 3 years
			Percentage Change above Current Cost
TOTAL - Using Anticipated Enrollment	=	$28,573,129.36	***76.43%***
TOTAL - Using "Minimal" EGI Impact	=	$24,699,929.72	***52.51%***

NOTES:

SUMMARY:

There are reasons to go "ahead" with the State's EGI Plan, but none of them have to do with the CCSD#1 budget. The reasons to consider the State's plan are:

* The Retiree program. Employees that get in the Plan can "stay there" for life if they wish
* The Out-of-Pocket premium costs for Employees. Due to the mandated level of employer cost, the cost to participants is less ... increasing their satisfaction level
* The employees would have an option for a lower deductible plan than is available with WSBAIT (a $350 deductible)

The reasons to not participate in the State's Plan are:

* Simply stated ... money. A realistic Dollar amount of the increase would be: $8,504,569.52 new money
  - The District could "fund" this if all employees of the District would accept a 9% salary reduction
* HSA participants would be losing their Employer Contribution in the numbers above, unless the District increased the line item in the budget.
  - To keep it equal, the salary reduction would need to be 11% if the District were to continue the contribution and if the enrollment remained consistent (and the District wished to participate in the State's Plan)
* The benefits offered by the State's plan are, in several instances, not as good as current.
* The District would be locked in to the State in 5 year increments, and if the District ever decided to leave, retirees would come back to the District (be the District's obligation)
* The Retiree "costs" would continue to escalate as the number of enrollees escalated and payroll costs increase