

Worthington City School District



A Look at Health Insurance

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Health Insurance Plan

- 2006 Switched from 3 PPO plans to 1 High Deductible Health Plan(HDHP) w/ HSA
 - Significant cost savings
 - Benefits of having everyone on same plan – no adverse selection
 - Fully insured
 - Deductible currently \$1,500 single & \$3,000 Family
 - Insurance company was United Health Care
 - Switched to Medical Mutual of Ohio in 2012



Fully Insured Model

- Insurance company owns all financial risk & reward
 - Network of providers
 - Claims
 - Administrative cost
 - Stop loss individual & aggregate
 - Pharmacy
- Third party advisor – consults & advises
- 2005 - 2013



Self Insured Model

- School District retains and manages risk and reward
 - Third party advisor – Gallagher
 - Insurance company
 - Network of providers
 - Administration of claims processing
 - Pharmacy network
 - Stop loss insurer
 - District
 - Claims
 - Insurance company administrative cost
 - Stop loss individual & aggregate
 - Pharmacy
- **2014 - Current**

Self Insured Model

- Health Insurance is a calendar year program
- Stop loss insurance
 - Specific @ \$150K
 - Aggregate @ 120% of expected claims
- Program year / Funding % of expected claims / Cash balance
 - 2014 120% \$ 5,200,000
 - 2015 105% \$ 9,800,000
 - 2016 109% \$10,600,000
 - 2017 100% \$10,200,000 Est
- Rate changes
 - 2014 3.5%
 - 2015 8.6%
 - 2016 (8.0%)
 - 2017 (6.7%)

Self Insured Model

- How do we determine the proper premium rate?
 - Third party advisor – Gallagher
 - Actuaries provide an analysis to determine expected claims
 - Insurance committee
 - Discuss reserve level vs risk
 - Determine appropriate funding level for the year
 - Treasurer
 - Recommends the rate to the Board
- **2018 Increase 7.14% to obtain funding level of 95% of expected claims**
 - **Intend to spend down a portion of reserve (risk is approx. \$4M)**

What is driving our increase?

- Medical inflation
- Prescription cost
- Higher cost average claimant

How can we control cost?

- Union Agreements have a provision of a “Cap” on the premium rates minimize the cost to taxpayers
 - WEA – Family premium cannot exceed \$1,927 / Single \$714
 - WESP – Family premium cannot exceed \$2,000 / Single \$740.5
- COSSO – Central Ohio School Stop-Loss Organization
 - 4 Districts started 1/1/17
 - Estimated savings \$350K
 - Profit sharing if < 75%
- Pharmacy carve out (Future?)

Plan Design Changes?

- Coinsurance % or \$
 - Emergency room visits
 - Pharmacy
 - After deductible
- Spousal exclusion / surcharge
- Increase deductible
- Decrease H.S.A. contribution
- Limit network
 - Pharmacy
 - Hospital

Questions?