



Socorro ISD
Workshop Meeting
Tuesday, December 8, 2020 5:30 PM



Agenda of Workshop Meeting

The Board of Trustees Socorro ISD

A Workshop meeting of the Board of Trustees of Socorro ISD will be held December 8, 2020, beginning at 5:30 PM in the District Service Center Board Room, 12440 Rojas Drive, El Paso, Texas 79928.

This is a workshop for the Board of Trustees. No action will be taken on any item posted on this agenda.

1. CALL TO ORDER

2. BOARD WORKSHOP

A. Health Plan Design Changes for 2021-2022 School Year

Presenter: Mario Carmona

INFO: **Administration will provide a presentation of the health fund projection assumptions, plan design options and change recommendations to the Board of Trustees.

If, during the course of the meeting, discussion of any items on the agenda is required to be held in a closed meeting, the Board shall conduct a closed meeting as to that item in accordance with Chapter 551, Subchapters D and E, Texas Government Code, the Texas Open Meetings Act.

BOARD AGENDA ITEM

<p>Topic: Health Plan Design Changes for 2021-2022 School Year</p> <p>Requested By: Mario Carmona, Director of Benefits and Risk Management</p> <p>Division Approval: Jose Espinoza, Ed.D. Superintendent of Schools</p>	<p>Board Meeting Date Requested: December 8, 2020</p> <p>Approximate Time For: Presentation: <input checked="" type="checkbox"/> _____</p> <p>Discussion: _____</p> <p>Reading Material: Attached _____</p> <p>Not Necessary _____</p>
<p>Action Requested: Information only</p>	<p>Action Needed by: _____</p> <p>Information Only: _____</p>
<p>People Participating In Presentation (If Other Than Cabinet Members):</p>	<p>Who Has Been Involved? (List)</p>
<p>How Will It Benefit The District's Mission/Goals?</p>	<p>How Will Request Be Financed?</p> <p>Cost To District: None</p>

Summary of Topic (Need, Program Description, Recommendation, Timeline)

Administration will provide a presentation of the health fund projection assumptions, plan design options and change recommendations to the Board of Trustees.

Attachments (List): Presentation

Action Taken:

Follow-up Responsibility:

Submit Ten (10) Days before Board Meeting

Socorro ISD

Board Workshop Update Plan projections for FY 22 (7/1/21 – 6/30/22)

Lou Arias, Gary Hysell | December 8, 2020



Insurance | Risk Management | Consulting



Plan History

7/1/18-6/30/19					
	<u>Premier</u>	<u>Basic</u>	<u>H.S.A</u>	<u>Indemnity</u>	<u>Total</u>
Budget	\$20,673,495	\$26,033,053	\$564,320	\$1,186,800	\$48,457,668
Actual	\$29,486,161	\$23,144,134	\$467,489	\$31,941	\$53,129,725
Surplus / Deficit	(\$8,812,666)	\$2,888,919	\$96,831	\$1,154,859	(\$4,672,057)
Enrollment					5,361

7/1/19-6/30/20					
	<u>Premier</u>	<u>Basic</u>	<u>H.S.A</u>	<u>Indemnity</u>	<u>Total</u>
Budget	\$18,235,660	\$30,060,996	\$755,650	\$1,402,425	\$50,454,731
Actual	\$28,503,546	\$27,560,071	\$482,196	\$35,001	\$56,580,814
Surplus / Deficit	(\$10,267,886)	\$2,500,925	\$273,454	\$1,367,424	(\$6,126,083)
Enrollment					5,455

7/1/20-10/31/20					
(4 months)					
	<u>Premier</u>	<u>Basic</u>	<u>H.S.A</u>	<u>Indemnity</u>	<u>Total</u>
Budget	\$6,026,500	\$10,212,240	\$237,145	\$470,350	\$16,946,235
Actual	\$9,147,442	\$9,965,864	\$220,237	\$10,878	\$19,344,421
Surplus / Deficit	(\$3,120,942)	\$246,376	\$16,908	\$459,472	(\$2,398,186)
Enrollment					5,489

Budget includes employee contributions and SISD contribution at \$575 monthly per employee

Actuals include paid claims, administration and stop loss premiums



Projection Assumptions

- I. Effective date 7/1/21
- II. Originally used 12 months of claims (10/1/19 – 9/30/20)
 - A. Updated using 11/1/2019 – 10/31/2020
- III. Administration fee – 3% increase
- IV. Stop Loss – 20% increase on ISL, 5% for ASL
- V. Trend was 5.8% for medical, 7.7% for Rx
- VI. No migration between plans
- VII. Current Benefits remain
- VIII. Estimated Rx rebates included

Original overall rate action of +27.6%

UPDATED RATE ACTION OF +24.9%



Options for changes

- I. Continue current contributions for Premier and Basic plan
- II. Increase deductible for Premier plan by \$200 single / \$400 family
- III. Increase deductible for Basic plan by \$200 single / \$400 family
- IV. Per SISD staff, move \$4M from General fund into benefit plan

Plan change summary

Deductible changes



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Current Benefits	<u>Premier Plan</u>		<u>Basic Plan</u>		<u>H.S.A Plan</u>	
	<u>In Network</u>	<u>Out of Network</u>	<u>In Network</u>	<u>Out of Network</u>	<u>In Network</u>	<u>Out of Network</u>
Deductible (Single)	\$650	\$1,000	\$1,000	\$1,600	\$3,000	\$6,000
Deductible (Family)	\$1,300	\$2,000	\$2,000	\$3,200	\$6,000	\$12,000
Co-insurance	90%	50%	80%	50%	100%	50%
Out of pocket (Single)	\$3,500	Unlimited	\$4,000	Unlimited	\$3,000	Unlimited
Out of Pocket (Family)	\$7,000	Unlimited	\$8,000	Unlimited	\$6,000	Unlimited
ER	\$200 per visit (copay waived if admitted) then plan pays 90%		\$200 per visit (copay waived if admitted) then plan pays 80%		\$200 per visit (copay waived if admitted) then plan pays 80%	
Pharmacy	\$0/\$40/\$80	50%	\$0/\$40/\$80	50%	Ded / coins	Ded / coins

Plan changes	<u>In Network</u>		<u>Out of Network</u>		<u>In Network</u>		<u>Out of Network</u>	
	<u>In Network</u>	<u>Out of Network</u>	<u>In Network</u>	<u>Out of Network</u>	<u>In Network</u>	<u>Out of Network</u>	<u>In Network</u>	<u>Out of Network</u>
Deductible (Single)	\$850	\$1,300	\$1,200	\$2,000	No Changes			
Deductible (Family)	\$1,700	\$2,600	\$2,400	\$4,000				
Co-insurance	90%	50%	80%	50%	No Changes			
Out of pocket (Single)	\$3,500	Unlimited	\$4,000	Unlimited				
Out of Pocket (Family)	\$7,000	Unlimited	\$8,000	Unlimited	No Changes			
ER	\$200 per visit (copay waived if admitted) then plan pays 90%		\$200 per visit (copay waived if admitted) then plan pays 80%					
Pharmacy	\$0/\$40/\$80	50%	\$0/\$40/\$80	50%	Ded / coins	Ded / coins	Ded / coins	Ded / coins

Summary of plan changes resulting surplus / deficit



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	<u>Total</u>	<u>Employee portion</u>	<u>SISD Portion</u>	<u>SISD PEPM</u>
7/1/2020 Budget	\$50,628,732	\$12,934,032	\$37,694,700	\$575.00
Needed Budget (7/1/2021)	\$63,248,632			
% Difference	24.9%			
\$ Difference	(\$12,619,900)			

<u>Areas to consider</u>	<u>Employee contribution</u>	<u>Estimated Savings</u>	<u>Impacted area</u>	<u>Net Surplus / (Deficit)</u>
1) General Fund of \$4M	No changes	(\$4,000,000)	None	(\$8,619,900)
2) Premier plan - Increase deductible by \$200 single / \$400 family	No changes	(\$593,947)	Premier Plan	(\$8,025,953)
3) Basic plan - Increase deductible by \$200 single / \$400 family	No changes	(\$1,197,799)	Basic Plan	(\$6,828,154)
Grand Total - all considerations		(\$5,791,746)		

By moving \$4M from General Fund, and increasing deductibles on both the Premier and Basic plans, the District will be short by approximately \$6.8M.



Next Steps

- I. Discuss plan changes
- II. Contributions for each plan
- III. Additional plan changes for 7/1/2021
- IV. Bid stop loss for 7/1/2021 in April / May
- V. Communicate for 7/1/2021 OE
- VI. Consider bidding medical plan for 7/1/2022 in 1Q 2021 to allow time to quote / possibly implement

Disclaimers

- **Solvency Policy Disclaimer-** While GBS does not guarantee the financial viability of any health insurance carrier or market, it is an area we recommend that clients closely scrutinize when selecting a health insurance carrier or HMO. There are a number of rating agencies that can be referred to including, A.M. Best, Fitch, Moody's, Standard & Poor's, and Weiss Ratings (TheStreet.com). Generally, agencies that provide ratings of U.S. Health Insurers, including traditional insurance companies and other managed care (e.g., HMO) organizations, reflect their opinion based on a comprehensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile. However, these ratings are not a warranty of an insurer's current or future ability to meet its contractual obligations.
- **Renewal/Financial Disclaimer-** This analysis is for illustrative purposes only, and is not a proposal for coverage or 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. See your policy or contact us for specific information or further details in this regard.
- **Legal Disclaimer-** The intent of this analysis [report, letter, etc.] is to provide you with general information regarding the status of, and/or potential concerns related to, your current employee benefits environment. It should not be construed as, nor is it intended to provide, legal advice. Laws may be complex and subject to change. This information is based on current interpretation of the law and is not guaranteed. Questions regarding specific issues should be addressed by legal counsel who specializes in this practice area.

Thank You!

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