



South Washington County Schools

Keith Jacobus, Ph.D., Superintendent

District Service Center

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ADMINISTRATIVE REPORT

TO: Members of the School Board
Keith Jacobus, Superintendent

FROM: Kevin Witherspoon, Director of Human Resources

DATE: August 6, 2020

TOPIC/PURPOSE OF REPORT: Contract Approval with New Health Insurance Carrier

REFERENCE TO POLICY/STRATEGIC PLAN: Policy 701, Establishment and Adoption of School District Budget

RECOMMENDED BOARD ACTION: Approval to Award the contract for employee group health insurance to HealthPartners

DATE FOR BOARD ACTION: August 13, 2020

REPORT

The Health Insurance Transparency Act (HITA), requires that all school districts must make requests for proposals at least 150 days prior to the expiration of the existing contract but not more than once every 24 months. The District's contract with PreferredOne expires on December 31, 2020. Thus, the District administration worked with our health consultants, Gallagher Benefit Services, to advertise and receive responses to a Request for Proposal from 7 health insurance vendors: PreferredOne, Medica, PEIP, HealthPartners, BCBS of MN, Allina/Aetna and United Health Care. The initial proposals were opened on June 5, 2020 in the presence of 3 teacher union representatives with 6 of the 7 vendors providing both fully insured proposals and 4 of the 7 vendors providing self-insured proposals for the 2021 and 2022 plan years. Allina/Aetna declined to quote. The District then asked Gallagher Benefit Services to request best and final proposals from the 6 vendors and 4 of the 6 responded with second quotes; PEIP and BCBS of MN's original proposals were their final proposals. The best and final proposals were opened by the District on June 12, 2020. HealthPartners was clearly the best option in terms of both service and cost for the district with a 4.4% aggregate increase to rates effective January 1, 2021 and a (maximum of) 10% rate cap increase January 1, 2022.

Administration recommends approval of the HealthPartners 2-year contract for health insurance in 2021 – 2022.

	PreferredOne Current			PreferredOne PROPOSAL			HealthPartners PROPOSAL		
	Plan 1 \$1000 Ded Plan	Plan 2 \$25 OA	Plan 3 \$15 OA	Plan 1 \$1000 Ded Plan	Plan 2 \$25 OA	Plan 3 \$15 OA	Plan 1 \$1000 Ded Plan	Plan 2 \$25 OA	Plan 3 \$15 OA
Enrollment									
Employee only	773	48	70	773	48	70	773	48	70
Family	1,230	22	27	1,230	22	27	1,230	22	27
Total	2,003	70	97	2,003	70	97	2,003	70	97
Rates									
Employee only	\$571.37	\$646.89	\$652.62	\$633.65	\$717.40	\$723.76	\$596.13	\$676.50	\$691.65
Family	\$1,531.29	\$1,733.65	\$1,749.03	\$1,698.20	\$1,922.62	\$1,939.67	\$1,597.64	\$1,813.05	\$1,853.63
Estimated Monthly Premium	\$2,325,156	\$69,191	\$92,907	\$2,578,597	\$76,733	\$103,034	\$2,425,906	\$72,359	\$98,464
Estimated Annual Premium	\$27,901,869	\$830,292	\$1,114,887	\$30,943,169	\$920,794	\$1,236,411	\$29,110,868	\$868,309	\$1,181,562
Estimated Total Monthly Premium	\$2,487,254			\$2,758,365			\$2,596,728		
Estimated Total Annual Premium	\$29,847,047			\$33,100,375			\$31,160,740		
Change over Current (%)				10.90%			4.40%		
Change over Current (\$)				\$3,253,328			\$1,313,692		
Change over Current (%)				10.90%	10.90%	10.90%	4.33%	4.58%	5.98%
Change over Current (\$)				\$3,041,300	\$90,502	\$121,525	\$1,209,000	\$38,017	\$66,676

HEALTHPARTNERS MONTHLY PREMIUM		
PLAN OPTIONS	FAMILY	SINGLE
Open Access High Deductible	\$1,597.64	\$596.13
Open Access \$15 Copay	\$1,853.63	\$691.65
Open Access \$25 Copay	\$1,813.05	\$676.50