



South Washington County Schools

Keith Jacobus, Ph.D., Superintendent

District Service Center

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ADMINISTRATIVE REPORT

TO: Members of the School Board
Dr. Keith Jacobus, Superintendent

FROM: Dr. Kevin Witherspoon, Director of Human Resources

DATE: August 17, 2018

TOPIC/PURPOSE OF REPORT: Contract approval with PreferredOne for Group Health Insurance

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

RECOMMENDED BOARD ACTION: Award the contract for employee group health insurance for the 2-year period from January 1, 2019 - December 31, 2020 to PreferredOne at an aggregate premium rate decrease of 6% for the 2019 plan year, and a cap of 6% premium increase for the 2020 plan year.

DATE FOR BOARD ACTION: August 23, 2018

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 HealthPartners expires on December 31, 2018. Thus, the District administration worked with our health consultants, Gallagher Services, to advertise and receive responses to a Request for Proposal from 5 health insurance vendors: HealthPartners, BlueCross/Blueshield, Medica, PreferredOne, and PEIP (Public Employees Insurance Plan) in March of 2018. The bids were opened on May 1, 2018, in the presence of 3 teacher union representatives, with 2 of the 5 vendors providing both fully insured as well as self-insured quotes for the 2019 and 2020 plan years. The District then asked Gallagher Services to request second proposals from the 5 vendors, and the vendors responded with second quotes that were opened by the District on May 10, 2018. PreferredOne was clearly the best option in terms of both services and cost for the District, with a 6% aggregate decrease in 2019, and a 6% maximum cap increase in 2020.

Administration recommends acceptance of the PreferredOne 2-year contract for health insurance 2019 and 2020.

	HealthPartners			PreferredOne		
	Plan 1 \$1000 Ded Plan	Plan 2 \$25 OA	Plan 3 \$15 Select	Plan 1 \$1000 Ded Plan	Plan 2 \$25 OA	Plan 3 \$15 Select
Rates						
Employee Only	615.77	694.67	688.23	530.03	605.40	600.08
Family	1,648.77	1,860.02	1,842.76	1,420.49	1,622.48	1,608.21
Estimated Monthly Premium	2,305,711	180,059	61,143	1,986,139	156,993	53,335
Estimated Annual Premium	27,668,528	2,160,705	733,713	23,833,672	1,883,913	640,020
Estimated Total Monthly Premium		2,546,912			2,196,467	
Estimated Total Annual Premium		30,562,945			26,357,605	
Change over Current (%)		9.00%			-6.00%	
Change over Current (\$)		2,523,538			(1,681,802)	
Change over Current (%)	9.13%	7.79%	7.73%	-6.00%	-6.02%	-6.02%
Change over Current (\$)	2,314,757	156,119	52,661	(1,520,097)	(120,673)	(41,032)

HEALTH PARTNERS MONTHLY PREMIUM		
PLAN OPTIONS	FAMILY	SINGLE
Open Access High Deductible	\$ 1,510.83	\$ 564.26
Select Choice	\$ 1,710.51	\$ 638.83
Open Access	\$ 1,725.62	\$ 644.48