

# Health Insurance



Change in Joint Powers Agreement

# Santa Cruz County Schools Health Insurance Group (SCCASHIG)



- Eight Member Districts (1,096 lives)
  - Bonny Doon
  - Happy Valley
  - Live Oak
  - Mountain
  - Pacific
  - Santa Cruz County Office of Education
  - San Lorenzo Valley
  - Scotts Valley
- Provide Health, Dental & Vision Insurance

# Challenges:



- Decline in member districts
- Cost of health care
  - Santa Cruz County
- High utilization of health care benefits
  - Emergency Room
  - High cost cases

# Impact:



- Current and prior health insurance carriers sustained significant losses
  - Fewer carriers responding to request for proposals
  - Premium increases quoted in both 08-09 and 09-10 were 30-50% over prior year
    - 08-09 contract had a cap of 15% for 09-10
    - JPA board modified plan coverage resulting in an 8% increase in 09-10 over 08-09

# Options:



- Status Quo
- Join alternate JPA
- Hybrid
  - SCCSHIG (Dental and Vision)
  - Alternative JPA (Health)

# Process:



- Request for quotes
  - Insurance companies
    - 2 companies responded
      - Anthem Blue Cross
      - Pacificare / United Health Care

# Process:



- Request for quotes
  - Joint Powers Agreements
    - Monterey County Schools Insurance Group (MCSIG)
      - 28 Years, 25 Member Districts, 12,500 Lives
    - Self Insured Schools of California (SISC)
      - 30 Years, 368 Member Districts, 237,000 lives
    - CalPERS
      - 45 Years, 1,160 Member Agencies, 1.3 million lives

# Elements of Comparison:



- Participation Rules \*
  - Eligibility
  - Dependents
  - Rate Structures ( 3 tiered vs. composite)
  - Board Members / Retirees
- Rate Increase Trends
- Buy-in Provisions
- 10-11 Premium rates (41-67% increase)
- Severability

\* *Negotiability of Grandfather provisions*

# Outcome:



- SCCSHIG
  - will no longer provide Medical/Rx coverage
  - will remain a JPA for dental & vision
- Districts will join SISC as individual entities
- When all claims and costs are paid from the SCCSHIG health insurance reserves, each member district will receive a proportional share of any remaining funds

# SISC:



- One of largest school focused health care purchasing pools in California
- Strong financial standing with stabilization reserves of over \$170 million
- Administrative costs less than 5%
- Self funded PPO plans
- Fully insured HMO plans
  - Ability to access provider networks at some of the lowest rates available

# SISC Rate Change History:



Year	05-06	06-07	07-08	08-09	09-10	10-11
HMO	14.8%	19.8%	2.9%	11.2%	11.0%	17.0%
PPO	7.4%	6.8%	7.5%	4.8%	0.0%	12.0%

# SVUSD Benefit Cap:



- Rolling CAP
  - Employee and Employer share increase
  - District base is 100% of prior year premium

Year 1 Premium \$1,000	Year 2 Premium \$1,500	Year 3 Premium \$1,650
Employer	Base \$1,000 50 % of Increase \$250 Total \$1,250	Base \$1,500 50% of Increase \$75 Total \$1,575 Increased cost \$325
Employee	50% of Increase \$250	50% of Increase \$75 Decreased cost \$175