



**MEQUON-THIENSVILLE SCHOOL DISTRICT
BOARD OF EDUCATION**

EXECUTIVE SUMMARY

<u>Subject:</u> Action to Approve to Increase the Employee Contribution Toward Health Insurance Premiums	<u>Category:</u> <input checked="" type="checkbox"/> Action <input type="checkbox"/> Discussion <input type="checkbox"/> Information
<u>Attachments:</u> Health Bid Summary	<u>Date for Consideration:</u> July 18, 2011

Background

The current employee contribution toward health insurance is 5% for most employees, with the exception of school year Educational Support Personnel, who contribute a total of 30% toward their health insurance.

It is recommended that the school district increase employee contributions toward health insurance to 10% effective September 1, 2011. The administration believes the following factors should be considered when deliberating over the recommendation:

1. In an analysis of area school districts, the average employee contribution was 10%.
2. The savings from this human resources function will save the school district a total of \$260,000. The new savings could be used by the school district to restore academic programs that have been selected for reduction or elimination within the school district's current three-year reduction plan.

Administration would caution that any further increase in employee contributions run the risk of higher employee usage of the health insurance plan. Any future health care modifications should focus on plan design changes in order to control employee use of the plan. Administration is prepared to recommend changes to the current health insurance plan design in the spring of 2012. The savings from the plan design changes will be used to offset the budget shortfall the school district will face in the 2012-2013 and 2013-2014 school years.

Submitted By: Demond A. Means, Ed.D.	
Board of Education Action:	<input type="checkbox"/> Approve <input type="checkbox"/> Reject <input type="checkbox"/> Research/Report Back

MEQUON-THIENSVILLE SCHOOL DISTRICT			
Health Bid Summary			
	<u>WCA</u>	<u>Humana</u>	<u>WEA</u>
Annual Savings	\$602,241	\$646,278	\$110,248
Less: Commissions	\$123,000	\$183,000	\$0
Net Savings	\$479,241	\$463,278	\$110,248
Additional Savings Due to Increase in Employee Contributions from:			
5% to 7%	\$100,000		
5% to 10%	\$260,000		
5% to 12.5%	\$400,000		

Request For Proposal

Mequon-Thiensville School District

- **Health Plan - Fully Insured**
- **Dental Plan - Fully Insured**

Effective Date: July 1, 2011

Proposal Due Date: 2:00 p.m. on Friday, April 29, 2011

Prepared by:

**The Horton Group
N19 W24101 N. Riverwood Drive
Waukesha, WI 53188**



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I. Request For Proposals

Effective Date: July 1, 2011

Objectives

Notice is hereby given that Mequon-Thiensville School District requests proposals for the following plans:

- Medical - fully insured
- Dental - fully insured

The Horton Group (Horton) has been retained by the District to assist with the marketing and review of the proposals, and the selection process. Proposals are to be submitted in compliance with the terms, conditions and stipulations as specified herein.

Proposals received after the due date and time, which is 2:00 p.m., Friday, April 29, 2011 will not be considered.

Please separate out and label appropriately proprietary or confidential information that is to be used by The Horton Group for analysis ONLY. The information that is separated will not be shared with the School District.

Original and two (2) hard copies (total of three) and one electronic copy are to be sent to:

**Rae Anne Beaudry,
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Information furnished by the District is correct and accurate to the best of our knowledge. Any changes or additions will be provided to all respondents.

The District and/or Horton reserves the right to accept or reject any or all proposals, waive formalities, and make the award that is in the best interest of the District. Respondents may, at the discretion of the District, be asked to supply additional information in the form of a questionnaire and/or be asked to appear at an interview by a selection committee to clarify their proposal. Horton may require an on-site visit to a claim facility as part of the evaluation process. Upon receipt of the Request for Proposal, the respondent cannot alter the proposal. A long-term relationship is desired in the form of multiple year contracts with vendors.

Background of the District (Current Environment)

There are approximately 108 non-represented actives currently covered by WCA Group Health Trust and approximately 8 retirees and 2 direct billed retirees. There are approximately 237 represented actives currently covered by WEA Trust and approximately 34 retirees and 38 Direct billed retirees for a combined overall total between the two carriers of approximately 427 plan participants. The non-represented Group has been covered by the WCA Group Health Trust since July of 2009 for medical coverage. Prior to that time, they were covered by WPS. The represented group has been covered by the WEA Trust for a number of years. If you refer to column K in the census, it indicates WCA or WEA to designate the medical carrier for each participant. All individuals with dental coverage are covered under the WEA Trust dental plan.

The Mequon-Thiensville Education Association represents all certified full time and regular part time teachers (excluding administrators, supervisors, substitute teachers, psychologists, social workers and non-instructional personnel).

The School District's administrative offices are located in Mequon, Wisconsin (53092).

Horton, as Consultant for the District, has prepared these Specifications. Information furnished by the District is correct and accurate to the best of our knowledge. Request for

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clarification or additional information should be directed in writing ONLY to:

Selection Criteria

The District and Horton will thoroughly review and evaluate each proposal. Proposals must address all sections in the Request for Proposal in the Table of Contents. Proposals must demonstrate the ability to administer existing benefits and provide substantially similar coverages, networks and benefit levels in order to be considered. **Any deviations or other considerations should be clearly outlined and labeled within your response.**

The overall evaluation of proposals will focus on the following key criteria.

- 1) Medical
 - Ability to match existing plan design and eligibility requirements (including waiver of premium)
 - Competitive pricing
 - Network match
 - Quality

- Performance guarantees
 - Reporting
 - Not to Exceed rate offering for contract year two
 - Direct billing of retired participants
- 2) Dental
- Ability to match existing plan design and eligibility requirements
 - Competitive pricing
 - Performance Guarantees
 - Not to Exceed rate offering for contract year two or two year rates
 - Direct billing of Retirees
- 3) Ability to offer and integrate provider networks with; sufficient geographic coverage, physician mix, openings/accessibility, and customer satisfaction. If there are any substantial changes anticipated for the immediate future through the end of calendar year 2011, please include details of the change.
- 4) Ability to provide substantially similar plans and administer same as current. We have provided the most recent benefit summary information available.

The District may not be able to deviate from the negotiated benefit programs currently in force. If you are not able to match current benefits and your proposal is to provide substantially similar benefits, any deviations or other considerations in any section must be clearly outlined in detail within your response.

If your plan must administer any of the benefits on a manual/non-electronic basis, please identify.

- 5) The ability of the responding carriers to provide reporting data on an ongoing basis, monthly, quarterly, and annually.
- 6) The timeline for selection is listed below:

Timeline for RFP

Issue RFP	April 11, 2011
Deadline for Submission of Written Questions	April 20, 2011
Proposal Due Date	April 29, 2011
Preliminary Report/Potential Meeting with the District	May 10, 2011
Meetings with Finalists (tentative)	May 12 & 13, 2011
Selection	May 27, 2011

Any questions received will be responded to in writing and distributed to all bidders.

DEVIATIONS:

PLEASE BE CAUTIOUS TO REVIEW PLAN DESIGN, ELIGIBILITY AND OTHER PLAN PROVISIONS CAREFULLY. The District may be unable to deviate from the negotiated benefit programs currently in force. If you are not able to match current

benefits and your proposal is to provide substantially similar benefits, any deviations or other considerations in any section must be clearly outlined in detail within your response.

If you are not able to substantially match benefits, please provide a declination letter along with a brief explanation of the benefit provisions that cannot be matched.

ELIGIBILITY:

The benefits related sections of the bargaining agreement for the Education Association as well as the handbook for the Educational Support Personnel have been included.

Note the hours requirements below:

- Full Time and Regular Part time teachers working 20 or more hours per week.
- Educational Support Personnel - regular full time staff who work 40 hours /week (52 weeks)
- Educational Support Personnel - School year full time staff who work at least 35 hours per week (36 - 42 weeks)

II. General Conditions & Stipulations

Contract Period

Medical & Dental - It is mandatory that the contracts cover a one-year period commencing July 1, 2011 and ending June 30, 2012. A not to exceed percentage increase must be addressed for the second year, July 1, 2012 through June 30, 2013. For dental, please provide a two year rate as an alternative to a not to exceed guarantee for the second year.

Variances and Deviations

Proposals must demonstrate the ability to administer existing benefits and provide substantially similar coverages, networks and benefit levels in order to be considered. **The District may not be able to deviate from the negotiated benefit programs currently in force, and expects the selected Insurer to provide these benefit levels and integrate with other vendors, when necessary.** National/PPO coverage for travelers and retirees is required. Any proposed variation to any part of these Specifications must be submitted in writing and made a part of the Proposal. Failure to identify any such deviation(s) in the proposal shall not in the future accrue to the disadvantage of the District nor any employee or dependent in any matter.

Hold Harmless, Indemnification and Insurance

The District will require that the selected Insurer agree to several hold harmless provisions and proof of financial responsibility. The following provisions will be included in the District contract.

Claim Administration:

The Insurer will indemnify, hold harmless and save the District, its agents, officers, employees and retirees from liability of any nature, (including costs, expenses and attorney's fees), for damages suffered by any entity or person as a result of error, negligence, reckless or willful acts of omission, fraudulent criminal acts or bad faith by the Administrative Services Organization, and/or its officers, agents, or employees, acting alone or in collusion with others.

Professional Liability:

The Insurer shall maintain, at its sole cost and expense, in full force and effect during the term of this agreement, a valid current policy or policies of general and professional liability insurance with an insurance company acceptable to the District, whose acceptance shall not be unreasonably withheld, insuring the Administrator, agents and employees against any liabilities for any services provided or failed to be provided, any negligence, and/or judgment. The policies shall contain a provision that such coverage will not be determined, reduced or materially changed without at least a thirty (30) day written notice to the District.

The District retains the right to annually adjust the liability limits and level of insurance to be procured for such coverage to be effective on the anniversary of this agreement.

The Insurer agrees to notify the District immediately upon any change in professional liability coverage status for the Insurer as a partnership or corporation as well as for individual practitioners, and any direct service provider must provide proof of appropriate bonding.

Legal Action

The defense of any legal action involving a participant's claim for benefits under the Plan shall be the obligation of the Insurer. The Insurer shall accept tender of defense by the District in cases including claims for benefits under the Plans.

Contract Awards

The District will, based on ability to match existing benefit provisions, cost, network (if applicable), conformity to specifications, and the ability to provide quality service, award the contracts and determine the successful respondent. The District is deeply concerned with the escalating costs of its Medical Plans and reserves the right to select the Insurer whom they believe is best able to work with them to contain costs and provide sound, qualified services.

All respondents must answer all questions in Questionnaires and complete all tables and forms, even if the responses are N/A.

No revision to original Proposals will be allowed, other than those requested by the District for clarification through the selection process.

The Respondent(s) to whom the Contract is awarded shall submit a proposed contract to the District with a copy to The Horton Group, no later than ten (10) days following the awarding of the Contracts. Upon receipt, negotiations will commence to conclusion within twenty (20) days thereafter.

Non-Discrimination Equal Employment Opportunity and Affirmative Action Programs

In the performance of work under any Service Agreement, contractor shall not discriminate against any employee or applicant for employment because of race, color, national origin, age, gender or handicap.

Contractor agrees to strive to implement the principle of equal employment opportunities through an effective Affirmative Action program. The program shall have as its objectives to increase the utilization of women, minorities and handicapped persons, and other protected groups, at all levels of employment in all divisions of Contractor's work force, where these groups may have been previously under-utilized and under-represented.

When a violation of the non-discrimination, equal opportunity or Affirmative Action provisions of this section has been determined by the District, the Contractor shall immediately be informed of the violation and directed to take all action necessary to halt the violation, as well as such action as may be necessary to correct, if possible, any injustice to any person adversely affected by the violation, and immediately take steps to prevent further violations.

If, after notice of violation to Contractor, further violations of this section are committed during the term of the Agreement, the District may terminate the Agreement without liability for the uncompleted portion of any materials or services purchased or paid for by the Contractor for use in completing the Agreement, or it may permit Contractor to complete the Agreement, but in either event, Contractor shall be ineligible to bid on any future Agreements led by the District.

III. Underwriting Information

Eligibility

The District provides benefits to eligible non-represented employees and their eligible dependents, as well, as represented employees and their dependents. Coverage is also offered through the District to eligible retirees (to age 65) and their eligible dependents, as specified in the union contracts and throughout this proposal. Refer to the bargaining agreement (Item Q Severance) and Support Personnel handbook (summary of benefits) for details on years of service, cost, etc. for retirees.

The District is responsible for determining the eligibility of employees, dependents, and retirees for coverage and enrollments.

Coverage becomes effective on the first day of the calendar month following the processing period, upon the approval of the completed enrollment application for that person. Retirees

are eligible for Medical Coverage, paid for by the District and/or Retiree when criteria are met.

Retiree Eligibility

Employees are eligible (medical only) as specified in the Plan Document. Benefits, as outlined in this Proposal, are provided on a MEDICARE coordination basis, upon eligibility for Medicare. Prescription Drug Benefits are not provided for those eligible for Medicare Part D.

Surviving Family Members

In the event of the death of a retired member prior to the age of 65, the District will provide the full benefit that would have been provided to the member prior to age 65 to the surviving spouse of the member.

Funding Contributions

The contributions are outlined in the WEA Bargaining Agreement and the Support Personnel Handbook.

The District funds the entire cost of the dental plan. Former teachers with at least 10 years in the District may stay in the group plan by paying their own premiums, subject to the terms of the severance package.

Carrier History

Prior to 7/1/2007 both groups were covered through the WEA Group Health Trust. On 7/1/2007 the non-represented group moved its medical to WPS. On 7/1/2009 the non-represented group moved its medical to the WCA Group Health Trust.

Salary Addition Election

Refer to the WEA Bargaining Agreement and the Support Personnel handbook for information on additional compensation if coverage is waived in lieu of other benefits coverage.

Networks

The teachers currently have the WEA Trust Preferred and the Support Personnel currently have the Choice Plus PPO networks. Please provide your proposal based on a broad network with a similar provider match.

As an alternative, please provide a narrow network quotation. Please specify if it can be offered on a dual choice basis and the minimum participation requirements for each plan.

Quoting

If you are not able to match current benefits and your proposal is to provide substantially similar benefits, any deviations or other considerations in any section must be clearly outlined in detail within your response.

Implementation Time Line

If selected as a finalist for ANY of the requested coverages, you will be asked to provide a timeline for implementation and services offered. For example:

- Necessary paperwork.
- Upon paperwork submission, timeline for packets, employee meetings, ID cards, booklets/certificates of coverage, etc. (where applicable)
- Implementation process.

Please specify the minimum enrollment required in order for coverage to be offered.

Commission

The District has engaged Horton to obtain proposals through the Request for Proposal process as their Consultant.

We are requesting two different commission responses to this RFP:

1. Net of Commission
2. Standard Commission (Please specify the scale used for standard commissions)

IV. FULLY-INSURED OPTIONS

Medical Coverage:

Please note: The medical plans have “Waiver of Premium” benefit that would need to be matched. Refer to the benefit booklets for the pertinent provisions.

IF you are selected as a finalist, you will be asked to provide a copy of your large group underwriting questionnaire, which the District will complete in order to secure your final quotations.

Any proposal submitted which has benefit variations or is unable to meet the contingencies of the RFP must include a letter placed in the front of the proposal which addresses the differences and variations.

1. Please quote based on the existing plan designs and parameters on a fully-insured basis:
 - a. Entire group (maintain existing plan designs for each subgroup)
 - b. WCA only
 - c. WEA only

Medical Plan Alternatives:

In addition to the current plans, please provide pricing based on the below:

WEA

Option 1 - Provide a pricing differential for a change from a \$100/\$200 network deductible \$200/\$400 non network deductible to a \$250/\$500 network deductible \$500/\$1,000 non network deductible

Option 2 - Provide a pricing differential for a change from a \$100/\$200 network deductible \$200/\$400 non network deductible to a \$500/\$1,000 network deductible \$1,000/\$2,000 non network deductible

Option 3 - Provide a pricing differential for a change for an Office Visit copayment from a \$0 in network \$10 non network to \$10 in network \$25 non network

Option 4 - Provide a pricing differential for a change in prescription drug copayment from \$0/\$5/\$20/40 to \$10/\$20/\$40 copayment

Option 5 - Provide a pricing differential for a change from a \$100/\$200 network deductible \$200/\$400 non network deductible to a \$1,200 single/ \$2,400 family deductible plan (HSA compatible - no office, urgent care or Er copays; Rx copays following satisfaction of deductible only)

WCA

Option 1 - Provide a pricing differential for a change from a \$100/\$200 network deductible \$250/\$500 non network deductible to a \$250/\$500 network deductible \$500/\$1,000 non network deductible.

Option 2 - Provide a pricing differential for a change from a \$100/\$200 network deductible \$250/\$500 non network deductible to a \$500/\$1,000 network deductible \$1,000/\$2,000 non network deductible.

Option 3 - Provide a pricing differential for a change for an Emergency Room copayment from a \$25 to \$100.

Option 4 - Provide a pricing differential for a change for an Emergency Room copayment from a \$25 to \$150.

Option 5 - Provide a pricing differential for a change from a \$100/\$200 network deductible \$250/\$500 non network deductible to a \$1,200 single/ \$2,400 family deductible plan (HSA compatible - no office, urgent care or Er copays; Rx copays following satisfaction of deductible only)

Combined Group

Option 1 - Provide a pricing differential for a change to a \$250/\$500 network deductible \$500/\$1,000 non network deductible.

Option 2 - Provide a pricing differential for a change to a \$500/\$1,000 network deductible \$1,000/\$2,000 non network deductible.

Option 3 - Provide a pricing differential for a change from a \$100/\$200 network deductible \$250/\$500 non network deductible to a \$1,200 single/ \$2,400 family deductible plan (HSA compatible - no office, urgent care or Er copays; Rx copays following satisfaction of deductible only)

Performance Guarantees

Performance guarantees will be required that address the items listed below. Please submit your performance agreement that addresses the areas requested. The District through their consultants reserve the right to accept, negate, and/or negotiate any and all provisions of the performance agreement. Areas to be addressed:

- Network savings;
- Claims administration/accuracy/turn around/efficiency etc.;
- Customer service/call back/resolution time/effectiveness.

Please quote your standard performance guarantees. Any optional guarantees which you have available should also be quoted.

Dental Coverage:

The current dental plan does not include any type of PPO mechanism to reduce the benefit costs. A benefit summary has been included along with the WEA dental booklet.

Please quote to match existing benefit levels. **If you are not able to match current benefits and your proposal is to provide substantially similar benefits, any deviations or other considerations in any section must be clearly outlined in detail within your response.**

Any proposal submitted which has benefit variations or is unable to meet the contingencies of the RFP must include a letter placed in the front of the proposal which addresses the differences and variations.

1. Please quote both a traditional and a blind PPO (2 pricing alternatives). The District does not currently have a network in place. If you offer a blind PPO network, the participant must receive the same benefit level regardless of provider utilized. The out-of-network Usual and Customary should be based on the 99th percentile. **If you are not able to match the 99th percentile, please clearly specify the percentage on which your proposal is based.**

2. Please quote based on the existing plan designs and parameters on a fully-insured basis for the Entire group combined.

Performance Guarantees

Performance guarantees will be required that address the items listed below. Please submit your performance agreement that addresses the areas requested. The District through their consultants reserve the right to accept, negate, and/or negotiate any and all provisions of the performance agreement. Areas to be addressed:

- Claims administration/accuracy/turn around/efficiency etc.;
- Customer service/call back/resolution time/effectiveness.

Please quote your standard performance guarantees. Any optional guarantees which you have available should also be quoted.

VI. Claims Handling and Reviews

It is not the desire of the District or its employees and dependents to be involved with the claims process, other than providing eligibility, and reviewing claim issues brought to their attention by their employees. Respondents must specify methods of claims handling, the account team (indicate if the team will be a dedicated unit), and how the claim team will interact with the Human Resources Department of the School District.

The Insurer will be responsible for timely notification to the District of any significant personnel changes, including the removal or reassignment of key management staff, claims or administrative personnel who have direct communication with the District.

VII. Attachments

- Narrative
- Medical Questionnaire
- Dental Questionnaire
- Waiver of Premium Information (WEA & WCA)
- WEA Documents (Medical & Dental)
- WEA Medical Benefit Summary
- WCA Document
- WCA Medical Benefit Summary
- Census
- WEA Health Rate History
- WEA Dental Rate History
- WCA Rate History
- WPS Rate Information

- WEA Health Experience
- WEA Dental Experience
- WPS Health Experience (Covered non-represented prior to 7/1/09)

- WEA Large Claims (time periods are calendar year 2010 and calendar year 2011) (through 2/28/11)
- WCA Large Claims
- Enrollment by Month Medical and Dental WEA 7/1/08 - 3/31/11
- WEA Bargaining Agreement - Benefits
- Support Personnel Handbook - Benefits
- WEA Report 7-09 - 6-10 (includes top 10 provider systems, claim cost distribution, Rx utilization, Risk and Cost Distribution, Top 20 Dental Providers)
- WEA Dental Summary
- WCA Paid Claims Incurred 7/1/09 - 6/30/10
- WCA Paid Claims Incurred 7/1/10 - 3/31/11

Questionnaires

Please complete the questionnaire provided for each applicable line of coverage that you are quoting.

This proposal is submitted in full compliance to the Proposal specifications, and administration and benefits will be extended accordingly. There are no deviations from the Proposal specifications except as explained on the attached Alternative Proposal(s).

Signature of Respondent

Telephone

Company Name

Date

Address

City, State, Zip Code