

Friday Report

Everett School Employee Benefit Trust 2015 Plan Offerings

On August 26 and 27, the Everett School Employees Benefit Trust met to review and discuss medical vendor renewals and plan offerings for the 2015 calendar year. The Trustees were presented by Mercer Consulting various vendor proposals to consider along with offerings from current providers. Mercer indicated that if the status quo was maintained; with no carrier or changes in contribution strategies, a deficit of \$1.95 million was projected which would have resulted in a reserve of 2.7 months; below the 3 month target. Thus, Mercer requested and received alternate proposals for medical and pharmaceutical (Rx) plans, dental, vision and insured life and disability plans for consolidation. All the alternate proposals represented savings opportunities for the Trust with the medical plans being the largest driver.

Besides fiscal stability, the Trust also had a strong interest in accessing their claims data and experience. Access to this information has not been available since 2010 when the Trust moved to the Washington Education Association (WEA) sponsored medical plans. Prior to the 2010 plan change, the Trust utilized this data to inform plan design decisions, as well as the design of its award winning wellness program.

The Trust reviewed medical/Rx plans from the WEA, Group Health, Moda and United Health Care (UHC). After plan review and discussion, as well as input from employee associations' leadership representatives, the Trust voted to change from the WEA medical plans to United Health Care medical plans and to continue with the Group Health HMO option that has been offered for many years. This decision was based on the ability to maintain current employee contribution rates while saving over \$850,000 annually; minimal plan design and provider disruption; a wellness program component; a second year rate cap lock; prior positive employee experience; access to claims data and experience; and the considerable challenges experienced with the WEA third party vendor AON over the last four years.

Dental provider offerings were also reviewed and at this time, the Trust will remain with its two current providers through WEA; Delta Dental and Willamette Dental. The Trust was very interested in the MetLife dental alternative presented, but wanted to be sensitive to the amount of plan design changes for employees in one year. The Trust will revisit the dental offerings in August 2015.

Vision coverage is currently offered through the WEA and could continue despite the change in the medical plans. Mercer presented proposals from the WEA and MetLife. Based on the level of coverage, cost savings, a three year rate guarantee, employee costs and again, access to claims data, the Trust will be shifting to MetLife vision.

For many years, two voluntary employee programs 1) life and 2) disability have been served by different carriers; Metlife for life insurance and Standard for short and long term disability. Proposals were sought for carrier consolidation for efficiencies. Upon review of both vendors' proposals, the Trust decided to consolidate the two programs with MetLife. This consolidation represents a savings of approximately \$100,000 annually and includes multiple year rate guarantees.

The next step for the Benefit Trust and our Human Resources department includes development of a communications plan in preparation for the open enrollment period from October 20-November 15. Also, the HR and payroll departments have begun the process of transitioning carriers for medical, vision and disability insurance. The plan changes become effective January 1, 2015.