

School Board Briefing/Proposed Action Report



Informational (no action required by Board) **Action Report** (Board will be required to take action)

DATE: August 5, 2015
FROM: Dr. Larry Nyland, Superintendent
LEAD STAFF: Adrian Byrd-Pina, Executive Director of Talent Management, 206.252.0210, adbyrdpina@seattleschools.org; Brent Jones, PhD, Assistant Superintendent of Human Resources, 206.252.0027, bjones@seattleschools.org

I. TITLE

Approval of Employee Benefits Plans with Group Health Options Inc., Group Health Cooperative, Premera Blue Cross (WEA Select), Delta Dental of Washington, Standard Insurance, and Northwest Administrators **For Introduction:** August 19, 2015
For Action: September 9~~22~~²³, 2015

II. WHY BOARD ACTION IS NECESSARY

Pursuant to Policy No. 6220, Procurement, contracts in excess of \$250,000 require Board approval. The amount of funds paid to each employee benefits plan provider is based on the negotiated premiums at the beginning of the plan year, and varies depending on the number of employees and family members enrolled on each plan during each month of the year.

III. FISCAL IMPACT/REVENUE SOURCE

For the November 2014 to November 2015 Plan Year, total benefit plan expenditures for basic benefits (medical, dental, vision, life and long term disability) were approximately \$71,105,099, of which \$56,451,563 (79.4%) was paid by the District, with the remaining \$14,653,536 (20.6%) paid by employees through payroll deduction.

For the upcoming (November 2015 to November 2016) plan year, *we expect total premium costs for basic benefits to decrease approximately -2.8%*, based on the estimated number of benefits-eligible employees, employees' enrollment choices and premium changes. However, the SPS share of the total plan premiums is fixed at \$780 per benefits-eligible full-time employee (increased from \$768), based on Washington State's monthly benefit allocation for school district employees effective September 2015. Any premium increases beyond what the State funds are borne entirely by employees through payroll deduction.

In addition, employees pay the entire premium amounts for the voluntary life insurance and short-term disability benefits. These benefits total approximately \$398,537 per year, and are included in the table below. Rates for these employee-paid benefits have not changed, and costs are expected to be approximately the same as last year.

Based on cost projections, the District will send to the plan providers listed below approximately \$69,570,402 of which about \$55,399,317 (79.6%) will be from the General Fund and \$14,171,086 (20.4%) from employee payroll deductions.

Plan Name	Vendor	Plan Type	Estimated Totals*
GHO Options	Group Health Options, Inc.	Medical	\$ 17,927,262
GH Access Plus	Group Health Options, Inc.	Medical	\$ 21,015,188
GHC 500	Group Health Cooperative	Medical	\$ 4,399,243
GHO HDHP	Group Health Options, Inc.	Medical	\$ 2,645,366
Premera	Premera Blue Cross	Medical	\$ 10,550,746
GH Access Basic	Group Health Options, Inc.	Medical	\$ 707,004
GH Access Value	Group Health Options, Inc.	Medical	\$ 2,444,881
DDWA Incentive	Delta Dental of Washington	Dental	\$ 6,761,088
DDWA Value	Delta Dental of Washington	Dental	\$ 355,572
NBN Vision	Northwest Administrators	Self-funded Vision	\$ 896,544
Standard Life and LTD	Standard Insurance	Basic Life & Disability	\$ 1,468,971
Standard Vol. Life	Standard Insurance	Voluntary Life	\$ 278,597
Standard Vol. STD	Standard Insurance	Voluntary Disability	\$ 119,940
<i>*Estimated totals are based on enrollment projections. Open enrollment shall occur Beginning August 27, 2015, for a coverage effective date of November 1, 2015.</i>			\$ 69,570,402

The revenue source for the expenditure of approximately \$55.4 million (approximately 80% of the \$69.6 million) for insurance benefits, including medical, dental, vision, and long-term disability are General Fund dollars. As mentioned earlier, participating employees whose benefits exceed their monthly allocated amount (due to a higher cost plan, covering dependents, etc.) pay the premium cost difference out of pocket, deducted from their monthly paycheck.

Expenditure: One-time Annual Other Source

IV. POLICY IMPLICATION

Per Board Policy 6220, Procurement, all contracts for more than \$250,000 initial value, excluding sales tax and contingencies, and changes or amendments of more than \$250,000, excluding sales tax and contingencies, must be approved by the School Board. This action is also in alignment with Policy No. 5530, Employee Benefits.

V. RECOMMENDED MOTION

I move that the School Board approve the attached insurance plans and rates with Group Health Options Inc., Group Health Cooperative, Premera Blue Cross (WEA Select), Delta Dental of Washington, Standard Insurance, and Northwest Administrators and authorize the Superintendent or his

designee to make payments to the plans based on the selections made by District employees, understanding that such payments are estimated to be \$69,570,402, of which about \$55,399,317 will be from the General Fund and \$14,171,086 from employee payroll deductions. I further move that to the extent a contract is required to be entered into between a plan provider and the District, the Board authorizes the Superintendent or his designee to enter into such contracts or ratify any contracts for the 2015-16 plan year that may have been previously entered into by District staff, with any minor additions, deletions, and modifications deemed necessary by the Superintendent.

VI. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the Audit & Finance Committee meeting on August 13, 2015. The Committee reviewed the motion and moved the item forward for approval to the full Board.

VII. BACKGROUND INFORMATION

The District has contracted with Sprague Israel Giles Inc. (SIG) to broker the District's employee benefit plans for medical, dental, vision, life and disability for the past forty-five years. SIG has worked with the District's Joint Insurance Committee (JIC) – a committee consisting of Human Resource management and Bargaining Unit representatives – very collaboratively over many years in order to establish and maintain the most competitive school district benefits package in the state. The JIC routinely reviews claims experience and service levels from the various benefit providers, and works with SIG to negotiate changes in plans and premiums each spring, in anticipation of plan renewals on November 1. Through this process, SIG and the JIC have helped the District maintain a stable benefits program while keeping the out-of-pocket costs for the District's employees as low as possible.

Please see the attached document “Current Benefits and Renewal Changes Effective November 1, 2015” to view the summary of recommended benefit plan renewals and changes for the upcoming FY2015-16.

This motion has been brought forward in accordance with Board Policy No. 6220, Procurement.

VIII. STATEMENT OF ISSUE

Whether to approve the Employee Benefits plans with Group Health Options Inc., Group Health Cooperative, Premera Blue Cross (WEA Select), Delta Dental of Washington, Standard Insurance, and Northwest Administrators.

IX. ALTERNATIVES

1. Do not approve some or all contracts. This is not recommended because, if the Board does not approve these plans or authorize benefit payments, District contributions to the benefit plans would stop, which would violate collective bargaining agreements. Employee benefit plans would be cancelled by the insurance companies. Should the District not provide benefit coverage, it would impact the majority of District employees, and could result in the loss of funding from the state for such benefits.

X. RESEARCH AND DATA SOURCES / BENCHMARKS

The District conducted a competitive “Request for Proposal” process this past year to ensure that we had a skilled broker. SIG was selected and we are confident that the negotiated plans provide great value to District employees.

XI. TIMELINE FOR IMPLEMENTATION / COMMUNITY ENGAGEMENT

Upon approval of this motion, the District will continue its Employee Benefits contracts with Group Health Options Inc., Group Health Cooperative, Premera Blue Cross (WEA Select), Delta Dental of Washington, Standard Insurance, and Northwest Administrators for the 2015-16 school year.

The JIC has reviewed and recommended to the Assistant Superintendent for Human Resources to approve these plans pursuant to Board Policy No. 5530.

XII. ATTACHMENTS

- [Current Benefits and Renewal Changes Effective November 1, 2015](#)
- Detailed Insurance Plans of FY14-15 (Available upon request in the Board Office)