

Change is coming to our Health Benefits

SPS wants to take care of our employees with the best health plans possible and still fulfill our core mission

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Health Benefits Advisory Committee

- Formed in 2015 to Review Health Benefit
- Develop “philosophy of cost sharing between SPS and employees that is sustainable”
- Involve Employees in changes to Health Benefit
- Respond to City/City Council concerns about differences in plans offered and “richness” of School plans
- Explore opportunities such as Pharmacy and Sick clinics

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Health Benefits Advisory Committee

- Cross Section of 30 Employees
 - Administrative
 - Clerical
 - Information Technology
 - Transportation
 - Teacher
 - Teacher Assistants
 - Maintenance
 - Food Services
- Reviewed VEA Health Benefits Report over 3 year period
- Learned Health Insurance components and cost drivers
- Met with Health Benefits consultant – Arthur Gallagher & Co.

Goal: To maintain the best quality Health Benefit coverage possible for all employees

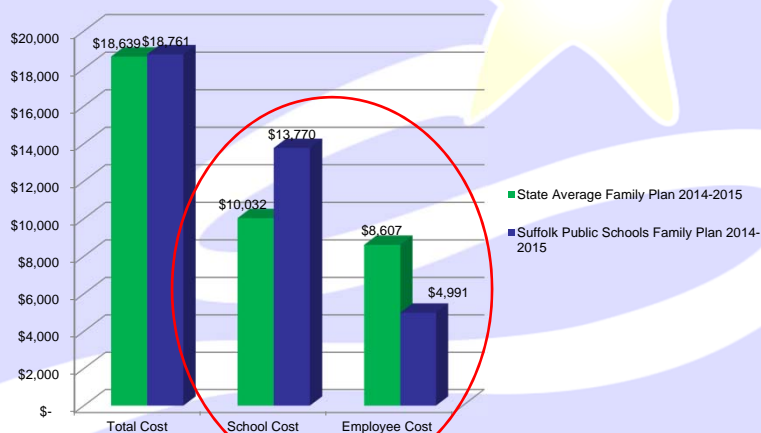
Objectives:

- #1** Develop a philosophy of funding for Health benefits that addresses how sharing plan costs between employer and employee occurs and make it as equitable as possible among staff
- #2** Decide on specific plan changes to offer employees choices, based on funding, Affordable Care Act constraints (Types of plans/changes to current plans), and comparability with Regional Health plan offerings.

Review of Virginia Education Association's Health Benefits Survey

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Suffolk Public Schools compared to State Average



State AVG is 54% of total cost

SPS pays 73.4% of total cost

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Suffolk Public Schools Plan type compared to Region II

<u>Region II</u>	<u>Plan Types</u>
Norfolk	80/20 Plan
Chesapeake	80/20 Plan
Portsmouth	No Co-insurance
Suffolk	90/10 Plan
Virginia Beach	90/10 Plan
WJCC	No Co-insurance
Hampton	80/20 Plan
Newport News	80/20 Plan

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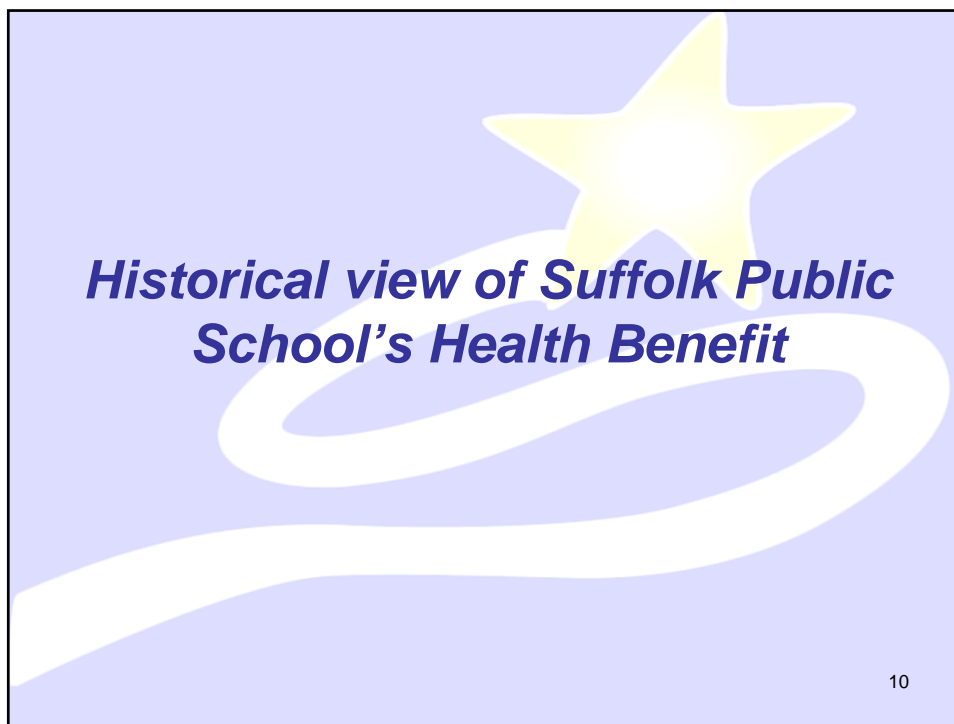
Suffolk Public Schools Plan type compared to Region II

<u>Region II</u>	<u>Family</u>	<u>School Share</u>	<u>%</u>
Norfolk	26,544	18,588	70.03
Chesapeake	13,320	9,384	70.45
Portsmouth	30,645	12,136	39.60
Suffolk	18,761	13,770	73.40
Virginia Beach	19,691	12,851	62.26
WJCC	19,572	16,932	86.51
Hampton	21,542	17,251	80.08
Newport News	15,250	8,390	55.02

Regional AVERAGE

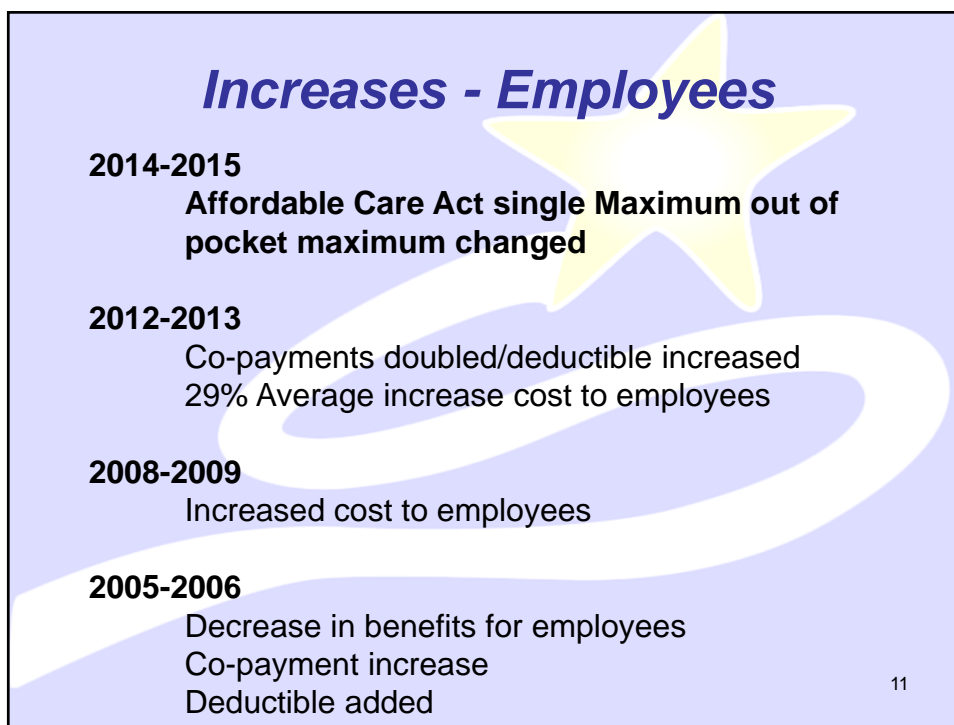
67.17%

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Historical view of Suffolk Public School's Health Benefit

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Increases - Employees

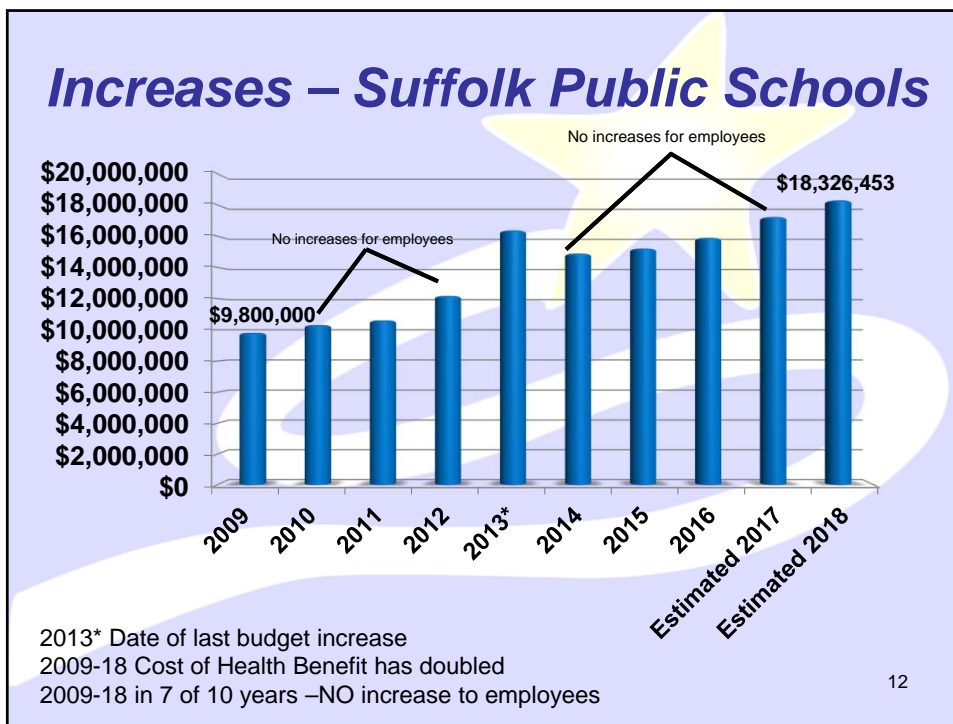
2014-2015
Affordable Care Act single Maximum out of pocket maximum changed

2012-2013
Co-payments doubled/deductible increased
29% Average increase cost to employees

2008-2009
Increased cost to employees

2005-2006
Decrease in benefits for employees
Co-payment increase
Deductible added

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2018 Plan Year
Suffolk Public Schools
Offer Four Health Benefit Plans

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2018 Health Benefit Offerings

- **Add** - HMO plan 80/20 (comparable to Region II)
- **Add** - High Deductible, **low cost** plan with Health Savings Account (**HSA**)
- **Grandfather** in current HMO 90/10
- **Grandfather** in current PPO plan

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Employee Choice

NEW High Deductible Health Plan (HDHP):

- Employees can choose to pay **LESS** as a deduction from their pay **BUT** must understand that they will have costs out of pocket when/if they need health care for non-preventative care
- Health Savings Account (HSA)
- Offer a 1st year matching savings up to \$1,400 to assist employees in saving for high deductible

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High Deductible Health Plan with Health Savings Account (HSA)

- Belongs to employee regardless of employer
- Balance rolls over year to year without penalty
- Gives employee control over spending (who/what gets paid from the account)
- Employer can contribute without employee paying taxes on that money
- Employee contributes tax free
- Is only available for High Deductible Health Plans
- Employee cannot have a Flexible Medical account with this plan

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Employee Choice

NEW HMO 80/20:

- Deduction from paycheck is slightly higher than current 90/10 plan
- Out of Pockets are substantially **lower** than current 90/10 plan
- 80/20 Coverage is comparable to Region II plans offered

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Employee Choice

CURRENT HMO 90/10:

- Employees currently on the plan have choice to stay but payroll deduction costs are MUCH higher on this rich plan
- Coverage, deductibles, and Out-of-Pocket amounts remain the same as current year
- Employees may choose to go to a less expensive plan and that choice would be *irrevocable*

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Employee Choice

CURRENT Key Care PPO:

- Employees currently on the plan have choice to stay but payroll deduction costs are MUCH higher on this rich plan with out of network coverage
- Coverage, deductibles, and out-of-pockets remain the same as current year
- Employees may choose to go to a lower plan but that choice is irrevocable

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WE are here to help you decide what is best for you

- **Mandatory Meetings for all employees**
- **7 months to make your choice –Open Enrollment is September 2017**
- **Rates and Plans effective for Calendar 2018**
- **Online Tool “Alex” available in May 2017**
 - **Asks specific personal questions**
 - **Gives specific answer as to best choice based on how you answer the questions**
 - **Shows total costs and cost breakdown**
- **Employee Handbooks and Benefits Guide and Posters in Schools available May 2017**

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Employee Only Rates: Monthly basis

	Total Cost	SPS benefit to employee	Cost to SPS Employee	% Benefit
High Deductible Health Plan				
Employee only	\$ 489.00	\$489.00	\$0.00	100%
HMO 80/20				
Employee only	\$580.00	\$522.00	\$58.00	90%
HMO 90/10				
Employee only	\$651.00	\$522.00	\$129.00	81%
Key Care, PPO				
Employee only	\$700.00	\$522.00	\$178.00	75%

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	Total Cost	SPS benefit to employee	Cost to SPS Employee	% Benefit
High Deductible Health Plan				
Employee +1	\$988.00			
Less: Employee only	(489.00)	\$489.00	\$0.00	100%
Dependent Cost	499.00	\$324.35	174.65	65%
Total Employee +1		813.35	174.65	82%
HMO 80/20				
Employee +1	\$1,172.00			
Less: Employee only	(580.00)	522.00	58.00	90%
Dependent Cost	592.00	325.60	266.40	55%
Total Employee +1		847.60	324.40	72%

	Total Cost	SPS benefit to employee	Cost to SPS Employee	% Benefit
HMO 90/10				
Total Employee +1	\$1,312.00	847.60	464.40	65%
Key Care, PPO				
Total Employee +1	\$1,493.00	847.60	645.40	57%

Family Plans: Monthly basis

High Deductible Health Plan	Total Cost	SPS benefit to employee	Cost to SPS Employee	% Benefit
Family	\$1,384.00			
Less: Employee only	(489.00)	\$489.00	\$0.00	100%
Dependent Cost	894.97	581.73	313.24	65%
Total Family HDHP		\$1,070.76	\$313.24	77%
HMO 80/20				
Family	\$1,639.00			
Less: Employee only	(580.00)	522.00	58.00	90%
Dependent Cost	1059.00	582.45	476.55	55%
Total Family HMO 80/20		1,104.45	534.55	68%

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	Total Cost	SPS benefit to employee	Cost to SPS Employee	% Benefit
HMO 90/10				
Family	\$1,845.00	\$1,104.45	\$740.55	60%
Key Care, PPO				
Family	\$2,100.00	\$1,104.45	\$995.55	53%

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Rates for 2018

Monthly Rates

	<u>HDHP*</u>	<u>HMO 80/20</u>	<u>HMO 90/10</u>	<u>PPO</u>
Employee only	0.00	58.00	129.00	178.00
Employee +1	174.65	324.40	464.40	645.40
Family	313.24	534.55	740.55	995.55
Family Dual	156.62	267.28	370.28	497.78

*SPS match up to \$1,400 HSA, the first year to assist current employees with savings for deductible

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Dual Employees:

Employee (Dual) defined as both employees covered work for Suffolk Public Schools

- Employee's will receive a **50%** discount on the cost of the plan chosen
- **Family (Dual) will not be the same cost as a single employee**
 - Benefit will be equal to same percentages as other Region II offer Dual employees

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Number of Employees with Coverage

Employee only HMO	747
Employee + 1	199
Family	<u>257</u>
Total HMO	1,203

Employee only PPO	186
Employee +1	35
Family	<u>31</u>
Total PPO	252

Dual Employee +1	HMO 11	PPO 1
Dual Employee Family	HMO 36	PPO 5

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Budget implications -no employee rate increases/same plans

	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>	<u>Increase</u>
Operating	\$11,300,000	\$13,334,000	\$2,034,000
Food Services	300,000	354,000	54,000
Grants	<u>225,000</u>	<u>265,500</u>	<u>40,500</u>
Total	\$11,825,000	\$13,953,500	<u>\$2,128,500</u>

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Budget Implications –Implement Plan

	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>	<u>Increase</u>
Operating	11,300,000	11,877,934	577,934
Food Services	300,000	313,000	13,000
Grants	<u>225,000</u>	<u>236,081</u>	<u>11,081</u>
Total	\$11,825,000	\$12,427,015	<u>\$602,015</u>