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Memo To: Board of Education  
Dr. Mary Pfeiffer, District Administrator

From: Paul Hauffe, Director of Business Services *PH*  
Vicky Holt, Asst. District Administrator – Human Resources / Central Services *vh*

Date: October 10, 2013

RE: Employee Benefit Plan - Medical/Prescription Drug (Medical/Rx) Proposal – 2014

With the assistance of the District's insurance consultant, Willis, the Neenah Joint School District solicited and reviewed proposals to provide medical/Rx benefits for District employees for the 2014 plan year. Many carriers responded with proposals for a variety of plans, including fully funded and self-funded options. Some carriers refused to respond due to the District's demographic composition while others responded with "uncompetitive" quotations (premium increases exceeding 20%).

Network Health provided a very attractive proposal which included a decrease in premiums, an additional option resulting in employee and employer cost savings, and the continuation of certain employee wellness benefits.

At their October 7, 2013 meeting, the Finance and Personnel Committee recommended to forward to the full Board the following Administrative recommendation as presented:

1. Network Health to become the exclusive carrier of medical/Rx benefits effective January 1, 2014. United Healthcare would no longer be an option for employees.
2. Add an additional plan for employees. This plan would be a \$1,500 single (S) / \$3,000 family (F) Health Maintenance Organization (**HMO**) High Deductible Health Plan (with \$1,000 (S) / \$2,000 (F) District contribution to a HSA) with employee contribution at 12.6%. See Option A on the attached Chart.
3. Maintain POS High Deductible Health Plan \$1,500 (S) / \$3,000 (F) as District base plan (with \$1,000 (S) / \$2,000 (F) District contribution to a HSA) with employee contribution at 13.0%. See Option B.
4. Maintain POS plan with \$100 (S) / \$200 (F) deductible with an employee contribution at 40.5%. See Option C.
5. Eliminate optional POS High Deductible Health Plan \$2,500 (S) / \$5,000 (F) plan with 0% employee contribution.

Following are answers to several questions that Committee members may have:

**Q.** Why does the District continue to offer a number of medical /Rx options, including the new HMO High Deductible Plan?

**A.** At this time, the District is comfortable in offering several options so that staff members can select an option that aligns with their specific medical and financial situations. We have heard an appreciation from staff concerning their ability to choose.

**Q.** What is an HMO and how is it different from our existing POS plans?

**A.** An HMO (Health Maintenance Organization) gives employees access to doctors and hospitals within its network. A network is made up of providers that have agreed to lower their rates for plan members and also meet quality standards. As for the Network Health plan “network”, their HMO network would be identical to the existing POS network. But unlike other insurance plan types, such as a POS plan, care is covered only if the provider is within that HMO’s network. If the employee chooses to see a doctor outside of an HMO network, there is no coverage, meaning the employee will have to pay the entire cost of medical services. Using the most recent data, over 92% of District employees used services within their network. As is the case with the Neenah Joint School District’s proposal, premiums are generally lower for HMO plans.

In a POS plan, employees are required to designate an in-network physician to be the primary health care provider. Employees may go out-of-network if they choose, but in doing so, the employee will have to pay a higher deductible unless a primary care physician refers the employee to that specific doctor. In that instance, the health plan will pay all or most of your bill.

**Q.** There was a lot of talk about the District moving toward, or changing to, a self-funded medical insurance plan. What happened?

**A.** A self-funded insurance program is comprised of three components – actual claim costs, a third party administrator (to pay the claims), and a stop-loss insurance cost (a “safety net” for extremely large claims). In analyzing a self-funded insurance program, there is no way, in advance, to know the actual cost until the plan year is over. Insurance carriers can “project” total claims but that is just an estimate.

Competition is keen in northeast Wisconsin. With the knowledge of prior year’s utilization, and the demographic composition of our existing employees, Network Health was very aggressive in costing out a fully paid (premium) plan. Their proposal to offer an HMO showed further initiative and an understanding of our employee population.

At this time, Administration believes that proceeding with a fully funded plan outweighs the uncertainty of what a self-funded plan may cost. In addition, the full impact of Health Care reform as it specifically applies to the Neenah Joint School District has yet to be determined. We continue to believe that a self-funded plan will remain a viable option in the future.

**Q.** Why is the employee contribution for the POS High Deductible plan increasing to 13.0%?

**A.** It is true that, on a percentage basis, the amount that the employee will contribute to the POS High Deductible plan is increasing from 12.6% to 13.0%. However, on an actual dollar basis, the employee will contribute the same amount as they contributed to this plan in 2013. This was something that was

discussed at length and in lieu of moving all employees to the HMO High Deductible plan, with a buy-up option, Administration is recommending keeping costs status quo for those employees choosing Option B.

**NEENAH JOINT SCHOOL DISTRICT  
Premiums for Health Insurance Options  
January 1, 2014**

Network Health 3.02% decrease in premium

**Option A**

**HMO\* High Deductible Health Plan with a Health Savings Account**  
\$1,500 Single / \$3,000 Family Deductible  
\$1,000 Single / \$2,000 Family District Contribution to Health Savings Account

Plan	Coverage Type	Total Monthly Premium	2014 ER*** Monthly 87.4% Portion Dollar Contrib	2014 EE**** Monthly 12.6% Portion Dollar Contrib	2013 ER*** Monthly Portion Dollar Contrib	2013 EE**** Monthly Portion Dollar Contrib
NHP HDHP/HSA	Single	375.14	327.87	47.27	Not Available	Not Available
	Family	982.54	858.74	123.80	Not Available	Not Available

**Option B**

**POS\*\* High Deductible Health Plan with a Health Savings Account**  
\$1,500 Single / \$3,000 Family Deductible  
\$1,000 Single / \$2,000 Family District Contribution to Health Savings Account

Coverage is provided with a Network Health (Option B) defined contribution similar to the 2013 Employee contribution amount (premiums vary due to rounding)

Plan	Coverage Type	Total Monthly Premium	2014 ER*** Monthly 87% Portion Dollar Contrib	2014 EE**** Monthly 13% Portion Dollar Contrib	2013 ER*** Monthly 87.4% Portion Dollar Contrib	2013 EE**** Monthly 12.6% Portion Dollar Contrib
NHP HDHP/HSA	Single	403.09	350.69	52.40	363.28	52.37
	Family	1,055.74	918.49	137.25	951.47	137.17
UHC HDHP/HSA	Single	Not Available	Not Available	Not Available	363.28	234.71
	Family	Not Available	Not Available	Not Available	951.47	616.09

**Option C**

**POS\*\* Network Health**  
\$100 Single / \$200 Family Deductible with CoPays

Coverage is provided with a Network Health (Option B) defined contribution similar to the 2013 Employee contribution amount (premiums vary due to rounding)

Plan	Coverage Type	Total Monthly Premium	2014 ER*** Monthly Dollar Contrib	2014 EE**** Monthly Dollar Contrib	2013 ER*** Monthly Dollar Contrib	2013 EE**** Monthly Dollar Contrib
NHP POS	Single	579.84	345.00	234.84	363.28	234.63
	Family	1,518.68	903.61	615.07	951.47	614.54
UHC POS	Single	Not Available	Not Available	Not Available	363.28	334.85
	Family	Not Available	Not Available	Not Available	951.47	878.66

**Option D**

**Insurance Buy Out**

Under the terms of the Buy Out option, eligible District employees who have comparable, non-NJSD coverage may cancel their NJSD group medical and/or dental policies. The Buy Out will equal \$2,000 for an annual family medical & dental policy and \$750 for an annual single medical & dental policy. This Buy Out option will be payable through payroll over your elected number of pay periods. This voluntary program will be offered on an annual basis at the District's discretion. Please see the Medical/Dental Insurance Buy Out document for more information.

- \* HMO - Current provider group without coverage for outside providers
- \*\* POS - Current provider group with coverage available for outside providers
- \*\*\* Employer Portion
- \*\*\*\* Employee Portion