

MILLARD PUBLIC SCHOOLS

BOARD MEETING NOTICE

A Board Committee of the Whole meeting will be held on Monday, May 8, 2006, at 7:00 p.m. at the Don Stroh Administration Center, 5606 South 147th Street.

Public Comments on agenda items - This is the proper time for public questions and comments on agenda items only. Please make sure a request form is given to the Board Vice-President before the meeting begins.

A G E N D A

1. Health Insurance Proposals

Public Comments - This is the proper time for public questions and comments on any topic. Please make sure a request form is given to the Board Vice President before the meeting begins.

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BOARD OF EDUCATION  
MILLARD PUBLIC SCHOOLS  
OMAHA, NEBRASKA

SPECIAL MEETING  
7:00 P.M.

STROH ADMINISTRATION CENTER  
5606 SOUTH 147th STREET  
May 8, 2006

AGENDA

1. Superintendent Evaluation (Executive Session)
2. Administrative Salaries (Executive Session)

Public Comments - This is the proper time for public questions and comments on any topic. Please make sure a request form is given to the Board Vice President before the meeting begins.

**Enclosure E.4.**

Minutes  
Committee of the Whole  
May 8, 2006

The members of the Board of Education met for a Committee Meeting on Monday, May 8, 2006 at 7:00 p.m. at the Don Stroh Administration Center, 5606 South 147th Street. The SilverStone group presented their process in determining the finalist as the third party administrators for the health plan, and the insurance provider for the dental plan.

PRESENT: Mike Pate, Julie Johnson, Linda Poole, Mike Kennedy Brad Burwell, and Jean Stothert

Others in attendance were Keith Lutz, Steve Moore, Duncan Young, representatives from Silver Stone Group, and other school administrators.

Representatives from the SilverStone Group summarized the Millard School District's medical and dental renewals, and provided an overview of their market analysis.

There were six vendors who submitted RFP's for the medical/prescription drug program, and six RFP's for the dental insurance provider. Vendor evaluations, which were completed by SilverStone Group, focused on the following areas: Cost, Provider Network, Disruption, and Customer Service. Silver Stone also provided a three-year financial analysis of fixed costs on each of the vendors.

Recommendations for the health third party administrators, and the dental provider will be on the agenda for Monday, May 15, 2006.

  
CHAIRMAN

**Millard Public Schools  
Executive Summary – Committee Meeting  
May 8, 2006**

The following report will summarize the Millard Public Schools' (MPS) Medical and Dental renewals and the market analysis that SilverStone Group (SSGI) has gathered on the district's behalf.

**Introduction:**

- SSGI was engaged as the consultant of record in January 2006.
- Planning & Strategies Meeting conducted in early February to project renewal cost and discuss recommendations for future strategies.
- Based upon current fixed cost pricing, it was determined that MPS's rates were above market benchmarks and a recommendation to conduct a Request for Proposal (RFP) was provided.
- MPS's medical and prescription drug program continues to run extremely favorable. SSGI provided a claim projection based on claims data through February 2006. The expected claim projection for the period of September 1, 2006 through August 31, 2007 is estimated at \$13,492,719.
- A recommendation letter was delivered to MPS to formally proceed with an RFP.
- MPS provided authorization to conduct the RFP.

**Vendor Criteria:**

- Analysis of Provider Networks and Discounts (Medical and Dental)
- Reinsurance Contract Terms:
  - Finalize rates a minimum of 90 days prior to effective date
  - Ability to provide a 24/12 reinsurance contract with no Lasering
  - Immediate Specific Reimbursement
  - Financial Stability of Reinsurance Carrier
  - Ability to match \$5 Million Specific and Aggregate maximums
  - Ability to provide renewals 90-120 days in advance
- Experience with employers the size and complexity of MPS
- Total Care Management (Integrated Utilization Review, Case and Disease Management, Predictive Modeling and Wellness Solutions).
- Legal and Regulatory Compliance (HIPAA Privacy & Security, COBRA, Medicare, Etc.)
- Pharmacy Benefit Manager (PBM):
  - Discounts, Dispensing Fees, Rebates, Predictive Model, Member Education, Etc.
- Technology: Consumer Support Tools, Employee Self Service, Explanation of Benefits, Provider Directories, Integration with PBM, Etc.
- Claims Reporting (Online and Interactive)
- Customer Service (Member and Employer)

**Millard Public Schools  
Executive Summary – Committee Meeting  
May 8, 2006**

**Vendors selected to respond to RFP:**

- **Medical/Prescription Drug Program:** Aetna, Blue Cross/Blue Shield (BC/BS) of Nebraska, Coventry, HDM Benefit Solutions, Mutual of Omaha, Principal and United Healthcare (UHC). BC/BS was the only vendor that declined to quote.
- **Dental Program:** Aetna, Ameritas, BC/BS, MetLife, Principal, United Concordia (UCCI) and UHC. BC/BS declined to quote. Aetna only provided a self-funded proposal. All other vendors provided both a fully insured and self-funded proposal.

**Review of Market Analysis and Renewals:**

- SSGI summarized RFP responses
- Delivered renewals for UHC (Medical) and MetLife (Dental)
- Based on the RFP analysis, MPS elected to interview the following finalists:
  - Medical: UHC and Mutual of Omaha
  - Dental: MetLife, UHC and UCCI

**Finalist Evaluations:**

- Subsequent to the finalist interviews, an objective Vendor Evaluation was developed (See attached).
- The Vendor Evaluation focused on the following areas of importance: Cost, Provider Networks, Disruption and Customer Service.
- A Three-Year Financial Analysis of Fixed Costs was also included in the Vendor Evaluation (See attached).
- Committee Meeting with Board and Administration was scheduled to deliver RFP evaluation.

# Medical/Prescription Drug Vendor Evaluation

<u>CRITERIA</u>	<u>POINTS</u>	<u>VENDOR</u>	<u>COMMENTS</u>
<b>1) COST</b> Fixed Cost (Administration & Reinsurance) Expected Claims/Aggregate Factors Pharmacy Rebates	40	<b>MUTUAL</b>	Mutual is generating \$315,139 of 1st year Fixed Cost Savings and \$1,365,953 over 3 years Mutual's maximum claim cost is \$456,613 below UHC UHC reimburses 80% of rebates (\$9.00 guaranteed) and Mutual is proposing 100% (\$6.05 guaranteed).
<b>2) PROVIDER NETWORK</b> Provider Discounts Provider Network Medical Management	20	UHC	Mutual's discounts were on par with UHC Mutual had 94.3% provider match vs. UHC at 87.5% based on actual MPS utilization UHC's Care Coordination model appears to be superior to UR/Outsourced Disease Mgt.
<b>3) DISRUPTION WITH A CARRIER CHANGE</b> Administer Current Plan Design Reinsurance Employee Disruption	20	UHC	No impact for UHC. Mutual can closely replicate the current plans. Mutual is closely matching current Reinsurance Contract Re-education of vendor procedures would need to take place with a change
<b>4) CUSTOMER SERVICE</b> Customer Feedback Member Services Technology Performance Guarantees	20	<b>MUTUAL</b>	Based on feedback from clients that are insured with both carriers (references are available upon request) Mutual has a dedicated claim and customer service team with a unique 1-800#. Both vendors have extensive consumer support tools. Mutual has proposed stronger guarantees
<b>TOTALS</b>	<b>60</b>	<b>MUTUAL</b>	
	40	UHC	
<b>Abbreviations</b>			
UnitedHealthcare = UHC			
Mutual of Omaha = Mutual			
Millard Public Schools = MPS			
SilverStone Group = SSGI			
Utilization Review = UR			

### Three-Year Medical Fixed Cost Summary

UNITEDHEALTHCARE						
	Current	Renewal				
	September 1, 2005	September 1, 2006	September 1, 2007	September 1, 2008	Increase	Increase
Administration	\$888,189	\$704,352	\$731,920	\$760,316	-21%	4%
Specific Stop Loss	\$1,201,738	\$928,724	\$1,068,032	\$1,228,237	-23%	15%
Aggregate Stop Loss	\$36,004	\$36,004	\$41,405	\$47,616	0%	15%
Annual Totals	\$2,125,931	\$1,669,080	\$1,841,358	\$2,036,169	-21%	10%
<b>Annual Savings versus Current</b>		<b>(\$456,851)</b>				<b>11%</b>

MUTUAL OF OMAHA						
	Current					
	September 1, 2005	September 1, 2006	September 1, 2007	September 1, 2008	Increase	Increase
Administration	\$888,189	\$526,237	\$617,083	\$655,150	-41%	17%
Run-Out Administrative Cost		\$275,000				
Total Administration	\$888,189	\$801,237	\$617,083	\$655,150	-10%	
Specific Stop Loss	\$1,201,738	\$523,137	\$653,922	\$817,402	-56%	25%
Aggregate Stop Loss	\$36,004	\$29,567	\$36,958	\$46,198	-18%	25%
Annual Totals	\$2,125,931	\$1,353,941	\$1,307,963	\$1,518,750	-36%	-3%
<b>Annual Savings versus Current</b>		<b>(\$771,990)</b>				
<b>Annual Savings Versus UHC Renewal</b>		<b>(\$315,139)</b>				
<b>Estimated Three Year Savings</b>		<b>(\$1,365,953)</b>				

Assumed 15% increase to Specific and Aggregate premium for UnitedHealthcare  
 Assumed 25% increase to Specific and Aggregate premium for Mutual of Omaha

## Dental Vendor Evaluation

<u>CRITERIA</u>	<u>POINTS</u>	<u>VENDOR</u>	<u>COMMENTS</u>
<b>1) COST</b> Fully Insured Cost Rate Guarantees/Caps	40	UCCI	UCCI generating \$365,460 savings and UHC is generating \$217,416 over 3 years UHC/UCCI at 24 month guarantees and MetLife Agreed to +8%/+10% rate cap
<b>2) PROVIDER NETWORK</b> Provider Network Provider Discounts	20	UCCI	UCCI had 64% provider match vs. MetLife 40.4% and UHC at 26.7% All carriers had similar PPO Discounts
<b>3) DISRUPTION WITH A CARRIER CHANGE</b> Administer Current Plan Design Employee Disruption	20	METLIFE	No impact for UHC/UCCI to closely replicate the current plans Re-education of vendor procedures would need to take place with a change
<b>4) CUSTOMER SERVICE</b> Customer Feedback Performance Guarantees Intergration with Medical Plan (billing and eligibility)	20	NEUTRAL	Based on feedback from clients that are insured with all carriers (references are available upon request) All carriers offered comparable performance guarantees. Only UCCI and UHC can Integrate the Medical and Dental plans
<b>TOTALS</b>	<b>60</b>	<b>UCCI</b>	
	20	METLIFE	
	20	NEUTRAL	

### Abbreviations

UnitedConcordia = UCCI  
UnitedHealthcare = UHC

### Three-Year Dental Cost Summary

METLIFE					
	Current	Renewal			
	September 1, 2005	September 1, 2006	September 1, 2007	September 1, 2008	Increase
Fully Insured Premium	\$1,055,535	\$996,048	\$1,075,732	\$1,183,305	10%
Annual Savings versus Current		(\$59,487)	-6%	8%	

UNITED HEALTHCARE (UHC)					
	Current				
	September 1, 2005	September 1, 2006	September 1, 2007	September 1, 2008	Increase
Fully Insured Premium	\$1,055,535	\$993,951	\$993,951	\$1,073,467	8%
Reduction for Packaged Pricing		(\$23,700)			0%
Revised UHC Annual Cost		\$970,251	\$993,951	\$1,073,467	-8%
Annual Savings versus Current		(\$85,284)			
Annual Savings versus Met Life Renewal		(\$25,797)	(\$81,781)	(\$109,838)	
Estimated Three Year Savings		(\$217,416)			

UNITED CONCORDIA (UCCI)					
	Current				
	September 1, 2005	September 1, 2006	September 1, 2007	September 1, 2008	Increase
Fully Insured Premium	\$1,055,535	\$938,190	\$938,190	\$1,013,245	8%
Annual Savings versus Current			-11%	0%	
Annual Savings versus Current		(\$117,345)			
Annual Savings versus Met Life Renewal		(\$57,858)	(\$137,542)	(\$170,060)	
Estimated Three Year Savings		(\$365,460)			

**Footnotes**

MetLife provided a Cap of 8% effective September 1, 2007 and 10% for September 1, 2008  
 Assumed Third Year Dental Increase of 8%