



Finance Committee Meeting

August 8, 2024

Chancellor Center





Agenda

- Cornerstone Investment Update
- Stop Loss Policy Renewal
- Appraisal for Tax Appeal
- GoGuardian Software Renewal
- School Security System Upgrade
- Reject Passenger Van Bids
- 2023/2024 Unaudited Results of Operations
- Upcoming Agenda Items



Cornerstone Investment Update

- Kevin Karpuk, Cornerstone



Stop Loss Policy Renewal

- Information provided by Arthur J. Gallagher and Company



Stop Loss Renewal Analysis 24-25



July 16, 2024

Christine Brown, Area Senior Vice President
Kristin Kotz GBA, Area Vice President
Colin Pauline, Client Executive



Gallagher

Insurance | Risk Management | Consulting

Stop Loss Renewal & Analysis

Top 10 High Cost Claimants: September 1, 2023 – June 30, 2024

- There are 4 high claimants above \$200K that totaled approximately \$1.5M
- Last year at this time there was 9 high claimants over \$200K that totaled approximately \$4.3M
 - Current Specific Deductible is \$325K
 - There are 2 individuals that hit the Specific Deductible during the 2023-2024 Plan Year

| | Medic al Payme nt | Rx Payment | Total Payment |
|----|--------------------|--------------------|--------------------|
| *1 | \$404,541 | \$190,578 | \$595,119 |
| *2 | \$11,322 | \$357,730 | \$369,052 |
| *3 | \$3,169 | \$287,020 | \$290,190 |
| *4 | \$15,660 | \$244,714 | \$260,374 |
| 5 | \$194,088 | \$498 | \$194,586 |
| 6 | \$190,216 | \$214 | \$190,430 |
| *7 | \$181,867 | \$0 | \$181,867 |
| *8 | \$172,954 | \$6,176 | \$179,130 |
| 9 | \$5,063 | \$170,768 | \$175,831 |
| 10 | \$167,235 | \$5,678 | \$172,912 |
| | \$1,346,115 | \$1,263,377 | \$2,609,492 |

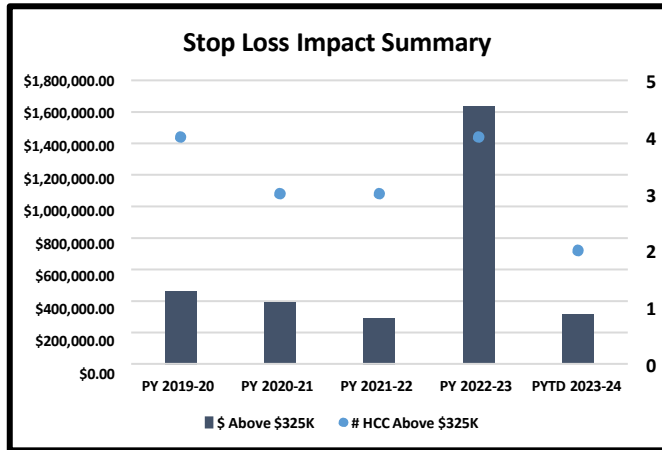
*Recurring High Claimant

Stop Loss Renewal & Analysis

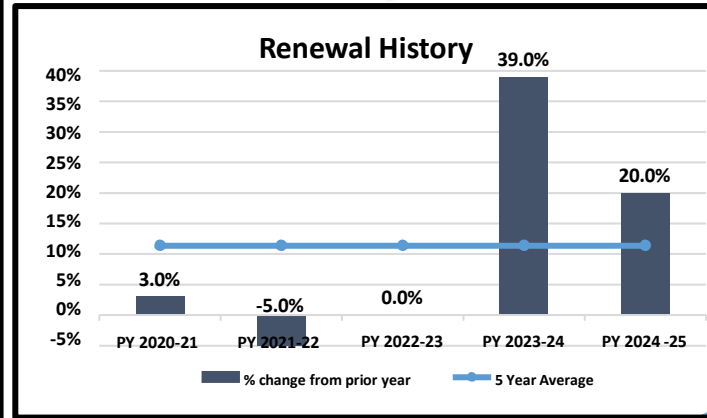
5 Year – Renewal History

- The below charts outlines the Districts stop loss Renewal History
- The Districts 5 year average renewal trend is below what we are seeing in the market place today

The Districts 5 year average trend is about 11%; The market place is around 15-20% year over year



The 22-23 plan year had two \$1M+ Large Claimants



*Current Stop Loss Specific Deductible: \$325K

Stop Loss Renewal & Analysis

Stop Loss Marketing Summary

- Gallagher requested quotes from 8 Stop Loss Carriers including the Districts current carrier, HM
- Below are their responses:

| Stop Loss Carrier | Response |
|--------------------|--|
| Current Carrier HM | Renewal Received: Initial +21.8%, Neg. 20% |
| Wellpoint | Competitive: 20.2% |
| Voya | Competitive: 24.7% |
| TMHCC | Competitive: 24.9% |
| Sunlife | Uncompetitive: 31.6% |
| Symetra | Uncompetitive: 31.8% |
| BCSF | Declined to quote |
| Optum | Declined to quote |
| | |

Stop Loss Renewal & Analysis

Renewal and Carrier Alternatives

- HM initial renewal was released at +21.8%
- Gallagher was able to negotiate a 1.5% decrease (-\$25,174) to the renewal, resulting in a 20% increase from current

| | | Current | Renewal | Negotiated Renewal |
|--------------------------------|------|----------------|----------------|--------------------|
| Carrier | | Highmark | Highmark | Highmark |
| Individual Specific Deductible | | \$325,000 | \$325,000 | \$325,000 |
| Policy Year Maximum | | Unlimited | Unlimited | Unlimited |
| Lifetime Maximum | | Unlimited | Unlimited | Unlimited |
| Contract Basis (Incurred/Paid) | | Paid | Paid | Paid |
| Benefits Covered | | Medical & Drug | Medical & Drug | Medical & Drug |
| Lasers | | None | None | None |
| Rate Cap | | No Cap | 50% | 50% |
| Advanced Funding | | Yes | N/A | N/A |
| Composite | 1234 | \$91.71 | \$110.22 | \$108.52 |
| 306 | 928 | | | |
| *IBC Administrative Fee | | N/A | \$1.50 | \$1.50 |
| Monthly Premium * | | \$113,170 | \$137,862 | \$135,765 |
| Annual Premium* | | \$1,358,042 | \$1,654,350 | \$1,629,176.16 |
| Annual \$ Change From Current | | N/A | \$296,308 | \$271,134 |
| Annual % Change From Current | | N/A | 21.8% | 20.0% |

*Includes IBC \$1.50 Fee for SL Carriers other than Sunlife effective 7/1/2024

Stop Loss Renewal & Analysis

Recommendation & Next Steps

- Recommendation
 - Continue with HM w/ at the **\$325K** Specific Stop Loss deductible
 - Supported by Our Healthcare Analytics Team
 - Analyzed individual district Risk Tolerance
- Next Steps
 - Confirm Coverage and sign paperwork prior to 9/1/2024

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Disclaimers

| | |
|-------------------|--|
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| Coverage | <p>IMPORTANT: This proposal [analysis, report, etc.] is an outline of the coverages proposed by the carrier(s), based on information provided by your company. It does not include all of the terms, coverages, exclusions, limitations, and conditions of the actual contract language. The policies and contracts themselves must be read for those details. Policy forms for your reference will be made available upon request.</p> |
| Renewal/Financial | <p>This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard</p> |
| Legal | <p>The intent of this analysis is to provide you with general information regarding the status of, and/or potential concerns related to, your current employee benefits environment. It does not necessarily fully address all of your specific issues. It should not be construed as, nor is it intended to provide, legal advice. Questions regarding specific issues should be addressed by your general counsel or an attorney who specializes in this practice area.</p> |



Appraisal for Tax Appeal

- Indian Valley Appraisers
- Cost will be \$2,500 for this phase
- Recommended by Rudolph Clarke



GoGuardian Software Renewal

- Assists teachers with students work on computers
- Identifies at-risk students via monitoring of web activity
- 2024/2025 school year
- License for all students and teachers
- Total of \$67,000 for the year
- Increase of \$220 over prior year



School Security System

- Provided through a grant
- Upgrades current security system
- Cost is \$45,000
- Ongoing annual cost is \$42,200



Reject Passenger Van Bids

- Lowest bidder can't provide vans for 6-8 months
- Would like to rebid with a delivery parameter in the bid documents
- Would be replacing older vans



2023/2024 Unaudited Results of Operations

| Capital Projects Fund | General Fund | Capital Reserve Fund | Capital Projects Fund | Food Service Fund | Health Care Fund | Debt Service Fund |
|---|--------------------|----------------------------|-----------------------------|-------------------------|------------------------|-------------------------|
| Beginning Balance | 27,346,373 | 26,001,980 | 23,404,723 | 2,588,155 | 27,476,034 | 2,551,138 |
| Revenues and Other Financing Sources* | 275,298,591 | 868,013 | 13,108,582 | 4,588,298 | 26,007,518 | 18,783,446 |
| Expenditures and Other Financing Uses* | <u>263,461,860</u> | <u>8,080,269</u> | <u>28,747,306</u> | <u>4,540,696</u> | <u>27,034,545</u> | <u>20,529,530</u> |
| 2023/2024 Change in Fund Balance* | <u>9,836,731</u> | <u>(7,212,256)</u> | <u>(15,638,724)</u> | <u>47,602</u> | <u>(1,027,027)</u> | <u>(1,746,084)</u> |
| Ending Balance* | 37,183,104 | 18,789,724 | 7,765,999 | 2,635,757 | 26,449,007 | 805,054 |

*Amounts are preliminary and may not include all accruals, transfers, or audit adjustments and should not be considered final.



Upcoming Agenda Items

- New food service vendor updates
- 2023/2024 transfers

