



Health, Dental, and Pharmacy Changes for 2018-2019

For the first time since 2014, the GCIC is passing a 10% increase in funding rates to member districts. There will be NO plan design changes. The following Q&A will help explain our GCIC membership and why the need for an increase this year.

Why are we part of the Greater Cincinnati Insurance Consortium (GCIC)?

The GCIC is a consortium, approved by the State of Ohio, currently comprised of 14 prominent school districts in Southern Ohio. Participating in an insurance consortium allows our district to take advantage of increased efficiencies, better discounts, and to spread the cost of administration and claims through volume while still allowing each district a voice in the decision making process. The result affords the member districts with stable and predictable plan costs. The GCIC is the right size to be efficient but allow for group decision making!

How did we achieve no premium funding increases since 2014?

You may recall, over the past few years, the GCIC implemented various benefit design changes, added spousal coordination of benefits, changed to Envision Rx and managed the fixed costs the plan pays by increasing the specific stop loss. These enhancements allowed the GCIC to reduce costs and grow a substantial reserve fund. A reserve fund includes all of the funds collected from the member district minus the funds used to run the Consortium's plan. Although the GCIC hires an independent actuary to project future rate increases, the changes made impacted the plan financials more positively than expected which caused our reserve fund to grow substantially. In order to reduce the dollars in the reserve fund, the Board made the decision to maintain rates for several years with the understanding that eventually, a rate increase would be needed.

What caused our premium funding rates increase 10% this year?

The strategy to reduce our excess reserve fund to a more appropriate level was implemented for three years by maintaining our funding rates with no increase. While healthcare costs can be projected, there is no guarantee that the projections will come to fruition. The Board's goal was to achieve an appropriate reserve balance. We are now at that level. However, our claims have risen to a level that we must adjust our funding rates to avoid depleting our reserve any further. Our independent actuary is projecting the need of a 15% increase to our funding rates to maintain our current reserve balance. However, the Board is comfortable with a 10% increase due to the imminent prescription drug rebates coming our way in the next plan year. In addition to a new employee education program that will help employees make better decisions when using healthcare services.

What is considered a typical annual increase to medical and Rx coverage?

Medical and prescription drug inflation is 6-12% a year. With plan changes, employers are able to maintain rate increases between 6-8% each year. Over the past 5 years (2013-2017), the GCIC achieved an average of 2% annually. With a 10% increase for 2018, we are still well beneath the trend, averaging 3.4% annually for the last 5 years.

How do our premium funding rates compare to other districts in Ohio?

In 2017 the average cost per employee per year (PEPY) based on the SERB Survey indicates that public schools in Ohio offering a PPO plan paid \$15,658 PEPY. In comparison, the GCIC paid \$11,725 PEPY, which is 33% less than our peer group.

In addition to the PEPY being lower than our peer group, our funding premiums also provide *(at no additional cost)* COBRA administration, ACA Reporting, Bill Consolidation, an Independent Actuary, an Employee Assistance Program, Expert Compliance Assistance, Wellness Programs, and Professional Benefit Consultants to our member districts.

Should we anticipate an increase every year?

Yes, with the average medical trend projected at 6-12% annually, an increase should be anticipated each year. We were fortunate to have beat the trend with several good years of the plan performing better than expected. We incorporated plan changes and spousal coordination of benefits to assist in "beating the trend." Those changes appear to have engaged employees and allowed GCIC to accumulate excess reserves. Those excess reserves provided member districts with three years without the need to increase the funding rates. The Board made the decision to pass on savings to the member districts and their employees.

The GCIC is committed to continuing the strategic planning that has allowed the Consortium to be so successful. Strategic plans can include plan design modifications but there are other strategic initiatives that help control the inflation of medical and prescription drug costs. We need all employees and their dependents to make good decisions when using health and prescription drug services. Employees' good decisions allow GCIC to build a reserve which can reduce the need for future plan design changes or increases in the funding rates.

With this in mind, the GCIC's Working Committee along with the Gallagher consultants are creating an employee education program to further assist employees when in need of medical care. Our goal will always be to ensure our members receive the appropriate care at the appropriate provide for the appropriate cost!