

Sweetwater County School District #1

Health and Life Insurance Plan Review

March 1, 2018



Insurance | Risk Management | Consulting

Agenda

- Introductions
- Overview
- Observations / Considerations
- Potential Cost-Saving Strategies
- Questions



(who we are &)

WHY WE'RE DIFFERENT

Global Resources. Local Presence.



DEEP RESOURCES

- Founded in 1927
- 130 Countries
- **Fourth largest** brokerage globally
- 25,000+ employees globally
- **Fortune 500 Company**



BOUTIQUE SERVICE

- **Local Presence – Denver**
- JD Powers: “Highest in Customer Satisfaction among Brokers for Large Commercial Insurance”
- **50+ employees locally**

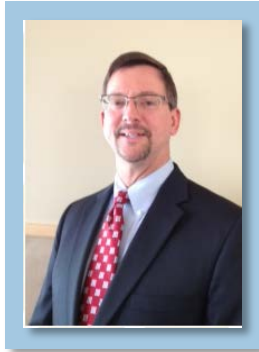


TRUSTED ADVICE

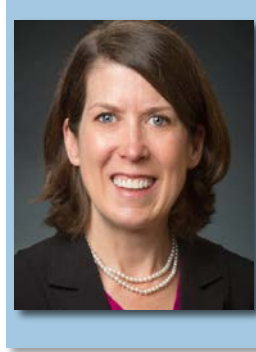
- **Consultants**, not brokers
- Named as a World’s **Most Ethical Company**®, **7 years** in a row
- The Gallagher Way



Local Team



Michael (Mike) Rohr, CLU
Client Consultant



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Overview

General

- **Self-funding**
- **General** evaluation of financial/administrative **impacts of affiliating** with **other entities/programs** as alternatives for
 - Medical,
 - Dental,
 - Vision and
 - Life insurance coverages

Overview

Entities/programs evaluated

- Wyoming State Employees' and Officials' Group Insurance (**WEGI**)
- Wyoming Educators' Benefit Trust (**WEBT**)
- Wyoming School Boards Association Insurance Trust (**WSBAIT**)
- WEGI, WEBT, WSBAIT - collectively referred to as "**programs of interest**"

Overview

Methodology

Gallagher's research and analysis involved

- Review of **District-provided materials**
- **Data** provided by the District's **carriers** and claims **administrators**,
- **Publicly available** materials
- Telephone and/or in-person **discussions** with representatives of the **District**, three **programs of interest**, and various **other districts**

Observations / Considerations

Gallagher Views - District Plans

- Generally **comprehensive, contemporary,** and **competitive** as compared to those available from **other school districts** in Wyoming
- Major **overhaul** of the medical/Rx program would **not** be **suggested** at this time
- If budget reduction is necessary, **phased-in approach** suggested

Observations / Considerations

Gallagher Views – Programs of Interest

- **No** clear immediate **financial advantage** for the District's participation in any of the programs
- **WEGI** – **increased cost** to District in excess of **\$2M**
- **WEBT** and **WSBAIT** – **rates** at initial participation are **based on** recent **historical claim experience**
- **District responsible** for payment of run-out claims (IBNR)

Observations / Considerations

Gallagher Views – Programs of Interest

Program “**Pooling of risk**”:

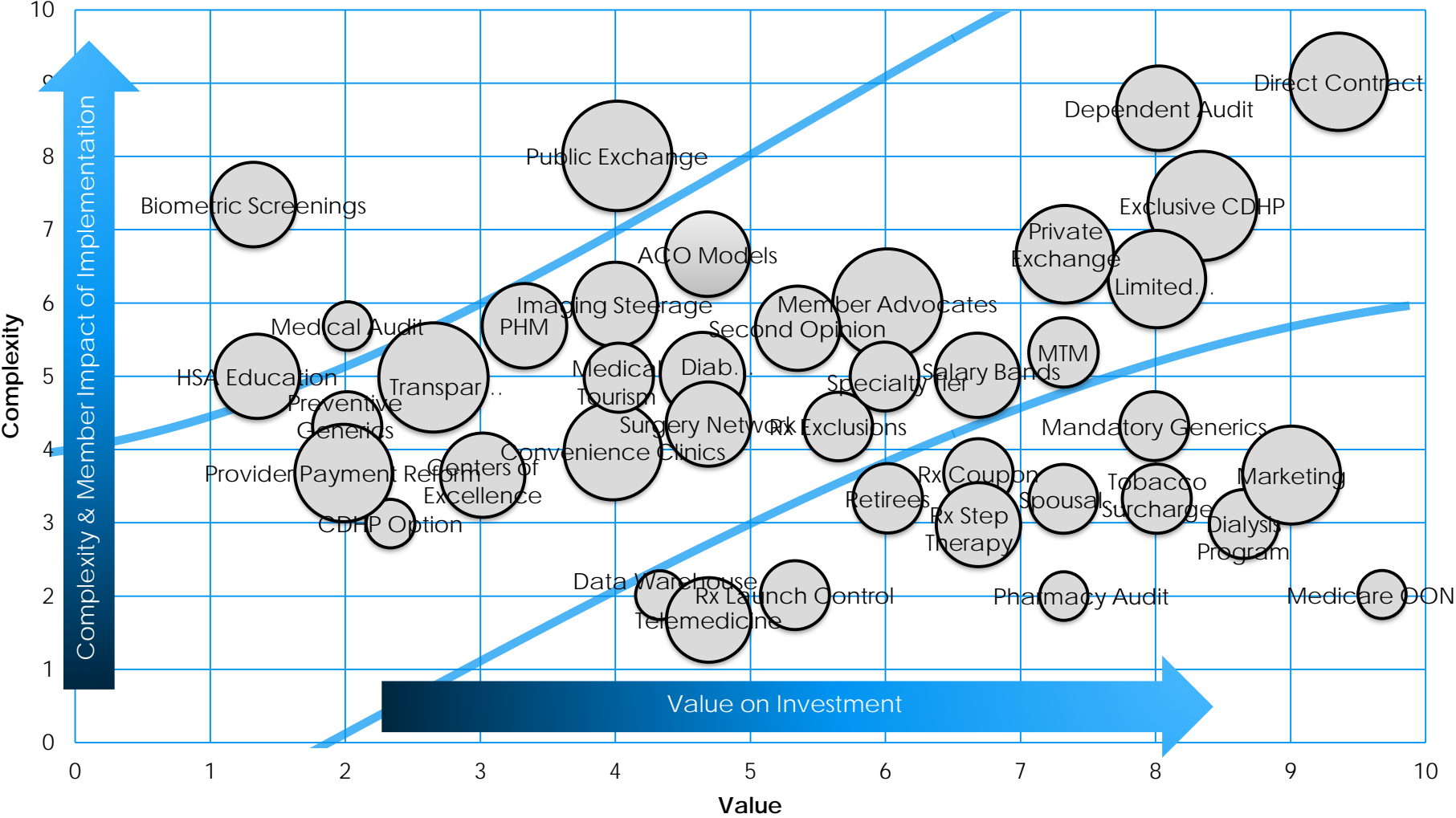
- **Favorable/unfavorable** claim experience **not** typically **fully reflected** in the required rates for subsequent year (disadvantage/advantage)
- **District loses capability** to put plan reserves at risk to offset/fund an abnormally high calculated rate increase in a given year
- **District’s favorable claim experience** may be **offset** by unfavorable claim experience of **other entities**

Observations / Considerations

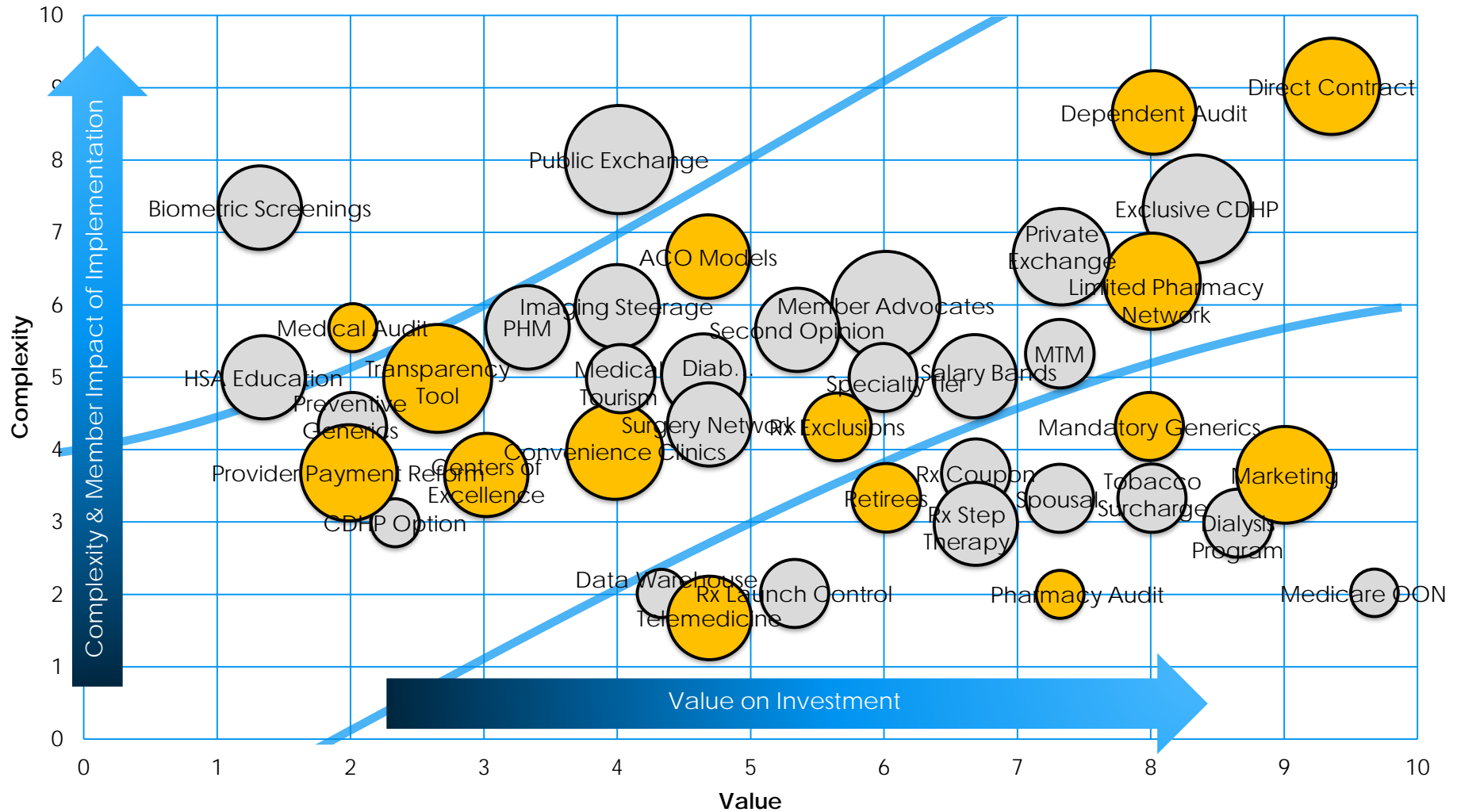
Gallagher Views – Programs of Interest

- **District** currently has **full control** over benefits offered to best meet the needs of its employees and their dependents
 - WEGI – advisory committee
 - WEBT – 9-member board
 - WSBAIT – each entity has equal vote
- **Pooling** of risk or **fully insured** funding do **not translate** to long-term **savings**
- With **prudent management**, independent **self-funded** plans **can be sustainable**

Potential Cost-Saving Strategies



Potential Cost-Saving Strategies



Potential Cost-Saving Strategies

Cost Saving Opportunities

- Self-funding of aggregate stop loss coverage
- Claim audits of medical and/or Rx programs
- Preferred provider networks within dental and vision plans
- Expand current voluntary benefits offering
- Specialty carriers for dental and vision plans
- Maximize current PBM discounts/terms/rebates
- “Carve-out” PBM or “Coalition”
- Member education/use of high quality, low cost providers
- Telemedicine
- “On-site” or “near-site” clinic

Potential Cost-Saving Strategies

Cost Saving Opportunities

- “Purchasing Cooperative” or “Purchasing Coalition”
- Mandatory generics, or member is responsible for cost difference between brand and generic
- Restricted list of covered drugs
- Restrict list of pharmacies
- Conduct comprehensive RFI or RFP for medical/Rx
- Conduct similar projects for dental and vision
- Coverage alternatives for Medicare eligible retirees
- Validate discount efficiencies of providers added at member request

Potential Cost-Saving Strategies

Cost Saving Opportunities

- Incrementally increase deductibles/ out-of-pocket maximums for all plans to meet District budget goals
- Defined contribution approach
- Reduce District's subsidy of dependent funding rates
- Steer usage toward low cost/high quality providers
- In-network only plans
- Dependent eligibility verification audit (DEVA)

Questions

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Thank You



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