

# Sweetwater County School District No. 1

**Final Analysis:  
“Health and Life Insurance Plan Review”**

**Sweetwater County School District No. 1  
Business Office  
3550 Foothill Blvd.  
Rock Springs, WY 82902-1089**

**Presented: January 29, 2018**

**Michael J. Rohr, CLU  
Client Consultant  
6300 South Syracuse Way, Suite 700  
Centennial, CO 80111**

**[mike\\_rohr@ajg.com](mailto:mike_rohr@ajg.com)**



January 29, 2018

Sweetwater County School District No. 1  
Business Office  
3550 Foothill Blvd.  
Rock Springs, WY 82902-1089

Dear Board of Trustees:

Gallagher Benefit Services, Inc. (Gallagher) is pleased to present this draft Health and Life Insurance Plan Review in response to the Sweetwater County School District's request.

Gallagher has used a variety of sources in the research and preparation for the response to this project, including online resources as well as telephonic and/or in-person interviews with representatives of Sweetwater County School District No. 1 (District), Wyoming State Employees' and Officials' Group Insurance (WEGI), Wyoming Educators' Benefit Trust (WEBT), and Wyoming School Boards Association Insurance Trust (WSBAIT), and various other Wyoming school districts.

Thank you again for the opportunity to provide assistance and to showcase our employee benefits consulting expertise. We look forward to the opportunity to meet with you to review our report, to answer any questions you may have, and to earn your confidence and trust as your benefits advisor.

**We are proud to be honored by Ethisphere Institute as one of the World's Most Ethical Companies in 2017 for the sixth year running, from 2012 through 2017.**



Sincerely,

Michael J. Rohr, CLU  
Client Consultant



## TABLE OF CONTENTS

<i>Overview</i> .....	Section I
<i>Scope of Services</i> .....	Section II
<i>Self-funding</i> .....	Section III
<i>Methodology</i> .....	Section IV
<i>Gallagher Analysis</i> .....	Section V
<i>Specific District Questions/Topics</i> .....	Section VI
<i>Observations/Considerations</i> .....	Section VII

### *Appendix*

*Appendix 1 – Districts by Size and Affiliation*

*Appendix 2 – Employers/Entities Affiliated by Program*

*Appendix 3 – Voluntary Life Rates and Table I Rates*

*Appendix 4 – Health Plan Comparison*

*Appendix 5 –*

➤ *Funding Rate Comparison*

➤ *District Contribution Rates*

➤ *District Contributions for Retirees*



## I. Overview

Gallagher Benefit Services, Inc. (Gallagher) was retained by Sweetwater County School District No. 1 (SCSD1, or District) for a specified scope of service benefits consulting project. The identified scope of the project was to assist the District with a general evaluation of the financial and administrative impacts of affiliating with other entities/programs which could serve as alternatives for securing medical, dental, vision and life insurance coverage for District employees, retirees and their eligible dependents.

The report that follows presents the results of our research, financial analyses, as well as our comments pertaining to other issues to consider before making a final decision to affiliate in conjunction with other employers for purposes of securing benefits.

Entities/programs identified by the District as being of interest and included in the review are Wyoming State Employees' and Officials' Group Insurance (WEGI), Wyoming Educators' Benefit Trust (WEBT), and Wyoming School Boards Association Insurance Trust (WSBAIT). Collectively, we refer to these as "programs of interest" throughout this report.

## II. Scope of Services

**Per the District's request, Gallagher has specifically addressed the following questions/topics:**

- a) A review of the current life, medical, dental, and vision benefit plan documents for compliance with federal and state law requirements.
- b) A review of the plan design of the current health insurance benefit relating to plan choice available to employees.
- c) A cost/benefit analysis and comparison of the District's current health and life insurance plan(s) with other plans that may be available to the District, to determine their competitiveness with the District's plans. The comparison should include those plans offered by the State of Wyoming, the Wyoming School Boards Association Insurance Trust, the Wyoming Educators' Benefit Trust, and other plans as may be available to the District.
- d) The cost/benefit analysis and comparison should include the following: annual plan cost per covered individual; annual plan deductible; annual plan maximum employee out-of-pocket; and a list of benefits covered first-dollar (before deductible). Also, if there is a required contribution for the employee, employer, or retiree, please describe and quantify the required contribution.
- e) Identify and compare alternative plan designs for the District's current health and life insurance plans to include the following: compliance with federal and state laws; plan

offerings relating to deductible amounts and plan choices; and cost-saving alternative benefit strategies and plans.

f) Identify and compare other health and life insurance plans that may be available to the District with the District's current plan, and describe implications for the District with regard to benefit plan structure, plan offerings relating to deductible amounts and plan choices, and network coverage and availability.

g) Identify and compare the cost effectiveness of the current District health insurance plan compared to other health insurance plans that may be available to the District with regard to total overall cost, District cost, employee cost, administration, and future trends, to determine their competitiveness with the District's plans.

### **III. Self-funding**

Differences in the District's current self-funding arrangements as compared to those of the respective programs of interest should be a major consideration as the District evaluates potential of affiliating with other employers for purposes of purchasing benefits. As such, we will provide a brief compare/contrast of self-funding and fully insured.

Self-funding is one of a number of mechanisms which can be used to fund an employee benefits program. Conceptually, the components which make up the cost of an employee benefit plan are effectively the same regardless of funding arrangement (with some exceptions). Key differences include flow of plan dollars, who assumes the risk for the plan, and fees/taxes.

With traditional insured arrangements, the employer simply writes a monthly check to the insurer based on the agreed-upon rates and actual enrollment, with the insurer taking on the administrative functions as well as full financial responsibility/risk for the plan. If plan expenses are greater than expected, the insurer takes the loss. Conversely, if plan expenses are lower than expected, the insurer keeps the difference as profit. An insurer will include a "risk charge" and/or "margin" within their rates to offset the risk of loss to the insurer.

Under a self-funded arrangement such as the District's, the employer typically hires a third party administrator (insurance carrier or TPA) to perform the same administrative functions of an insured plan - including claim administration, eligibility administration, provider network development/administration, and contract/booklet development, printing and distribution. Full financial responsibility resides with the employer. To help mitigate the risk of large claimants and swings in expected claims, employers typically purchase "stop-loss" coverage. An employer also ideally establishes reserves, to anticipate both incurred but not reported claims costs and fluctuations in actual claims as compared to projected claims.

Self-funded and fully insured are simply means, or mechanisms to fund healthcare plan expenses. Claim costs represent the single largest component of health plan costs and are the foundation of plan cost projections. Claim costs will be the same without regard to how the plan is funded, whether insured, self-funded or something in-between. Risk charge/margin, Affordable Care Act fees and premium taxes included within a fully insured plan generally result in the insured plan being more expensive than a self-insured arrangement over the long-run.

**Major differences between self-funded and fully insured cost projection build-up include:**

**Trend assumptions:**

- Self-funded – trend projections published/utilized by consulting firms are often lower than those used by carriers.
- Insured – assumptions typically include some margin resulting in add-on cost.

**Margin (including profit margin, claim fluctuation margin, etc.):**

- Self-funded – based on employer desire to minimize rate increases, employee cost share and other factors, Gallagher build-up may/may not include margin.
- Insured – up to 5% to 15% add-on cost.

**Premium tax:**

- Self-funded – premium taxes are not applicable to self-funded plans (0%).
- Insured – Wyoming premium tax is 0.75%; Gallagher is not aware of any provision in Wyoming law which exempts public employers from premium tax (0.75% add-on cost).

**ACA insurer fee:**

- Self-funded – not applicable to self-funded plans.
- Insured – varies by insurer based on respective market share. Carriers may claim their cost to be “proprietary” and may not be agreeable to release of any indication as to what that cost is.
- Typical issuer fees range from 2.5% to 3.5%.
- **Note that recent events in Washington could impact this factor.**

Differences in assumed administrative expenses and pooling (stop loss) costs may also influence differences in final rate build-up of insured as compared to self-funded plans.

**Note that other differences are not as readily quantifiable:**

**Reserves:**

- Insured – carrier holds reserves, retains earnings, and determines amount and any changes to be built into plan funding rates.
- Self-funded – employer holds reserves, determines use, and retains earnings.

**Claim cost credibility:**

- Insured – depending on employer size, employer claim experience may not be fully credible, and a “blending” of employer claim history with carrier “manual”, or expected claim rates may play into the rate build-up process. Final projected claim costs may be adjusted up or down at underwriter discretion toward the carrier’s manual rates. In any given year, this may be an add-on cost, or a reduction in cost to the plan.
- Self-funded – final recommended cost projections may be adjusted from pure “formula” based on consultant experience and expertise and ultimately, plan sponsor decision.

**Cash flow:**

- Insured – plan expenses are locked in and the carrier is paid premium based on agreed upon monthly rates multiplied by plan enrollment. Actual plan claims (favorable/unfavorable) will not be recognized until a subsequent plan renewal. Favorable claim experience is often viewed as an anomaly by the carrier, and there is reluctance to actually reduce rates, even if actual claim history would warrant doing so.
- Self-funded – plan receives advantage/disadvantage of favorable/unfavorable claim experience immediately.

**Flexibility in setting funding rates:**

- Insured – no flexibility; if rates exceed employer budget, plan design changes, or increased employee out-of-paycheck share would be required.
- Self-funded – while not recommended or sustainable long-run, a self-funded employer has flexibility to put plan reserves at risk and artificially lower suggested funding rates if suggested rates exceed budget.

**While nearly all coverages under the programs of interest are self-funded, the programs may function more like fully insured plans with respect to the items discussed in this section from the perspective of the participating employer.** The impact of this is that while the underlying plans are self-funded, the employer will rarely experience the full value of being self-funded.

## IV. 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, as well as telephone and/or in-person discussions with representatives of the District, three programs of interest, and various other districts.

## V. Gallagher Analysis

Our report begins with a brief, high-level overview of the current District program and the three programs of interest identified by the District. Next, we address the seven questions/areas of interest specifically identified by the District. This is followed by a Considerations and Summary section. Reference will be made throughout the report to various exhibits and supplemental information contained within the Appendix section of the report.

For discussion purposes, reference will be made to the following:

- Sweetwater County School District No. 1 (SCSD1 or District)
- Wyoming State Employees' and Officials' Group Insurance (WEGI)
- Wyoming Educators' Benefit Trust (WEBT)
- Wyoming School Boards Association Insurance Trust (WSBAIT)
- WEGI, WEBT, WSBAIT are collectively referred to as "programs of interest"

Following is a brief synopsis of the current District program and each of the three programs of interest identified by the District for comparison. Programs of interest are presented in order of respective size based on number of employee lives covered (largest to smallest). The intent is to provide a high level, general understanding of the features and mechanics of each program. As part of the District's due diligence, further, more in-depth analysis would be necessary to fully evaluate the merits of the District affiliating with any of the programs of interest.

*Appendix 1* includes a listing of Wyoming School Districts ranked by size (student population), with indication of each District's source of medical/Rx and presumably, other benefits (dental, vision and life). Of Wyoming's 48 school districts, four secure and maintain their employee benefits on their own, independent of other employers. ALL other Wyoming School Districts are affiliated with one of the three entities, WEGI, WEBT, or WSBAIT. Note that SCSD1 currently obtains life coverage under the WSBAIT program. Of the top 20 districts by student population, WEGI has 1, WEBT has 11 and WSBAIT has 5.

SCSD1, Laramie CSD #1, Uinta CSD #1 and Sublette CSD #1 are the four districts which maintain benefits independently. Districts ranked in order by student population are (#1) Laramie, (#4) SCSD1 (#9) Uinta, and (#21) Sublette. While SCSD1 offers three plans, the other three districts each offer one plan for active employees. Laramie and

Sublette have BCBSWY as their claims administrator, and Uinta has Altius due to their proximity to Utah. Sublette and Uinta are self-funded, and it is Gallagher's understanding that Laramie has a "participating" insured arrangement. While Gallagher is not privy to the details, participating arrangements typically involve the employer and carrier (BCBSWY) sharing in the favorable or unfavorable financial results of the plan in some fashion.

Per the desired scope of the District project, discussion will focus on medical/Rx, dental, vision and life benefits and will include:

- Participating employers/entities, including number of entities, total size, entity size range
- Coverage offerings
- Funding (self-funded/insured)
- Carriers/Third Party Administrators (TPAs)
- Funding rates
- Required employer contributions
- Commitment
- Terminal liability
- Plan year
- Governance

## **Sweetwater County School District No. 1 (District or SCSD1)**

### **Participating entities**

Sweetwater County School District No. 1.

### **Coverage offerings**

- Medical/Rx – 3 Active and under 65 Retiree plans. Medicare Retirees are offered these plans, a Medicare Supplement type plan, and a \$400 PPO plan (note that \$400 PPO retiree plan will be eliminated at the end of the 2017-2018 plan year).
- Dental – 1 plan
- Vision – 1 plan
- Life – 1 plan

### **Funding (self-funded/insured)**

Medical/Rx, dental and vision coverages are self-funded; life coverage is insured.

### **Carriers/TPAs**

- Medical/Rx – United Medical Resources (UMR) (Options Network)
- Dental – UMR (no network)
- Vision – UMR (no network)
- Life – Cigna through WSBAIT (2x salary to \$100,000)

### **Funding rates**

In consultation with District's TPA, stop loss carrier and consultant, District makes determination of funding rates based on District's projected expenses using historical claim and expense data.

### **Required employer contributions**

District determines employer/employee contribution share and makes specific contributions toward each coverage (medical/Rx, dental, vision and life). **While the District currently subsidizes retiree rates implicitly by not charging retirees funding rates which fully support the retiree costs, the District makes no explicit contributions toward retiree funding rates.**

### **Commitment**

Health/Life benefits are provided under Board Policy GCBC/HG.

**Terminal liability**

*Should SCSD1 terminate its self-funded plan, payments for claims for services prior to termination, but paid after the termination date (IBNR) are the liability of the District.*

**Plan year**

September through August

**Governance**

Per District practice/policy.

## Wyoming State Employees' and Officials' Group Insurance (WEGI)

### **Participating entities**

WEGI participants include State of Wyoming, University of Wyoming, Wyoming State Colleges and one school district, **Natrona County School District**. Please refer to *Appendix 2* for a listing of employers/entities affiliated with WEGI.

WEGI information indicates 10 covered entities, and as of January 1, 2017 had a total covered population of 17,913. Community Colleges range in size from approximately 180 to 300 employees and Natrona County School District has about 2,000 employees.

### **Coverage offerings**

- Medical/Rx – 4 Active, 3 under 65 retiree, and 3 Medicare eligible retiree plans are offered. **Preventive dental is required if medical coverage is elected.**
- Dental – Preventive base (required if medical is elected) and comprehensive “buy-up” plans are available.
- Vision – 1 plan, voluntary (employee pays all).
- Life – 1 plan, \$50,000 benefit, rates are by age-band rather than one rate for all.

### **Note:**

- **Medical/Rx and preventive dental program are required employer offerings.**
- **School Board members who do not meet WEGI definition of an eligible employee are not eligible for coverage under WEGI.**

### **Funding**

Medical/Rx and dental coverages are self-funded; vision and life are fully insured.

### **Carriers/Third Party Administrators**

- Medical/Rx – Cigna for medical/Medimpact is a separate pharmacy benefit manager (PBM) for prescription drugs
- Dental – Delta Dental
- Vision – VSP
- Life – Standard

### **Funding Rates**

All participating entities pay the same funding rates.

## **Required employer contributions**

- Minimum required employer contribution is per formula (85% of the sum of the funding rates for the most comprehensive medical/Rx plan, preventive dental plan and highest age-band life rate).

**Note – Unlike the District’s program which provides separate contribution rates for each type of coverage (medical/Rx, dental, vision and life), the formula based WEGI employer contributions outlined above create a “bucket of money” which the employee can use to purchase any available coverages (medical/Rx, dental and life). Note that vision coverage is fully employee paid. If employees elects medical/Rx, preventive dental is also required.**

- Employer is **required to make contributions on behalf of current retirees brought into WEGI** per formula.
  - Not Medicare eligible – \$11.50 per month per year of service (30-year maximum)
  - Medicare eligible – \$5.75 per month per year of service (30-year maximum)
- Employer is required to make **monthly contributions of 0.6% of the employer’s total payroll** to fund the subsidy for retirees who retire while the District is a participating entity. Participating entities are required to pay WEGI this amount for retirees on the program prior to opting into the program.
- Employer is required to make **full minimum contribution** for an employee who enrolls in any benefit plan (e.g., dental only, or vision only).

## **Commitment**

5-year incremental commitment to WEGI program. Prior to 5-year anniversary, participating entity can request to receive historical claim data to evaluate options. If entity elects to continue with WEGI, a new 5-year commitment is required.

## **Terminal liability**

Should a participating employer separate/terminate from WEGI, incurred but not reported (IBNR) liability remains with WEGI, meaning that, WEGI is liable for payment of claims for any services received prior to termination, which are paid after termination. Responsibility for retiree coverage remains with the employer.

## **Plan year**

January through December

## **Governance**

10-member Wyoming State Employees' & Officials' Group Plan Advisory Panel, with 8 member appointed by the Director of A&I proportionately representing specified participating entities, one member from the Governor's office and one member from the Wyoming Insurance Department.

The broad purpose of the Advisory Panel is to provide input into the rates and benefits of the Plan. Advisory Panel members are representatives of the participants of the program. While the Panel does not manage the benefits program, they do act in an advisory capacity as advocates, bringing the concerns and requests regarding benefits to the attention of A&I and Employees' Group Insurance. Advisory Panel members have the opportunity to have input on plan design and administrative options and thus have influence on the administration of the program.

## **Wyoming Educators' Benefit Trust (WEBT)**

### **Participating entities**

Entities currently participating in WEBT program include Wyoming school districts, BOCES, various Wyoming Towns, Counties, and other public sector employers.

WEBT includes 60 entities with approximately 7,500 total covered employees. Group size range from 2 to 625 employees. WEBT participants include 25 school districts. See *Appendix 2* for a listing of participating employers/entities in the WEBT program.

### **Coverage offerings**

- Medical/Rx – 7 Active and 5 Retiree plans are available (**employers may offer up to 3 plans**)
- Dental – 2 plans (**employers may offer 1 plan**)
- Vision – 3 plans (**employers may offer 1 plan**)
- Life – minimum of \$20,000 required; WEBT indicates life benefits can be flexible in terms of plan design subject to carrier approval.

### **Funding (self-funded/insured)**

Medical/Rx and dental coverage is self-funded; vision, and life coverages are insured.

### **Carriers/TPAs**

- Medical/Rx – Blue Cross Blue Shield Wyoming (BCBSWY)
- Dental – BCBSWY (Insured benefits through Delta Dental Wyoming are available as an accommodation to employers without access to adequate network coverage through BCBSWY.)
- Vision – VSP
- Life – Lincoln Financial Group

### **Funding rates**

Each employer group is rated/underwritten based on its own unique characteristics (claim experience, demographics, contribution structure, etc.). Each renewal, overall Trust increase is determined, individual entities may receive greater/lesser increase than the overall Trust based on claim experience of the individual entity.

### **Required employer contributions**

Employer contributions are not mandated; current range is 100% employer paid to 60%/40% employer/employee cost share.

## **Commitment**

While there is no formal required commitment to the Trust, continuation to the 2nd renewal is WEBT's request/ask. Withdrawal can coincide with the 1st renewal with appropriate notice.

## **Terminal liability**

Should a participating employer/entity terminate from WEBT, responsibility for coverage of retirees under age 65 remains with the employer. Medicare-eligible retirees may remain with WEBT. Payment for claims for services prior to separation from WEBT, but paid after the separation date (IBNR) are the liability of WEBT.

## **Plan year**

July through June

## **Governance**

The WEBT Board of Trustees is made up of ten Trustees, including the four elected officers of the Wyoming Education Association, and six at-large Trustees from groups participating in the WEBT group health plan. The six at-large Trustees include one school board member, one superintendent, one Business Manager, one non-educational representative, one participating group employee, and a retiree representative.

## **Wyoming School Boards Association Insurance Trust (WSBAIT)**

### **Participating entities**

Current participating entities in WSBAIT program include Wyoming school districts, BOCES and WSBA employees.

WSBAIT includes 21 covered entities, of which 18 are school districts, with approximately 2,800 total covered employees. Smallest employer group is 6 employees while Districts range in size from 30 employees to approximately 1,017 employees. See *Appendix 2* for a listing of participating employers under WSBAIT.

### **Coverage offerings**

- Medical/Rx – 6 plans are available (**employers may offer any or all 6 plans**)
- Dental – 5 plans available (**employers may offer any or all 5 plans**)
- Vision – 5 plans available (**employers may offer any or all 5 plans**)
- Life – WSBAIT indicates life benefits can be flexible in terms of plan design subject to carrier approval.

While no medical/Rx plans are specifically designated as “Retiree”, WSBAIT plans can be offered to non-Medicare or Medicare eligible retirees. Additionally, WSBAIT has indicated the willingness to consider the possibility of developing a retiree plan to accommodate the needs of any given employer.

### **Funding (self-funded/insured)**

Medical, dental and vision coverages are self-funded; life is fully insured.

### **Carriers/TPAs**

- Medical/Rx – UMR (Options Network)
- Dental – UMR (Network)
- Vision – UMR
- Life – Cigna

### **Funding rates**

Each renewal, overall Trust increase is determined and individual entities may receive greater/lesser increase than the overall Trust based on claim experience of the individual entity.

## **Required employer contributions**

Minimum employer contributions are not mandated.

## **Commitment**

No commitment is required in terms of minimum years with Trust (note terminal liability).

## **Terminal liability**

Should a participating employer terminate from WSBAIT program:

- Incurred but not reported (IBNR) liability remains with the employer, meaning that should an employer separate from the Trust, the employer is responsible for payment of claims for any services received prior to termination, which are paid after termination.
- Employers in deficit positions at termination are responsible to reimburse the Trust for deficit balance.
- Equity payout provision if employer plan is in a surplus.

## **Plan year**

July through June

## **Governance**

Board of trustees includes WSBAIT Director of Insurance Services and one representative from each District/employer, typically the business manager.

## VI. Specific District Questions/Topics

**For ease of reference, questions as outlined in the RFP scope of services will be addressed in order of appearance as follows.**

**a) A review of the current life, medical, dental, and vision benefit plan documents for compliance with federal and state law requirements.**

Gallagher team members have completed a high-level review of the District's current UMR medical/Rx, dental, and vision plan documents and have identified no apparent deficiencies in the document. The advantage of the consolidated document as we view it, is ease of review. A possible disadvantage is potential member confusion as to which plan provisions apply to his/her plan election.

Gallagher team members have also reviewed District Cigna life plan documents as provided by WSBAIT. Gallagher noted that the voluntary life rates "straddle" the IRS Section 79 Table I rates (refer to **Appendix 3**). From a high level perspective, a "straddling" situation arises in an employer sponsored voluntary or supplemental life plan when some plan rates are lower and some plan rates are higher than the Table I rates of Section 79 of the IRS code.

NOTE that this "straddling" circumstance does NOT necessarily create an issue for employers or employees as long as the employer is correctly imputing income for employees who are advantaged by the situation (i.e., income should be imputed for those employees who have rates lower than the Table I rates). Gallagher would suggest that the District seek input from their tax advisor regarding potential impact and appropriate action.

**b) A review of the plan design of the current health insurance benefit relating to plan choice available to employees.**

Based on Gallagher's review and experience, current District medical/Rx offerings provide a reasonable variety of choices. The three plans offered provide meaningfully different levels of benefits allowing employees to choose a plan which best meets their needs and circumstances, and the number of offerings appear to be within the norm for Wyoming school districts as outlined below.

Based on Gallagher's research, a compilation listing of Wyoming school districts ranked by student population (per Wyoming Department of Education) with each District's benefits affiliation (Independent, WEGI, WEBT or WSBAIT) was prepared (see **Appendix 1**).

Internet resources allowed for the further identification of the number and types of medical/Rx plans offered by each District affiliated with the WEBT program. WSBAIT provided Gallagher with a matrix showing the number and plans offered by each participating employer under the WSBAIT program. Gallagher's analysis includes only school districts.

As a source of comparison, the following provides a summary of the numbers of medical/Rx plans offered by employers within each of the programs/entities:

**WEGI** offers 4 (four) plans to employees of participating employers (see *Appendix 4* for a high level description of the plans offered by WEGI).

**WEBT** offers 7 (seven) plans, of which participating employers may offer up to 3 (three) plans to their employees (see *Appendix 4* for a high level description of the plans offered by WEBT). Of 25 Districts identified as WEBT participants:

- 3 offer 1 plan
- 6 offer 2 plans
- 16 offer 3 plans

**WSBAIT** offers six plans and participating employers may offer any, or all six plans to their employees (see *Appendix 4* for a high level description of the plans offered by WSBAIT). Of 18 Districts identified as WSBAIT participants:

- 1 offers 1 plan
- 1 offers 2 plans
- 1 offers 3 plans
- 9 offer 4 plans
- 1 offers 5 plans
- 5 offer 6 plans

Based on this review, most school districts in Wyoming offer three or more medical/Rx plans, leading to the conclusion that the District should be viewed as competitive and reasonable regarding the number and diversity of plans offered.

**c) A cost/benefit analysis and comparison of the District's current health and life insurance plan(s) with other plans that may be available to the District, to determine their competitiveness with the District's plans. The comparison should include those plans offered by the State of Wyoming, the Wyoming School Boards Association Insurance Trust, the Wyoming Educators' Benefit Trust, and other plans as may be available to the District.**

**Methodology/Assumptions - WEGI:**

- As noted in prior narrative, WEGI is the only program of interest which does not

individually rate each prospective employer participant separately based on its own claim experience, demographics and other typical rating factors.

- Per the District's request, Gallagher used District published funding rates and employee contributions effective 9/1/2017, and January 2018 census data as provided by the District for comparison purposes.
- District figures were compared to published WEGI program rates/required employer contributions effective 1/1/2018 based on the assumption that employees would choose the WEGI plan most similar to their current plan choice (please refer to *Appendix 4* for a high level comparison of benefits available through WEGI).
- As WEGI life rates are age-banded, a pure comparison to District costs is pending based on District's interest in further review of the WEGI program.

### Findings:

- Overall Active employee plan costs for medical/Rx, dental and vision coverages (District and employee share) are estimated to **increase by approximately \$535,000.**
- Due to WEGI employer contribution requirements, overall District contributions attributable to active employees for medical/Rx, dental, vision and life coverages are estimated to **increase by approximately \$1,255,000.**
- WEGI requires full employer contributions for employees working 20 hours per week or more. As the District does not currently make contributions towards employees working 20 to 30 hours per week (HPW), the **impact to SCSD1 would be even greater** than noted due to the likely increase in enrollment among employees working 20 to 30 HPW.
- District contributions for retiree rates would **increase from \$0 to as much as approximately \$571,000** if all current retirees retired with 30 years of service based on the per retiree per month per years of service WEGI required employer contribution previously described (\$11.50 for non-Medicare eligible retirees and \$5.75 for Medicare eligible retirees).
- In addition, estimated annual District contribution at 0.6% of annual employer payroll to the State program for retirees would **increase District costs by approximately \$258,000.**
- Employee contributions would also be impacted. Based on the WEGI minimum employer contribution formula, the plans effectively use a "defined contribution" approach, where the employer dollar contribution is the same irrespective of the plan elected by the employee. **This would represent a significant departure from current District practice.**
- District Basic life rates through Cigna/WSBAIT for a 2x salary benefit to \$100,000 are \$0.095 per \$1,000 of benefit. WEGI offers a \$50,000 benefit with \$20,000 AD&D benefit, with estimated age-banded per \$1,000 rates ranging from \$0.0628 for ages 39 and under to \$0.2682 at ages 55 – 59. Benefits reduce and rates increase further at ages 60+.

**Based on these findings, it does not appear to be in the financial interest of the District to pursue affiliation with the WEGI program at this time.**

Please refer to *Appendix 5* for additional details.

**Methodology/Assumptions – WEBT and WSBAIT:**

- Under WEBT and WSBAIT programs, each prospective participating employer group is rated/underwritten based on its own unique characteristics (claim experience, demographics, contribution structure, etc.).
  - As such an RFP/RFI process would be required to evaluate the District’s estimated plan costs as compared to those available to the District through the WEBT or WSBAIT programs.
  - Given the District did not wish to “bid the plan’s current vendors” per the terms of this consulting project, Gallagher did not pursue proposals/rates from either the WEBT or WSBAIT programs.
  - Representatives of both WEBT and WSBAIT indicated definite interest in submitting a proposal for the District’s benefits plans.

**d) The cost/benefit analysis and comparison should include the following: annual plan cost per covered individual; annual plan deductible; annual plan maximum employee out-of-pocket; and a list of benefits covered first-dollar (before deductible). Also, if there is a required contribution for the employee, employer, or retiree, please describe and quantify the required contribution.**

A high level comparison of the District’s medical/Rx plans and those available through the three programs of interest is included in *Appendix 4*. Due to the large number of plans to be compared, the exhibit includes review of In-Network, and single coverage deductible and out-of-pocket provisions. For most plans, family deductibles and out-of-pocket maximums are set at 2x the dollar amount of the respective individual coverage figures.

Please refer to the response to topic c) for analysis of the potential cost implications to the District.

**e) Identify and compare alternative plan designs for the District's current health and life insurance plans to include the following: compliance with federal and state laws; plan offerings relating to deductible amounts and plan choices; and cost-saving alternative benefit strategies and plans.**

Gallagher has had conversations with representatives of WEGI, WEBT and WSBAIT. Each has confirmed to Gallagher that their program is compliant with federal and Wyoming laws. We did note that WSBAIT plans do not cover substance abuse.

With the exception of WEGI's \$500 deductible plan, plans offered through WEGI are viewed as reasonably similar to those currently offered by the District. Current District's lowest deductible offering at the \$1,000 level is consistent with the minimum deductible plans offered by WEBT and WSBAIT. WEBT offers one plan with a higher deductible than that offered by SCDC1, while WSBAIT offers two.

Under WEGI, reintroduction of a lower deductible, higher cost plan would not seem consistent with the District's indicated cost containment goals. Under WEBT, SCSD1 would be limited to offering three medical plans, so no perceived gain from the perspective of "choice" would follow with a move to WEBT. While WSBAIT offers three additional plan choices, if desire for expanded plan choice is the District's only/primary reason for seeking to affiliate with other employers as part of one of the programs of interest, SCSD1 can accomplish this without affiliating with a program by offering additional plans.

Note that without effective member decision support tools, availability of too many plan choices may be counterproductive to intended cost containment strategies.

Plan design and benefit strategy choices and outcomes are specific to each individual employer. What may work well for one employer may be a complete disaster for another based on cultural, legal, philosophical and budgetary considerations. An employer's tolerance for member "noise" or "pushback" will necessarily influence decisions on employee benefits strategies and offerings.

Following is a listing of potential strategies which may lead to cost-saving opportunities that the District might consider investigating, keeping in mind that some may not be viable culturally or philosophically. Strategies are generally arranged from lower to greater impact to covered members.

- Evaluate impact of elimination of aggregate stop loss coverage. While aggregate coverage is relatively inexpensive and might be considered "sleep" insurance, many employers of SCSD1's size and even smaller do not carry aggregate stop loss coverage given adequate reserves and due to perceived lack of value. The District might confirm if there has ever been an aggregate claim, or if historical claims have ever come close to the carrier specified maximum District liability under the stop loss contract. Additionally, while not a huge cost savings opportunity, vision coverage is typically not included under aggregate protection.
- Conduct a claims audit of medical/Rx programs by using an independent third-party auditor to assure that claims are being paid per the terms of the plan document.
- Add preferred provider networks within the dental and vision programs. As an example, Delta Dental of Wyoming indicates there are 21 dentists in the Rock Springs area and 6 in the Green River area, all of which participate with DDWY's provider network. Discounts can be easily accessed with no impact to members. UMR has indicated willingness to provide related impact data for District.

- Consider offering, or expanding current offering of voluntary benefits such as accident, critical illness, legal, identity theft protection, and pet insurance. While SCSD1's designated scope of work did not include a review of voluntary coverages, many employers have experienced improved employee satisfaction with their benefits program, with no increase to employer cost, by offering voluntary coverages.
- Review specialty carriers for dental and vision programs via RFP or RFI to assure that combination of provider access, provider discounts and administrative costs result in the best achievable overall program.
- Work with District's current PBM to assure that maximum value of discounts/terms are achieved and that the full value of prescription drug rebates pass through to the District, rather than serving as profit for the PBM.
- Evaluate "carve-out" PBM or "Coalition" PBM alternatives via RFI or RFP for potential for better network access, discounts/terms, and drug rebate value which can result in significant cost savings to SCSD1.
- Educate members toward use of identified low cost, high quality providers (e.g., designated Centers of Excellence).
- Evaluate Telemedicine opportunities (e.g., MDLive, Dr on Demand, or Teledoc) as a lower cost alternative to an emergency department visit.
- Evaluate potential for establishing an "on-site" or "near-site" clinic as a lower cost alternative for low intensity medical care. This can be done by SCSD1 alone, or collaboratively with other employers (e.g., with the City, County and/or hospital).
- Evaluate potential of forming a "Purchasing Cooperative" or "Purchasing Coalition", where SCSD1 bands together with other area employers to purchase benefits as a group to gain better pricing as a larger group than what otherwise might be obtained as individual employers (e.g., SCSD1, City of Rock Springs, SCSD2, Sweetwater County and City of Green River). This can be done with or without risk sharing.

As an example, Gallagher serves as benefits consultant for Campbell County Coordinated Benefits Trust (CCCBT) in Gillette, which includes City of Gillette, Campbell County Government, and Campbell County Health, the local hospital in Gillette. For many years, these employers have joined together to purchase medical/Rx, dental, vision, life and disability benefits as one entity. For medical/Rx and dental coverages, negotiated per capita administrative costs are the same for each employer, each employer maintains their own unique benefit design and no risk sharing occurs (i.e., each employer maintains full responsibility for payment of their own claims and administrative costs). On the other hand, for insured vision benefits, each employer pays the same negotiated rates based on their specific enrollment and the claim experience for all employers accumulate toward the required rates.

This arrangement has resulted in significant cost savings over the years for these three employers.

- Consider mandatory generics, or if a generic is available, the member can elect to fill with the brand drug, but the member is responsible for the full cost difference between the brand drug dispensed and the available generic drug.
- Consider adoption of a restricted/limited Rx formulary (list of covered drugs) to achieve plan claim cost savings.
- Consider adoption of a restricted or limited list of pharmacies to achieve plan claim cost savings.
- Conduct a comprehensive RFI or RFP process for medical/Rx to assure that the combination of network discounts, network accessibility and breadth, network match and administrative costs result in the best achievable overall program if District has not done so in a number of years. Consider including WEBT and WSBAIT as part of this RFI/RFP process to get a better sense of how competitive these programs might actually be.
- Conduct similar RFP projects for dental, vision as previously noted. A combined life and disability RFP can result in efficiencies and might be considered as well. Note that Gallagher has found that a phased approach to RFP releases can be beneficial for the employer (e.g., do medical/Rx RFP 1<sup>st</sup> year, dental/vision 2<sup>nd</sup> year, life and disability 3<sup>rd</sup> year so as not to overwhelm staff).
- Evaluate coverage alternatives for Medicare eligible retirees to take GASB liability off District's books.
- Verify that discounts negotiated with providers being added to preferred listing via member request are maintaining or improving the average overall discount arrangements.
- Incrementally increase deductibles/out-of-pocket maximums for all plans across the board to meet District budget goals.
- Evaluate defined contribution approach – Current District contribution structure for medical/Rx plans applies similar contribution percentages for all plans. Many employers are restructuring to a “Defined Contribution Approach” where the District identifies the contribution toward low cost plan. The add-on contribution for the employee electing one of the more expensive, comprehensive plans is the full value of the incremental difference in the funding rate for the low cost plan and that of the more comprehensive plan(s).
- Consider reduction of District subsidy of the dependent portion of funding rates. As with many Wyoming employers, SCSD1's support of dependent coverage costs is very generous. Some employers are moving toward reducing subsidy for dependents, and particularly for spouses, as a cost saving measure.
- Modify plan designs to steer usage toward identified low cost, high quality providers (e.g. lower member cost share when using designated Centers of Excellence).
- Move to in-network only plans.
- Conduct a dependent eligibility verification audit to assure that all members are, in fact, eligible for benefits under the plan. Some employers view this as a fiduciary obligation of the plan.

**f) Identify and compare other health and life insurance plans that may be available to the District with the District's current plan, and describe implications for the District with regard to benefit plan structure, plan offerings relating to deductible amounts and plan choices, and network coverage and availability.**

Below is a summary showing the District's current medical provider network offered through UMR and those available through the three programs of interest. All carriers/claim administrators involved tout comprehensive networks in Wyoming.

- SCSD1 – UHC Options Network (overall medical/Rx discounts achieved are not identifiable based on data received from UMR)
- WEGI – Cigna network (overall discounts achieved are not identifiable based on available data)
- WEBT – BCBSWY network (website indicates BCBSWY network savings “currently close to 27%”)
- WSBAIT – UHC Options Network (30% discounts achieved per WSBAIT Director of Insurance Services)

Given that the District and WSBAIT offer the same network through UMR, no claim cost savings would be anticipated with a District move to WSBAIT. Based on available information, it appears that WSBAIT is achieving incrementally better overall discount results than WEBT. On the surface, this might suggest that a move to WEBT would result in an incremental increase in claim costs for the District. As achieved discounts can vary based on provider mix, location of service, etc., the anticipated impact of a District move to WEBT is inconclusive based on available information. Given the analysis above related to SCSD1 as compared to WEGI rates and requirements, Cigna discounts achieved might be viewed as irrelevant in the context of this review no matter how compelling Cigna's discount arrangements might actually be.

To fully test the expected values of respective network offerings and member impact/disruption of a potential change in networks, a comprehensive RFI/RFP process would be needed. If the District has not put the benefit programs to RFP for a number of years, it might worth considering doing so to “test the market” to assure best achievable results.

**g) Identify and compare the cost effectiveness of the current District health insurance plan compared to other health insurance plans that may be available to the District with regard to total overall cost, District cost, employee cost, administration, and future trends, to determine their competitiveness with the District's plans.**

As compared to the District's current independent self-funded arrangement, administrative requirements might be marginally reduced under the identified programs given expected reduced number of banking transactions.

While timing and mechanics may differ, following are examples of some of the plan administrative functions which will continue irrespective of the District's decision to remain independent or to affiliate with one of the programs of interest.

- Budget forecasting (9/1 cycle vs. 1/1 or 7/1)
- Maintaining/reporting eligibility
- Employee communications
- Determine employee cost share
- Payroll deductions
- Continue to maintain and monitor IBNR requirements (with WSBAIT)

With pooling of risk under the programs of interest, complexity of budgeting might actually increase as the cumulative claim experience of the District with other employers within the Trust will influence the final rate increase passed on to the District in any given year.

## VII. Observations/Considerations

- Based on our review under the scope of this project, Gallagher views the District's benefit offerings as generally comprehensive, contemporary, and competitive as compared to those available from other school districts in Wyoming. Medical/Rx plan choice is reasonable in terms of both number and variety of plans available. The District's promotion of HSA-compatible high deductible health plans, with the triple-tax saving "spend it now" or "save it for later" attributes of an HSA is viewed as contemporary. Unlike the HSA-linked plans where all services are subject to deductible, the District's richer \$1,000 deductible plan provides Rx benefits with no deductible, subject to applicable member copay or coinsurance cost share. Likelihood of improved drug compliance is viewed as a positive of this feature.
- While opportunity exists for plan cost savings as previously outlined, a major overhaul of the medical/Rx program would not be suggested at this time. If budget reduction is necessary, Gallagher would suggest a phased-in approach. Barring need for aggressive cost-cutting measures, identify a few strategies which seem palatable to the District and its members and investigate those for implementation in year one. In year two, identify a few more, and progressively each year, lay the foundation for what might occur in the future through effective education and communication.
- Should the District elect to participate in any of the programs of interest, SCSD1 would be responsible for payment of IBNR (run-out) claims for services received prior to termination of the District's self-funded program, but paid after that termination date. Note that this is in addition to the required funding rates determined by the program of interest.
- As the stop loss contract includes only claims paid during the current plan year, SCSD1 will also want to evaluate the possible purchase of stop loss protection covering IBNR (run-out) claims to protect the District plan against potential large claimants during the run-out period (e.g. an expensive hospitalization occurring just before the termination date).
- Under WEGI program, there is no clear immediate financial advantage for the District's participation as discussed previously.
- Under WEBT and WSBAIT programs, initial rates for SCSD1 would be based on recent claims history and large claimant activity. As claims are claims, there would likely be limited immediate financial advantage for the District to participate in either of these programs.
- Under any of the programs of interest, there is a "pooling of risk" where the District's claims are blended, or pooled with that of all others in the program. As such:
  - Favorable claim experience for SCSD1 in a given plan year will not typically be fully reflected in the required rates for the subsequent plan year.
  - To the advantage of the District, the opposite may be true in years when the District's claims are less favorable than expected, and the District's

- program rate of increase is less than that which might otherwise be needed had the District remained independent.
- District loses capability to put plan reserves at risk to offset/fund an abnormally high calculated rate increase in a given year.
  - If SCSD1's claim experience is very favorable and claim experience of other entities is poor in a given year, SCSD1's rate increase will tend toward the needed increase for the balance of the program which may be higher than what might otherwise be needed had the District remained independent.
- District's size of 774 active and retired employees relative to overall program of interest:
    - As compared to WEGI with over 17,000 participants, SCSD1 is relatively small and year-to-year claim experience of the District (good or bad) will have a lesser impact to the overall WEGI program than other programs of interest.
    - SCSD1 would be WEBT's largest entity and would represent about 9.4% of the WEBT program participants.
    - Under WSBAIT, SCSD1 would be the 2<sup>nd</sup> largest entity and would represent about 21.4% of the program participants.
    - With either WEBT or WSBAIT, SCSD1's claim experience, good or bad, would have a definite impact on the overall health of the Trust in any given year. As such, SCSD1 will not be able to fully unhitch from its own claim experience, favorable or not.
  - While programs of interest rightfully tout program stability, SCSD1 is currently well-reserved and could weather a number of years where plan financial experience is worse than expected. Volatility of the District's plan (i.e., year-over-year swings in SCSD1's claims compared to expectations), can be managed with prudent use of plan reserves.
  - With any of the programs of interest, SCSD1 will want to verify who is responsible for payment of any applicable Affordable Care Act fees.
  - With any of the programs of interest, there may be fewer opportunities for SCSD1 to have providers added to the network for use by District employees.
  - All programs of interest have different plan years compared to current.
  - Without knowledge of the exact administrative and stop loss costs and terms for WEBT and/or WSBAIT, there is no way to be 100% certain that the District is not already getting a similar or better deal on a stand-alone basis from an administrative cost perspective.
  - Differences in governance. SCSD1 currently has full authority with respect to benefits offered. WEGI Board is advisory only, WEBT Board has some representatives of participating employers as board members, and WSBAIT includes one representative from each participating entity. With any of the programs of interest, SCSD1 would lose control of its benefits programs. With WEGI, SCSD1 would have no direct influence on program policies, rate changes and plans offered. The same would be true with WEBT if the District does not have a member on the Board, and with WSBAIT, SCSD1 has an equal vote among all of the participating employers.

- For many employers, self-determination of benefits philosophy and strategy is the driver for not participating in programs such as WEGI, WEBT, or WSBAIT. By maintaining an independent employee benefit program, SCSD1 benefits can be tailored to the specific needs of District employees and their covered dependents. Rates are not influenced by other employers' claim experience and the District can manage plans as it sees fit.
- Other employers view the value of pooled claims and risk sharing/spread of risk as positive attributes of the programs of interest which outweigh the positives of maintaining an independent benefits program. This is especially true in circumstances where the employer expects their plan experience to be worse than average long-run.
- For some employers, affiliating with other employers for purchase of employee benefits may not be a simple financial question.

**This information is intended as only a summary of the results of this analysis. Data contained here is from what are considered reliable sources; however, neither Gallagher Benefit Services, Inc., Arthur J. Gallagher & Co, nor any affiliated company guarantees its accuracy, completeness, and/or reliability. In the event that a discrepancy exists between the original source material(s) and the supplemental summary document, the original source material(s) shall govern.**



# **Appendix 1**

## **Districts by Size and Affiliation**



Wyoming School District *	Rank *	Medical Administrator (if independent)	WEBT	# of plans	Plan types (Deductibles noted)	WSBAIT	# Plans	Plan Types **	WEGI
Laramie County School District #1--Cheyenne, Wyoming	1	BCBSWY (1 plan \$500 Ded/\$2,000 OOP)							
Natrona County School District #1--Casper, Wyoming	2								WEGI
Campbell County School District #1--Gillette, Wyoming	3								
Sweetwater County School District #1--Rock Springs, Wyoming	4	UMR							
Albany County School District #1--Laramie, Wyoming	5		WEBT	2	\$1,000/\$1,500 HDHP				
Sheridan County School District #2--Sheridan, Wyoming	6		WEBT	1	\$1,000				
Lincoln County School District #2--Afton, Wyoming	7		WEBT	3	\$1,000/\$1,500/\$2,500				
Teton County School District #1--Jackson, Wyoming	8		WEBT	3	\$2,500/\$3,500/\$1,500 HDHP				
Uinta County School District #1--Evanston, Wyoming	9	Altius (1 plan with copays and \$5,500 OOP)							
Sweetwater County School District #2--Green River, Wyoming	10		WEBT	3	\$1,000/\$2,500/\$1,500 HDHP				
Fremont County School District #25--Riverston, Wyoming	11		WEBT	3	\$1,000/\$1,500/\$2,500				
Park County School District #6--Cody, Wyoming	12		WEBT	3	\$1,000/\$2,500/\$2,500 HDHP				
Park County School District #1--Powell, Wyoming	13					WSBAIT	4	B,C,D,E	
Fremont County School District #1--Lander, Wyoming	14		WEBT	3	\$1,000/\$2,500/\$2,500 HDHP				
Carbon County School District #1--Rawlins, Wyoming	15		WEBT	2	\$1,000/\$2,500				
Converse County School District #1--Douglas, Wyoming	16		WEBT	3	\$1,000/\$1,500/\$2,500				
Goshen County School District #1--Torrington, Wyoming	17		WEBT	3	\$1,000/\$1,500/\$2,500				
Johnson County School District #1--Buffalo, Wyoming	18					WSBAIT	2	D, E	
Washakie County School District #1--Worland, Wyoming	19					WSBAIT	5	B,C,D,E,&G	
Crook County School District #1--Sundance, Wyoming	20					WSBAIT	6	B,C,D,E,F,G	
Sublette County School District #1--Pinedale, Wyoming	21	BCBSWY (1 plan for: 30 HPW+, \$2,700 Ded/OOP HDHP; 2nd plan for <30HPW with larger ded)							
Laramie County School District #2--Pine Bluffs, Wyoming	22		WEBT	3	\$1,000/\$1,500/\$2,500				
Big Horn County School District #1--Cowley, Wyoming	23		WEBT	3	\$1,000/\$1,500/\$1,500 HDHP				
Platte County School District #1--Wheatland, Chugwater, Glendo, Wyoming	24		WEBT	3	\$1,000/\$1,500/\$3,500				
Sheridan County School District #1--Ranchester, Wyoming	25					WSBAIT	6	B,C,D,E,F,G	
Uinta County School District #4--Mountain View, Wyoming	26		WEBT	3	\$1,500 HDHP/\$2,500 HDHP/\$3,500 HDHP				
Niobrara County School District #1--Lusk, Wyoming	27		WEBT	2	\$1,000/\$1,500				
Weston County School District #1--Newcastle, Wyoming	28		WEBT	2					
Uinta County School District #6--Lyman, Wyoming	29					WSBAIT	4	B,C,D,E	
Big Horn County School District #2--Lovell, Wyoming	30					WSBAIT	6	B,C,D,E,F,G	
Hot Springs County School District #1--Thermopolis, Wyoming	31					WSBAIT	4	B,C,D,E	
Fremont County School District #14--Ethete, Wyoming	32		WEBT	1	\$1,000				
Lincoln County School District #1--Kemmerer, Wyoming	33					WSBAIT	1	B	
Carbon County School District #2--Saratoga, Wyoming	34		WEBT	2	\$1,500/\$2,500				
Converse County School District #2--Glenrock, Wyoming	35					WSBAIT	4	D,E,F,&G	
Sublette County School District #9--Big Piney, Wyoming	36					WSBAIT	4	B, C & D	
Fremont County School District #21--Fort Washakie, Wyoming	37		WEBT	3	\$1,000/\$1,500/\$2,500				
Big Horn County School District #3--Greybull, Wyoming	38		WEBT	3	\$1,000/\$2,500/\$2,500 HDHP				
Fremont County School District #38--Arapahoe, Wyoming	39		WEBT	3	\$1,000/\$1,500/\$3,500 HDHP				
Fremont County School District #6--Pavillion, Wyoming	40		WEBT	1	\$1,000				
Fremont County School District #24--Shoshoni, Wyoming	41					WSBAIT	4	B,C,D,E	
Big Horn County School District #4--Basin, Wyoming	42		WEBT	3	\$1,500/\$1,500 HDHP/\$2,500 HDHP				
Weston County School District #7--Upton, Wyoming	43		WEBT	2	\$1,500/\$2,500				
Platte County School District #2--Guernsey, Wyoming	44		WEBT	2	\$1,000/\$1,500				
Fremont County School District #2--Dubois, Wyoming	45					WSBAIT	4	B,C,D,E	
Park County School District #16--Meeteetse, Wyoming	46					WSBAIT	6	B,C,D,E,F,G	
Washakie County School District #2--Ten Sleep, Wyoming	47					WSBAIT	4	B,C,D,E	
Sheridan County School District #3--Clearmont, Wyoming	48					WSBAIT	6	B,C,D,E,F,G	

\* District rank by student number per Wyoming Department of Education - 2017/2018 Fall enrollment  
District locations per WSBA website

\*\* See Appendix 4 for description of WSBAIT plans



## **Appendix 2**

# **Employers/Entities Affiliated by Program**



Employers/Entities Affiliated by Program	WEGI (1)	WEBT (2)	WSBAIT (3)
State of Wyoming Executive Branch	Albany County School District #1	Laramie County Weed & Pest	ACES
University of Wyoming	Big Horn County School District #1	Lincoln County School District #2	Big Horn County School District #2
Casper College	Big Horn County School District #3	Niobrara County School District #1	Campbell County School District #1
Central Wyoming College	Big Horn County School District #4	Northeast Wyoming BOCES	Converse County School District #2
Eastern Wyoming College	Carbon County School District #1	Park County School District #6	Crook County School District #1
Northwest College	Carbon County School District #2	Platte County School District #1	Fremont County School District #2
Sheridan College	Castle Rock Hospital District	Platte County School District #2	Fremont County School District #24
Laramie County Community College	Child Development Center Region II	Region V BOCES	Fremont County School District #1
Western Wyoming Community College	Children's Learning Center	Sheridan County School District #2	Hot Springs County School District #1
Natrona County School District	City of Buffalo	Sheridan Recreation District	Johnson County School District #1
	City of Evanston	Sixth Judicial District Child Support Authority	Lincoln County School District #1
	City of Green River	Sublette County BOCES	NWBOCES
	City of Lander	Sweetwater County School District #2	Park County School District #1
	City of Newcastle	Teton County School District #1	Park County School District #16
	City of Riverton	Town of Afton	Sheridan County School District #1
	City of Sheridan	Town of Basin	Sheridan County School District #3
	Converse County School District #1	Town of Cokeville	Sublette County School District #9
	Crook County	Town of Greybull	Uinta County School District #4
	Crook County Museum District	Town of Lovell	Uinta County School District #6
	Evanston Housing Authority	Town of Lusk	Washakie County School District #1
	Evanston Parks & Recreation	Town of Moorcroft	Washakie County School District #2
	Fremont County School District #1	Town of Pine Bluffs	
	Fremont County School District #6	Washakie County	
	Fremont County School District #14	Weston County	
	Fremont County School District #21	Weston County School District #1	
	Fremont County School District #25	Weston County School District #7	
	Fremont County School District #38	Wyoming Association of Conservation Districts	
	Fremont County BOCES	Wyoming Education Association	
	Goshen County School District #1	Wyoming High School Activity Association	
	Laramie County School District #2	Wyoming Municipal Power Agency	

(1) Per State of Wyoming website as of 1/3/2018

(2) Per WEBT website as of 1/3/2018

(3) Per data released to Gallagher by WSBAIT



# **Appendix 3**

## **Voluntary Life Rates and Table I Rates**



Age Band	IRS Table I Rates	WSBAIT Rates	
		Non-Smoker	Smoker
< 20	\$0.05	\$0.048	\$0.077
20 through 24	\$0.05	\$0.048	\$0.077
25 through 29	\$0.06	\$0.048	\$0.077
30 through 34	\$0.08	\$0.068	\$0.106
35 through 39	\$0.09	\$0.087	\$0.145
40 through 44	\$0.10	\$0.097	\$0.232
45 through 49	\$0.15	\$0.145	\$0.339
50 through 54	\$0.23	\$0.242	\$0.533
55 through 59	\$0.43	\$0.358	\$0.746
60 through 64	\$0.66	\$0.640	\$1.160
65 through 69	\$1.27	\$1.220	\$2.220
70 through 74	\$2.06	\$2.560	\$3.600
75 through 79	\$2.06	\$2.560	\$3.600
80 through 84	\$2.06	\$2.560	\$3.600
85 through 89	\$2.06	\$2.560	\$3.600
90 through 94	\$2.06	\$2.560	\$3.600
95+	\$2.06	\$2.560	\$3.600

**Highlighted rates "straddle" Table I rates**



# **Appendix 4**

## **Health Plan Comparison**



**Sweetwater County School District #1  
2018 Health Plan Comparison**

<b>SCSD1</b>	<b>Plan Type</b>	<b>Deductible</b>	<b>OOP Max</b>	<b>100% First \$</b>
<u>Actives &amp; U65 Retirees</u>				
006	PPO	\$1,000	\$4,000	*See list below plus 90-day Generic Rx at Participating Pharmacies
008	HDHP	\$1,500	\$4,500	*See list below
012	HDHP	\$2,500	\$6,000	*See list below
<u>65+ Retirees</u>				
005	Grandf - No Ntwk	\$400	\$2,000	Prev to \$500/yr, 2nd Surg Op, All Gen Drugs, Immunization at Sw Cty Health Dist
007	No Ntwk	\$1,000	\$4,000	*See list below plus 90-day Gen Rx at Part Pharm
010	HDHP-NoNtwk	\$1,500	\$4,500	*See list below
014	HDHP-NoNtwk	\$2,500	\$6,000	*See list below
016	No Rx-No Ntwk	\$0	\$2,000	*See list below
<u>WEGI</u>				
<u>Actives</u>				
Plan #1	PPO	\$500	\$2,500	Preventive Services as defined by PPACA, Home Health Care, Hospice
Plan #2	PPO	\$900	\$2,900	Preventive Services as defined by PPACA, Home Health Care, Hospice
Plan #3	PPO	\$2,000	\$4,000	Preventive Services as defined by PPACA, Home Health Care, Hospice
Plan #4	HDHP	\$1,500	\$3,500	Preventive Services as defined by PPACA
<u>Retirees</u>				
Option 1	PPO All ages	\$900	\$2,900	Preventive Services as defined by PPACA, Home Health Care, Hospice, Colonoscopy 1/5yr
Option 2	PPO All ages	\$2,000	\$4,000	Preventive Services as defined by PPACA, Home Health Care, Hospice, Colonoscopy 1/5yr
Option 3	HDHP U65	\$1,500	\$3,500	Preventive Services as defined by PPACA, incl Routine Colonoscopy 1/5yr
Option 4	Med Wrap No RX	\$0	None	Preventive Services as defined by PPACA, Home Health Care, Hospice, Colonoscopy 1/5yr
Option 5	Med Wrap	\$0	None	Preventive Services as defined by PPACA, Home Health Care, Hospice, Colonoscopy 1/5yr
<u>WEBT</u>				
<u>Actives &amp; U65 Retirees</u>				
\$1,000	No Ntwk	\$1,000	\$4,000	Preventive Services as defined by PPACA
\$1,500	No Ntwk	\$1,500	\$4,500	Preventive Services as defined by PPACA
\$2,500	No Ntwk	\$2,500	\$5,500	Preventive Services as defined by PPACA
\$3,500	No Ntwk	\$3,500	\$6,500	Preventive Services as defined by PPACA
<u>Actives Only</u>				
\$1,500 HDHP	HDHP-NoNtwk	\$1,500	\$3,000	Preventive Services as defined by PPACA
\$2,500 HDHP	HDHP-NoNtwk	\$2,500	\$4,000	Preventive Services as defined by PPACA
\$3,500 HDHP	HDHP-NoNtwk	\$3,500	\$5,000	Preventive Services as defined by PPACA
<u>65+ Retirees</u>				
Over Age 65	No Ntwk	\$100	\$1,600 Med / \$1,500 Rx	Preventive Services as defined by PPACA
<u>WSBAIT</u>				
Plan B	PPO	\$1,000	\$6,500	Prev Svcs as def by PPACA, Generic Rx In-Nwk, Maternity Off Vis, Outp Lab/x-ray up to \$1,000
Plan C	PPO	\$2,500	\$6,500	Prev Svcs as def by PPACA, Generic Rx In-Nwk, Maternity Off Vis, Outp Lab/x-ray up to \$1,000
Plan D	HDHP	\$1,600	\$3,500	Prev Svcs as def by PPACA, Maternity Off Visits
Plan E	HDHP	\$5,000	\$5,500	Prev Svcs as def by PPACA, Maternity Off Visits
Plan F	PPO	\$0	\$7,150	Prev Svcs as def by PPACA, Maternity Off Vis, Outp Lab/x-ray up to \$1,000
Plan G	HDHP	\$6,500	\$6,550	Prev Svcs as def by PPACA, Maternity Off Visits

\* List of services covered at 100% with no deductible under Sweetwater County SD #1:

- Preventive/Routine Services as defined by CDC
- Second Surgical Opinion
- Breast Pumps
- Contraceptives/Counseling for Women
- Routine Prenatal
- Sterilization for Women



# **Appendix 5**

## **Funding Rate Comparison**

### **District Contribution Rates**

### **District Contributions for Retirees**



**Plan Funding Rates**

**SCSD No. 1**

**WEGI**

**\$1,000 Deductible PPO Medical Plan**

	Count	Rate
Employee Single	199	\$790.00
Employee/Spouse	56	\$1,485.00
Employee/Children	97	\$1,516.00
Family	90	\$2,038.00

**\$900 Ded Plan**

\$904.98
\$1,822.04
\$1,374.12
\$2,162.86

**\$1,500 Deductible HDHP Medical Plan**

Employee Single	41	\$696.00
Employee/Spouse	3	\$1,309.00
Employee/Children	25	\$1,336.00
Family	23	\$1,796.00

**\$1,500 HDHP Plan**

\$845.20
\$1,701.70
\$1,283.37
\$1,962.96

**\$2,500 Deductible HDHP Medical Plan**

Employee Single	14	\$570.00
Employee/Spouse	1	\$1,071.00
Employee/Children	5	\$1,094.00
Family	9	\$1,470.00

**\$2,000 Ded Plan**

\$835.43
\$1,681.52
\$1,268.15
\$1,933.44

**\$50 Deductible Dental Plan**

Employee Single	248	\$41.00
Employee/Spouse	66	\$78.00
Employee/Children	126	\$79.00
Family	132	\$107.00

**Preventive**

**Buy-up**

**Total**

\$21.82	\$14.88	\$36.70
\$48.20	\$34.88	\$83.08
\$48.20	\$48.20	\$96.40
\$48.20	\$48.20	\$96.40

**\$0 Deductible Vision Plan**

Employee Single	246	\$26.00
Employee/Spouse	62	\$48.00
Employee/Children	127	\$49.00
Family	124	\$66.00

Employee pays all

**Plan B**

**Plan C**

EE	\$6.76	\$8.40
EE + 1	\$13.50	\$16.78
EE+ 2 +	\$21.74	\$27.02
EE+ 2 +	\$21.74	\$27.02

**Active summary**

Medical/Rx	563	\$8,469,168	\$9,170,186
Dental	572	\$472,728	\$473,473
Vision	559	\$285,348	\$118,665
		<b>\$9,227,244</b>	<b>\$9,762,324</b>

**District Contribution Rates**

**SCSD No. 1**

**WEGI**

**\$1,000 Deductible PPO Medical Plan**      **Count**

Employee Single	199	\$672.00
Employee/Spouse	56	\$936.00
Employee/Children	97	\$1,288.00
Family	90	\$1,389.00

**\$900 Ded Plan**

\$833.07
\$1,660.25
\$1,267.18
\$1,899.77

**\$1,500 Deductible HDHP Medical Plan**

Employee Single	41	\$592.00
Employee/Spouse	3	\$825.00
Employee/Children	25	\$1,135.00
Family	23	\$1,224.00

**\$1,500 HDHP Plan**

\$833.07
\$1,660.25
\$1,267.18
\$1,899.77

**\$2,500 Deductible HDHP Medical Plan**

Employee Single	14	\$485.00
Employee/Spouse	1	\$675.00
Employee/Children	5	\$929.00
Family	9	\$1,074.00

**\$2,000 Ded Plan**

\$833.07
\$1,660.25
\$1,267.18
\$1,899.77

**\$50 Deductible Dental Plan**

Employee Single	248	\$35.00
Employee/Spouse	66	\$49.00
Employee/Children	126	\$67.00
Family	132	\$73.00

(1)
(1)
(1)
(1)

**\$0 Deductible Vision Plan**

Employee Single	246	\$22.00
Employee/Spouse	62	\$30.00
Employee/Children	127	\$42.00
Family	124	\$45.00

(2)
(2)
(2)
(2)

**Active summary**

Medical/Rx	563	\$6,493,680	\$8,447,015
Dental	572	\$359,904	(1)
Vision	559	<u>\$218,232</u>	(2)
Health Subtotal		<b>\$7,071,816</b>	\$8,447,015
Life		\$120,000	(1)
Total		<b>\$7,191,816</b>	<b>\$8,447,015</b>

(1) WEGI minimum contribution formula includes medical/Rx, dental and life

(2) Vision coverage under WEGI is employee pay all

**WEGI required District contribution for retirees on the plan prior to joining WEGI**

<b>Retiree category</b>	<b>Count</b>	<b>Cost/Retree/ month</b>	<b>Years of Service</b>	<b>Annual District Cost</b>
Under age 65	65	\$11.50	20	\$179,400
Medicare Eligible	146	\$5.75	20	\$201,480
<b>Annual Cost</b>				<b>\$380,880</b>
Under age 65	65	\$11.50	30	\$269,100
Medicare Eligible	146	\$5.75	30	\$302,220
<b>Annual Cost</b>				<b>\$571,320</b>

**WEGI required District contribution for those retiring after joining WEGI**

<b>SCSD1 actual payroll from last year (without substitute teacher/aide costs)</b>	\$42,982,147
<b>Cost is 0.6% of payroll</b>	<b>0.60%</b>
<b>Annual Cost</b>	<b>\$257,893</b>

