



Budget and Business Operations
1050 South Foster Drive, Baton Rouge, LA 70806
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Phone (225) 922-5650 Fax (225) 928-4392

TO: Dr. Bernard Taylor, Jr., Superintendent of Schools
CC: Millie Williams, Interim Executive Director for Human Resources
James Crochet, Chief Finance Officer
FROM: Catherine Fletcher, Chief Business Operations Officer *Catherine*
DATE: February 20, 2013
RE: **Advisory Group for Insurance Meeting**

memorandum

Per your request, staff formed an Advisory Group for Insurance. The group consists of representatives from retiree and employee associations groups and other unaffiliated employees and retirees. A sign-in sheet is attached for your convenience.

The Group met on February 20, 2013. An agenda is attached:

- Purpose of the meeting was defined to be to open a line of communication between this Advisory Group and the District to secure their input on alternative options for affordable healthcare for actives and retirees for 2014 and beyond.
- Summary of the January 10, 2013 meeting was given. A copy is attached.
- Follow-up report by the January 10th group of any proposals was that there was nothing.
- Updates from EBRPSS consisted of the healthcare update report given to the February COW. A copy is attached. Additionally, advised that six of the companies, electing to respond to the Medicare Advantage RFP, are being reviewed by Mercer. The companies are Aetna, Cigna, Hartford, Humana, Peoples, and United Healthcare. Lastly, the first draft of the Affordable Care Act impact on EBRPSS was reviewed by staff with Mercer on February 19th.
- Options from the Advisory Group were requested:
 - Continue efforts with the RFP to locate a Medicare Advantage provider to move the Medicare eligible, realizing that the benefits will not be as rich as the EBRPSS Plan, but such a move would help the budget.
 - Leave the EBRPSS Plan as is and continue to increase the annual premiums to actives and retirees, which for 2014 will probably be 12%.
 - Move the actives off the plan by giving the actives a salary supplement to secure their own health insurance. *(I checked and this is really not a viable option as the ACA would impose a \$2,000 per eligible employee, estimated at \$11M annually.)*
 - Locate other school districts to partner with for insurance coverage.
- Advisory Group requested a cost analysis of all the options to be presented.
- Advised the Group that to keep on our timeline that a Board Workshop on Medicare Advantage RFPs and the Affordable Care Act might be held as soon as next week, so that the Board could vote at the March Board Meeting on March 21, 2013. The Group then requested to meet again on Wednesday, February 27, 2013 at 10:30 a.m. to be given a briefing on the review of the RFPs, etc.

Attachments

Medicare Health Plan - Options

Date: February 20, 2013

Time: 10:30 PM -12:30 PM

Location: EBRPSS - Conference Room A

Please Print Name	Signature	Organization	Contact Information (Phone or email)
Victoria P. Ives		BRABA	215-1714
Shirley G. Galt		BRABA	293 238
Graydon W. Ker		BRBA	261-3089
KATHY KEAS	Kathy Keas	C.B.R. Parish Bus Operators	261-3411
Lore Whitehead		EBR Parish Transporters	287-2190
Gloria Jordan Hall	Gloria Jordan Hall	EBR Retired teachers	356-3689
Bill Robinson	Bill Robinson	BRBA	753-9828 (205 7028 cell)
Phyllis C. Crawford		Principal Sherwood Middle	272-5040 school 291-6320 home
Carnell Washington		EBRFT	225-266-1065
CYNTHIA JOSEY		LFT/AFT	225,605,1969
BILL NOPNIAN		BRABA	225 275-7231
Millie Williams		EBRPS	205-922-5458
James Crockett		EBRPS	225-922-5674
Katherine Clarke		LAE	(225) 343-9243 ext 204

**Advisory Group for Insurance
East Baton Rouge Parish School System**

February 20, 2013, Conference Room A

Agenda

1. Welcome and Introductions
2. Purpose of Meeting
3. Summary of the January 10, 2013 Meeting
4. Groups' Follow-Up Report to the January 10, 2013
5. Updates from EBRPSS
6. Options from the Advisory Group
7. Next Steps



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TO: Dr. Bernard Taylor, Jr., Superintendent of Schools

CC: File

FROM: Catherine Fletcher, Chief Business Operations Officer *Catherine*
Millie Williams, Interim Executive Director for Human Resources

DATE: January 16, 2013

RE: Retiree Healthcare

memorandum

Per your request, you are being provided a summary of staff's and Mercer's efforts to date regarding healthcare insurance, in particular, healthcare insurance for the Medicare eligible retirees.

November 15, 2012 – Staff met with Mercer to discuss the negotiations between EBRPSS and BCBS regarding a Medicare Advantage Program for calendar 2014. Mercer was instructed to go back to BCBS and continue the negotiations.

December 20, 2012 – Staff met with Mercer to discuss BCBS and the Medicare Advantage Program. Staff was informed that BCBS would not be offering the Program. Staff asked Mercer to secure this in writing.

Mercer presented the following time-line:

- December – seek proposals from other vendors offering Medicare Advantage Program
- January – present the overview of options to EBRPSS
- February – hold workshop and/or forums
- March – recommendation to the Board

January 10, 2013 – Staff (Catherine Fletcher, James Crochet, and Millie Williams) held a meeting for several employee associations and retiree groups on this matter to update them and to secure other options from them. Those attending were Carnell Washington, Cynthia Possy, Arthur Lamm, and Katherine Clarke.

This group was advised that currently the projection is that healthcare costs will rise 8% plus some additional amount due to the Affordable Care Act. They wanted to know the amount. I advised them that Mercer was still working on that amount. The group had no additional options to offer, but wanted an opportunity to meet with their groups and inform them. They asked for another meeting in the future and to be advised of the proposals received.

Update Regarding District's Future Health Care Costs

1. Received 01-29-13 letter from BCBS stating that it would not offer a Medicare Advantage Plan to EBRPSS Medicare Eligible Retirees
2. RFP for Medicare Advantage Plan is on-going
 - a. Report in late February
3. Strategic Plan Modeling around Affordable Care Act (ACA) costs is on-going
 - a. Analyze costs
 - i. Preliminary numbers, in 2014 add \$3M for additional enrollees and fees
 - ii. From 2018 through 2027, an additional \$2M in excise tax, scaling up to \$10M
 - b. Recommend how to avoid penalty and exchanges costs
 - c. Report in late February
4. Last year actual total healthcare costs YTD to the District was \$78.9M
 - a. National trend for regular healthcare costs, excluding ACA, is projected to be 8% increase
 - b. For next year the total healthcare costs for the District would be \$85.3M
 - c. The 2012 average total healthcare cost to the District per participant was \$8,190, times the 9,641 participants is the \$78.9M
 - d. The projected 2013 average total healthcare cost to the District per participant is \$8,845, or \$85.3M
 - e. The projected 2014 average total healthcare cost to the District per participant is \$9,552, or \$92.1M
5. The options to reduce the increasing healthcare costs to the District are:
 - a. Reduce healthcare benefits severely for all participants
 - b. Continue to increase the annual premiums to participants
 - c. Move the Medicare Retirees to a Medicare Advantage Plan
 - i. In 2013, the approximate savings in healthcare costs to the District was \$6.2M based on the prior information to move the Medicare Eligible Retirees

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**BlueCrossBlueShield
of Louisiana**

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Gregory P. Hanly, CPA
Regional Director
Baton Rouge Group Sales

January 29, 2013

Ms. Mimi Farrell
Principal
Mercer Health & Benefits LLC
701 Poydras, Suite 4125
New Orleans, LA 70130

Dear Mimi,

Over the past several months there have been discussions regarding the possibility of offering Blue Cross and Blue Shield of Louisiana (BCBSLA) group Medicare Supplement coverage to the eligible retiree population of the East Baton Parish School System Employee and Retiree Health Plan (EBRPSS). Please accept this correspondence as our follow up to those conversations.

Our current product portfolio does not contain a group Medicare Supplement offering or Medicare Advantage coverage. With the impending implementation of the Patient Protection and Affordable Care Act (PPACA) all of our available product development assets are currently focused on insuring that our existing product portfolio is compatible with the stringent coverage and actuarial requirements of this act. With all of the activity around this project it is not feasible for our enterprise to devote the necessary time and resources to develop and launch the additional product(s) discussed with the EBRPSS and Mercer. We regret that the current product offerings do not fit with the options proposed thus far for this population and look forward to discussing any additional ideas to assist this valued customer.

If you have any further questions or need additional information please let me know.

Sincerely,

A handwritten signature in black ink that reads "Greg Hanly".

Greg Hanly

Cc: Greg Cross, BCBSLA
Karen Bello, BCBSLA

