



**Gratiot Isabella RESD 7/1/2018 Medical, RX, Stop Loss, Dental and Vision RFP  
Executive Summary**

**Presented by: Melissa Ramos**



Brown & Brown of Central Michigan, 1605 Concentric Blvd., Ste. 1, Saginaw, MI 48604



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Melissa Ramos, Account Executive (mramos@bbcmich.com)

April 5, 2018

Mr. Kevin Kolb, Superintendent  
Gratiot-Isabella RESD  
1131 E. Center St.  
Ithaca, MI 48847

Re: Executive Summary - 2018 Employee Benefits Proposals Received for Gratiot-Isabella RESD

Brown and Brown of Central Michigan (BBCM) has completed our analysis of the benefit proposals received for the employees of Gratiot-Isabella RESD (GIRESD). The lines of business covered in the RFP include Medical, Rx, Dental, and Vision plans. Specifically, we have completed the following services to date:

1. Discussed the outline and scope of the project and timetable for completion with District officials.
2. Collected plan designs and census data from BCBSM regarding the current plans.
3. Drafted detailed specifications and a Request for Proposal (RFP) for Medical, Rx, Dental, and Vision coverage for the purpose of soliciting proposals for 2018.
4. Submitted the specifications to fifteen (15) vendors and requested quotes based on GIRESD's timetable and specifications. Please note that one of the carriers solicited is a Voluntary Employees Beneficiary Associations (VEBA). This meets the requirements of Public Act 106 of 2007 should the District decide to make any changes that require Public Act 106 compliance.
5. Analyzed each proposal submitted to ensure it has met the District's specifications and compared the total cost with equivalent proposals.
6. Prepared an executive summary report for District officials summarizing the results for each line of business.
7. Presented executive summary report and all bid documents to District officials for review.



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**Employee Benefits Proposal Summary:**

The following table is a summary of the carriers and benefits submitted for the RFP. Also included in the summary is the AM Best Rating of each carrier.

Gratiot Isabella RESD - Medical, RX, Stop Loss, Dental and Vision RFP

AM Best Rating

Carrier	Quote Status	Line of Business	AM Best Rating*	Financial Size**
Aetna	DTQ		A	XIV
Ameritas	Quote Received	Dental	A	XIII
ASR	Quote Received	Medical/Rx	NR	NR
BCBSM	Quote Received	Medical/Rx/Stop Loss/Dental	A-	XV
Delta Dental	DTQ		A	IX
Guardian	Quote Received	Dental	A++	XV
HAP	Quote Received	Medical/Rx/Stop Loss	B++	XV
MetLife	Quote Received	Dental/Vision	A+	XV
MESSA	Quote Received	Med/Rx/D/V	A	NR
Priority Health	DTQ		A	X
Sun Life	Quote Received	Stop Loss, Dental	A+	XV
SVS Vision	Quote Received	Vision	A	X
UHC	DTQ		A	XV
Voya	DTQ		A	XV
VSP	DTQ		A	XI

\* A.M. Best Rating Guide:

\*\* AM Best Financial Size: I to XV = Smallest to Largest in Millions of \$

**Medical, RX and Stop Loss**

Under a fully-insured plan, monthly target premiums are paid and adjusted in subsequent years based on either community experience or the District’s actual experience. HAP and MESSA provided fully insured quotes for medical and Rx coverage.

Under a self-insured plan, expected or estimated costs are developed by adding the insurance carrier’s projections of the District’s claims and fixed costs. This includes facility claims, professional claims, prescription drug claims, stop loss premium, administrative fees, and access fees. Blue Cross Blue Shield provided the District’s 2018 self-funded renewal document. HAP and Sunlife both provided self-funded quotes including both medical and Rx claims under stop loss. The following table is a summary of the projected cost for each self-insured or fully insured proposals, based upon the current census:



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Gratiot Isabella RESD Medical/Rx Cost Summary for July 1, 2018:

Carrier	Financing	Current Census Medical and Rx	Estimated Run-out Cost	Estimated First Year Cost	Savings/(Loss)	Notes	Eff. Date
<b>Current Self-Funded - Community Blue 4, \$500 Ded., 20% Coin. (\$1,500 Coin. Max), \$6,350 OOP Max, \$40 OV, \$150 ER, \$10/40/80 Rx</b>	Self-Insured	\$2,465,259	N/A	\$2,465,259	\$0.00	Projected cost based the current census and BCBSM Illustrative Rates provided at renewal.	1-Jul-18
<b>Health Alliance Plan (HAP) with ASR</b>	Self-Insured	\$2,480,151	\$366,537	\$2,846,688	(\$381,429)	Projected cost based on "Expected" claims (includes estimated run-out costs). Specific stop loss is quoted at \$45,000 and is based on per member.	1-Jul-18
<b>Health Alliance Plan (HAP)</b>	Fully-Insured	\$2,848,733	\$366,537	\$3,215,270	(\$750,011)	Assumes benefits mirror the current benefits offered under BCBSM. First year costs include estimated run-out costs.	1-Jul-18
<b>MESSA</b>	Fully-Insured	\$2,159,773	\$366,537	\$2,526,310	(\$61,051)	Assumes all members are enrolled in the plan quoted that most closely mirrors the current Community Blue 4. The plan structure and Rx benefits do not mirror the current plan design. MESSA provided a 6 month quote with the benefits renewing on January 1, 2019. First year costs include estimated run-out costs.	1-Jul-18
<b>SunLife</b>	Self-Insured	\$2,959,193	\$366,537	\$3,325,730	(\$860,471)	Projected cost based on "Expected" claims (includes estimated run-out costs). Specific stop loss is quoted at \$35,000 and is based on per member. Quoted rates contingent on final disclosures.	1-Jul-18

The self-insured projected BCBSM costs are based on the illustrative rates provided at renewal. The HAP and SunLife costs are projected on the carriers expected costs. It is important to note that self-funded plans do have the possibility of reaching worst case liability (which is set by the group's aggregate or "umbrella" liability coverage).

## Dental

BBCM also analyzed several quotes for the current dental plan. Guardian's quote provided a slight projected costs savings over BCBSM's illustrative rates, however, the projected claims for the upcoming plan year were based on the BCBSM claims projections. In addition, the fixed fees through Guardian will be higher than the current BCBSM fixed fees as the District does not pay a per month admin fee for contracts that are enrolled in dental coverage, but not enrolled in medical coverage. The table below details the results from each of the dental quotes received from carriers:

Gratiot Isabella RESD Dental Cost Summary for July 1, 2018:

Carrier	Financing	Projected Costs	Estimated Run-out Costs	Estimated First Year Costs	Savings/(Loss)	Notes	Eff. Date
BCBSM - \$50 Ded. 2x (Class III & IV only), 100/90/70/50, \$1,000 Annual Max, \$1,500 Lifetime Max	Self-Insured	\$204,012.00	\$0.00	\$204,012.00	\$0.00	Projected costs are based on 2017/18 illustrative rates from BCBSM.	1-Jul-18
Ameritas - \$50 Ded. 2x (Class III & IV only), 100/90/70/50, \$1,000 Annual Max, \$1,500 Lifetime Max	Self-Insured	\$196,534.56	\$7,851.64	\$204,386.20	(\$374.20)	Total cost is based on the recommended funding levels by contract provided by Ameritas plus the estimated BCBSM run-out costs.	1-Jul-18
Guardian - \$50 Ded. 2x (Class III & IV only), 100/90/70/50, \$1,000 Annual Max, \$1,500 Lifetime Max	Self-Insured	\$195,456.40	\$7,851.64	\$203,308.04	\$703.96	Total projected costs based on the BCBSM trended 18/19 dental claims plus ASO fee per contract plus the estimated BCBSM run-out costs.	1-Jul-18
MESSA - \$50 Ded. 2x (Class III & IV only), 100/90/70/50, \$1,000 Annual Max, \$1,500 Lifetime Max	Fully-Insured	\$234,817.44	\$7,851.64	\$242,669.08	(\$38,657.08)	Total cost is based on the fully insured rates provided by the carrier plus the estimated BCBSM run-out costs.	1-Jul-18
MetLife - \$50 Ded. 2x (Class III & IV only), 100/90/70/50, \$1,000 Annual Max, \$1,500 Lifetime Max	Fully-Insured	\$207,622.80	\$7,851.64	\$215,474.44	(\$11,462.44)	Total cost is based on the fully insured rates provided by the carrier plus the estimated BCBSM run-out costs.	1-Jul-18
SunLife - \$50 Ded. 2x (Class III & IV only), 100/90/70/50, \$1,000 Annual Max, \$1,500 Lifetime Max	Self Insured	\$234,602.88	\$7,851.64	\$242,454.52	(\$38,442.52)	Total cost is based on the fully insured rates provided by the carrier plus the estimated BCBSM run-out costs.	1-Jul-18



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**Vision**

BBCM also analyzed several quotes for the District’s vision plan. The fully insured plan under SVS is slightly less expensive than the current inforce Eyemed plan, however, the benefit design does vary slightly from the current benefit design. In addition, some members may experience network disruption if benefits are transferred from Eyemed to SVS. The table below details the results from each of the vision quotes received from carriers:

Gratiot Isabella RESD Vision Cost Summary for July 1, 2018:

Carrier	Financing	Projected Costs	Savings/(Loss)	Notes
Eyemed - 12/12/12, \$6 Exam, \$18 Copay for lenses, Frames \$100 allowance, Contact Lenses covered up to \$100, \$55 Contact Lens Exam Allowance	Fully-Insured	\$30,731.40	\$0.00	Based on current plan offered to employees. Rate guarantee through 1/1/2020.
MESSA - 12/12/12, \$6.50 Exam, \$18 Copay for lenses, Frames \$130 allowance, Contact Lenses covered up to \$110	Fully-Insured	\$31,699.20	(\$967.80)	Plan design varies slightly from current plan design. Rate guarantee through 1/1/2019.
MetLife - 12/12/12, \$0 Exam, \$0 Copay for lenses, Frames \$100 allowance, Contact Lenses covered up to \$100, \$60 Contact Lens Exam Allowance	Fully-Insured	\$44,019.84	(\$13,288.44)	Plan design varies slightly from current plan design. Rate guarantee through 7/1/2020.
SVS - 12/12/12, \$5 Exam, \$15 Copay for lenses, Frames \$100 allowance, Contact Lenses covered up to \$100, \$30 Contact Lens Exam Copay	Fully-Insured	\$30,334.32	\$397.08	Plan design varies slightly from current plan design. Rate guarantee through 7/1/2022.

BBCM stands ready to assist GIRESD with all of your employee benefit needs. I look forward to meeting with you to further discuss this analysis and alternatives in detail. If you have any questions regarding this letter or any other issue, please do not hesitate to contact me directly at (989) 399-0458, or by email at [mramos@bbcmich.com](mailto:mramos@bbcmich.com). Thank you.

Sincerely,

Melissa Ramos, MBA, LIC, GBA  
 Brown & Brown of Central Michigan





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## Compensation Disclosure

**Compensation.** In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or "pooled") with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

**Questions and Information Requests.** Should you have any questions, or require additional information, please contact this office at (989) 249-5960 or, if you prefer, submit your question or request online at: <http://www.bbinsurance.com/customerinquiry.shtml>.



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## Benefit Proposal Disclaimers

AM Best Rating for Stability: A++ to D = Highest to lowest rating

AM Best Financial Size: I to XV = Smallest to Largest in Millions of \$

- \* The analysis of the plans shown is a summary. Please refer to the contract for a full list of coverage and exclusions.
- \* The rates and benefits in this proposal are based upon underwriting factors which include, but are not limited to, the census provided, the effective date shown, the status of employees/dependents (i.e. actively at work, COBRA, FMLA), final enrollment, etc. If any of the aforementioned changes prior to the proposed effective date, the final provisions, including rates, for these plans may vary or result in the proposed plan to be withdrawn.
- \* This proposal may not be a complete listing of all available benefit options. Different benefit levels may be available.
- \* This presentation is the proprietary work product of Brown & Brown of Central Michigan and is not authorized for further use or distribution.
- \* It is imperative that we be informed of any employee or dependent that is hospitalized or otherwise disabled and not actively at work on the effective date of any new contract. Coverage may not be available for these individuals.
- \* All insurance carriers have their own operating procedures. A change in carrier could affect certain benefits and coverage.
- \* If a decision to switch carriers is made, your existing plans SHOULD NOT be cancelled until advised by Brown & Brown of Central Michigan.
- \* B&B representatives are available to explain any items presented. It is assumed that the recipients of this proposal will seek an explanation of any items that may be in question.
- \* B & B representatives may from time to time provide guidance regarding certain legal requirements affecting health plans, including the requirements of federal and state health care reform legislation. Such guidance is based on good-faith interpretation of laws and regulations currently in effect, and is not intended to be a substitute for legal advice. Employers should contact their own legal counsel for advice regarding legal requirements.
- \* The network provider/facility lists obtained via paper directories or carrier websites may contain providers and facilities that are no longer participating in the insurance carriers' networks. We cannot be responsible for any changes to the provider/facility listings that are not reflected. To ensure that a specific provider or facility is still participating in the provider's preferred network, we recommend contacting the provider/facility directly.
- \* Failure to adhere to provisions of the Affordable Care Act (such as pay-or-play, employer reporting requirements, benefit mandates, etc.) may result in significant fees and penalties to the employer. For a more comprehensive explanation of what fees and penalties may apply to you, you may contact your Brown & Brown of Central Michigan representative at any time.
- \* You are required to comply with Health Care Reform's Summary of Benefits & Coverage (SBC) distribution guidelines, which include requirements for SBC distribution at the plan renewal date. If an employee must enroll to continue coverage, the SBC must be provided when open enrollment materials are distributed. If enrollment materials are not distributed, employees must receive an SBC by the first day they are eligible to enroll. For insured plans, if coverage continues automatically for the next year, the SBC must be provided at least 30 days before the beginning of the new plan year. If the policy is not issued by that date, the SBC must be provided within seven business days once the information is available. Please refer to the Department of Health & Human Services' (HHS) official guidance for complete details regarding renewal and other SBC distribution guidelines.



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Carrier	Quote Status	Line of Business	AM Best Rating*	Financial Size**
Aetna	DTQ		A	XIV
Ameritas	Quote Received	Dental	A	XIII
ASR	Quote Received	Medical/Rx	NR	NR
BCBSM	Quote Received	Medical/Rx/Stop Loss/Dental	A-	XV
Delta Dental	DTQ		A	IX
Guardian	Quote Received	Dental	A++	XV
HAP	Quote Received	Medical/Rx/Stop Loss	B++	XV
MetLife	Quote Received	Dental/Vision	A+	XV
MESSA	Quote Received	Med/Rx/D/V	A	NR
Priority Health	DTQ		A	X
Sun Life	Quote Received	Stop Loss, Dental	A+	XV
SVS Vision	Quote Received	Vision	A	X
UHC	DTQ		A	XV
Voya	DTQ		A	XV
VSP	DTQ		A	XI

Rating	Description
A++, A+	Superior
A, A-	Excellent
B++, B+	Good
B, B-	Fair
C++, C+	Marginal
C, C-	Weak
D	Poor
E	Under Regulatory
F	In Liquidation
S	Suspended
NR	Not Rated by A.M.

\* A.M. Best Rating Guide:

\*\* AM Best Financial Size: I to XV = Smallest to Largest in Millions of \$

Financial	Description
I	Less than \$1 Million
II	\$1 Million to \$2 Million
III	\$2 Million to \$5 Million
IV	\$5 Million to \$10 Million
V	\$10 Million to \$25 Million
VI	\$25 Million to \$50 Million
VII	\$50 Million to \$100 Million
VIII	\$100 Million to \$250 Million
IX	\$250 Million to \$500 Million
X	\$500 Million to \$750 Million
XI	\$750 Million to \$1 Billion
XII	\$1 Billion to \$1.25 Billion
XIII	\$1.25 Billion to \$1.5 Billion
XIV	\$1.5 Billion to \$2 Billion
XV	\$2 Billion or Greater