



1605 Concentric Blvd., Suite #1, Saginaw, MI 48604 ~ Phone: (989) 249-5960 ~ FAX: (989) 249-5966  
Melissa Ramos, Account Executive (mramos@bbcmich.com)

May 25, 2016

Ms. Claire Bunker, Superintendent  
Ms. Julie Freeze, Business Manager  
Shepherd Public Schools  
258 W. Wright  
Shepherd, MI 48883

Re: Executive Summary – 2016 Employee Benefits Proposals Received For  
Shpeherd Public Schools

Ms. Bunker & Ms. Freeze:

Brown & Brown of Central Michigan (BBCM) has completed our analysis of the benefit proposals received for the employees of Shepherd Public Schools. The lines of business covered in the RFP include your health, RX, dental, and vision insurance plans. Specifically, we have completed the following services to date:

1. Discussed the specifications and outlined the scope of the project and timetable for completion.
2. Collected plan designs and census data from Shepherd Public Schools, Blue Cross Blue Shield of Michigan (BCBSM), and Superior Vision Services regarding the current plan.
3. Drafted detailed specifications and a Request for Proposal (RFP) for health, Rx, dental, and vision coverage for the purpose of soliciting proposals for 2016.
4. Submitted the specifications to seven (7) vendors and requested quotes based on Shepherd Public Schools 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 Shepherd Public Schools specifications and compared the total cost with equivalent proposals.



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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.

**Employee Benefits Proposal Summary:**

Shepherd Public Schools has directed BBCM to present the proposal summary on May 25, 2016 to coincide with the District’s BCBSM plan renewal date of September 1, 2016, giving Shepherd Public School’s the necessary time to make further decisions and request additional clarification if required. The following table is a summary of the carriers and benefits submitted for this RFP.

**Shepherd Public Schools Vendor Responses**  
 May 25, 2016

	AM Best Rating	Financial Rating	Medical	Rx	Dental	Vision
AVESIS	A	XV				X
BCBSM/BCN	A-	XV	X	X	X	
EYEMED	A-	VIII	DECLINED TO QUOTE			
HAP	NR	NR	X	X		
MESSA	A-	XV	X	X	X	X
PRIORITY HEALTH	A-	IX	X	X		
SVS	A++	XV				X

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. MESSA and Priority Health submitted fully insured plans. Included in the quoted premium is the estimated run-out costs for claims that are lagging in the BCBSM system.

Under a “self-funded plan”, expected or **estimated** costs are developed by adding the insurance company projections of your claims and fixed costs. This includes facility claims, professional claims, prescription drug claims, stop loss premium, administrative fee, and access fees. Blue Cross Blue Shield and Health Alliance Plan (HAP) provided self-funded quotes. The self-funded plans are based upon \$35,000 specific stop loss and aggregate protection of 120%. Included in the overall costs are estimated run-out requirements for claims that are lagging in the BCBSM system. Medical and Rx are considered in the estimated or expected costs. The following table is a summary of the projected cost for each self-funded or fully insured proposals, based upon the current active enrollment:



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Shepherd Public Schools Medical/Rx Cost Summary for September 1, 2016:

Carrier	Financing	Current Census - Medical and Rx	Savings/(Loss)	Notes	Eff. Date
Current Self-Funded - Multiple plan options including CB III w/\$10/40/80 Rx and HSA 1300 w/\$5/\$25/\$50 Rx	Self-Insured	\$1,028,305.44	\$0.00	Projected cost based on the "Trended" position in the renewal and current census.	1-Sep-16
Health Alliance Plan (HAP) with ASR	Self-Insured	\$995,483.43	\$32,822.01	Projected cost based on "Expected" claims (includes run-out). Final quote is contingent on additional prognosis/diagnosis information for any individual that has exceeded \$25,000 in stop loss claims as well as a completed health questionnaire. Specific stop loss is per	1-Sep-16
MESSA	Fully-Insured	\$1,329,346.53	(\$301,041.09)	Assumes all members are enrolled in the HDHP. MESSA does not offer a plan comparable to the CB 3 currently offered to members. No taxes and fees were included in the quote. Total cost includes BCBSM run-out.	1-Sep-16
Priority Health	Fully-Insured	\$1,353,702.33	(\$325,396.89)	Assumes all members are enrolled in the CB 3. Total cost includes BCBSM run-out.	1-Jul-16
Priority Health	Fully-Insured	\$1,262,411.13	(\$234,105.69)	Assumes all members are enrolled in the HDHP. Total cost includes BCBSM run-out.	1-Jul-16

Illustrative costs above are based upon current enrollment the District's medical and prescription drug benefits through BCBSM. The medical benefits use the estimates provided by each vendor. It must also be noted that there is a possibility under any self-funded plan for costs to reach worst case (which is set by the group's aggregate or "umbrella" liability coverage).

BBCM also analyzed several quotes for the current dental plan. The current BCBSM plan is the most cost effective dental plan quoted. The monthly administrative fee per contract per month through HAP is more costly than BCBSM. No dental network is included in the HAP quote, which lowers the cost for the District, and allows members annual benefits to go further. In addition, the District only pays the dental admin fee for the members also enrolled in the medical plan. The table below details the results from each of the dental quotes received from carriers.

Shepherd Public Schools Dental Cost Summary for September 1, 2016:

Carrier	Financing	Current Census - Dental	Savings/(Loss)	Notes	Eff. Date
BCBSM - Admin & Other - \$1,500 Annual Max, 90%/90%/90%/90%, Prev./Basic/Major/Ortho. \$1,500 Ortho Max. Teacher - \$1,300 Annual Max, 80%/80%/80%/80%, Prev./Basic/Major/Ortho. \$1,300 Ortho Max.	Self-Insured	\$116,795.00	\$0.00	Projected costs are based on 2016/17 illustrative rates from BCBSM. BCBSM administrative fee is \$4.22 PEPM.	1-Sep-16
HAP - Admin & Other - \$1,500 Annual Max, 90%/90%/90%/90%, Prev./Basic/Major/Ortho. \$1,500 Ortho Max. Teacher - \$1,300 Annual Max, 80%/80%/80%/80%, Prev./Basic/Major/Ortho. \$1,300 Ortho Max.	Self-Insured	\$4.95 Admin + Claims	N/A	HAP can mirror the current plans. The monthly admin fee for HAP is \$4.95 and no network is included in the benefits.	1-Sep-16
MESSA - \$1,500 Annual Max, 90%/90%/90%/90%, Prev./Basic/Major/Ortho. \$1,500 Ortho Max.	Fully-Insured	\$231,234.41	(\$114,439.41)	Assumes all members are enrolled in the 90%/90%/90%/90% Prev./Basic/Major/Ortho. \$1,500 Annual and Ortho Max. No taxes and fees included in quoted rates. Total cost includes BCBSM run-out.	1-Sep-16



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BBCM also analyzed several quotes for the current vision plan. Avesis offers the most cost effective quote, but only by a small margin. The current rates through Superior Vision do not renew until September 1, 2017. The table below details the results from each of the vision quotes received from carriers.

Shepherd Public Schools Vision Cost Summary for September 1, 2016:

Carrier	Financing	Current Census - Vision	Savings/(Loss)	Notes
Superior Vision Services - 12/12/12, \$10 Exam, \$10 Copay for lenses, Frames \$130 allowance, Contact Lenses covered up to \$200, Fitting \$35 copay, Certain additional benefits added to lenses at minimal cost.	Fully-Insured	\$30,846.24	\$0.00	Based on current plan offered to employees. Rate guarantee through 9/1/2017.
Superior Vision Services - 12/12/12, \$10 Exam, \$10 Copay for lenses, Frames \$130 allowance, Contact Lenses covered up to \$200, Fitting \$35 copay, Certain additional benefits added to lenses at minimal cost.	Fully-Insured	\$32,089.68	(\$1,243.44)	Based on current plan offered to employees. Rate guarantee through 9/1/2020.
Avesis - 12/12/12, \$10 Exam, \$10 Copay for lenses, Frames \$130 allowance, Contact Lenses covered up to \$200, Certain additional benefits added to lenses at minimal cost.	Fully-Insured	\$30,446.64	\$399.60	Rate guarantee through 9/1/2019.
MESSA - 12/12/12, \$0 Exam, \$0 Copay for lenses & frames, Contact Lenses covered up to \$135 (includes exam), Certain additional benefits added to lenses at minimal cost	Fully-Insured	\$32,323.92	(\$1,477.68)	Plan design varies slightly from current plan design. Rate guarantee through 7/1/2017.

As always, BBCM stands ready to assist Shepherd Public Schools with all of your employee benefit needs. I look forward to meeting with you and other officials to further discuss this analysis and alternatives in detail. If you have any questions regarding this letter or any other issue, please not hesitate to contact me directly at 989-249-5960 (office) or at 989-860-9449 (cell). Thank you.

Sincerely,

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



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