

2014-2015 Benefits Committee

February 19, 2014

5.00

4.90

4.50

M J J A S O N



As the vision gets clearer,
the options get fewer,
and the decisions get easier.

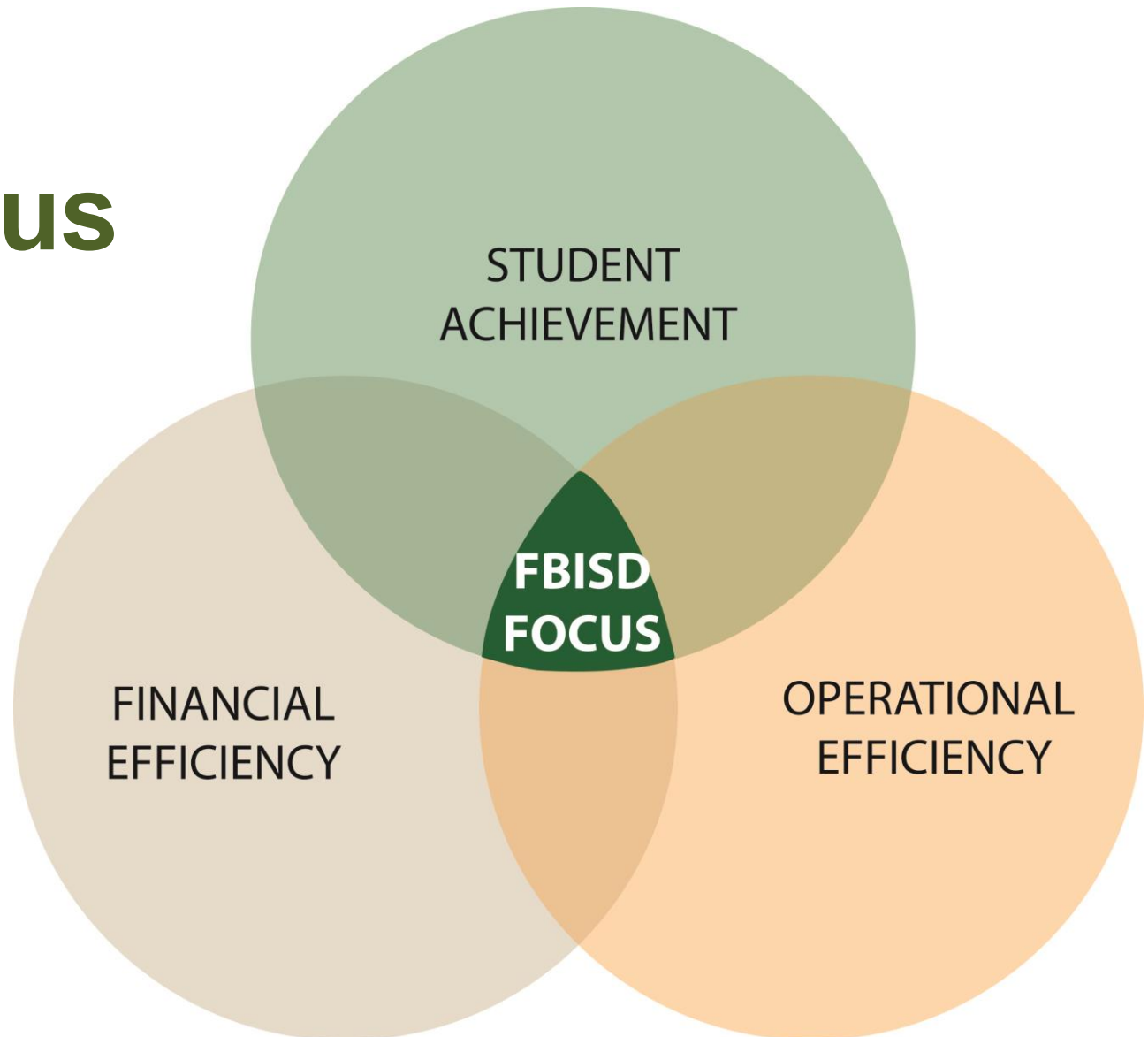


Our Goal **(Administration, BCC & Principals)**

Fort Bend ISD's goal for 2014-15 is to fund activities that support the District's Mission and Vision while achieving a balanced budget that does not require a tax increase.



Our Focus





Our Goal

Benefits Committee

Goal is to support the budget process for 2014-15 that supports the District's Mission and Vision while balancing the need to improve employee benefits while achieving a balanced budget that does not require a tax increase.

Goals will be to help assure current insurance benefits are appropriately structured and financed to support institutional needs, including recruiting and retaining faculty and staff.



Roles and Responsibilities

- Serve in an advisory capacity to the district leadership team
- Engage in productive dialogue
 - Be objective and maintain a **district level** perspective
- Explore possibilities
- Communicate committee work and outcomes to colleagues
 - Confer with principal following each meeting
 - Gather input from colleagues



Desired Outcomes of Meeting

- Understanding of district budget, current state and district funding concerns
- Understanding of FBISD Insurance Plan and Benefits of Self-Funded Plan
- Next meeting: Explore benefit priorities



Funding Operations

Fort Bend
Independent
School District

	(\$Millions)
➤ General Fund	\$497.2
➤ Child Nutrition Fund	\$25.9
➤ Debt Service Fund	\$74.5
➤ Internal Service Fund	
– Workers Compensation	\$0.4
– Health Insurance	\$53.7
➤ Capital Projects Fund	\$53.0
➤ Special Revenue Fund	
– Title I	\$9.6
– IDEA	\$16.7



School Finance 101

- Two Major Budget Components
 - Revenue
 - Expenditures

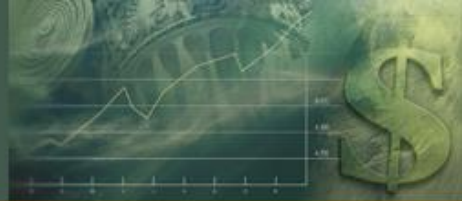


Expenditures



Expenditures by Function Code

	2013-2014 Adopted Budget	
	Budget Expense	Percent of Total
By Function		
Instruction (11)	\$ 306,741	61.70%
Instructional Resources & Media Services (12)	6,892	1.39%
Curriculum & Instructional Staff Development (13)	5,831	1.17%
Instructional Leadership (21)	4,976	1.00%
School Leadership (23)	30,100	6.05%
Guidance/Counseling/Evaluation Services (31)	21,575	4.34%
Social Work Services (32)	413	0.08%
Health Services (33)	6,269	1.26%
Student Transportation (34)	17,020	3.42%
Extracurricular Activities (36)	9,447	1.90%
General Administration (41)	11,703	2.35%
Plant Maintenance & Operations (51)	52,080	10.48%
Security and Monitoring Services (52)	5,131	1.03%
Data Processing Services (53)	9,847	1.98%
Community Services (61)	6,420	1.29%
Facilities Acquisition & Construction (81)	15	0.00%
Intergovernmental Charges (93)	499	0.10%
Other Intergovernmental Charges (99)	2,200	0.44%
Total	\$ 497,159	100.00%



Expenditures by Function Code

2013-2014 Adopted Budget
Percent of
Budget Total

By Functional Groups (\$000's)

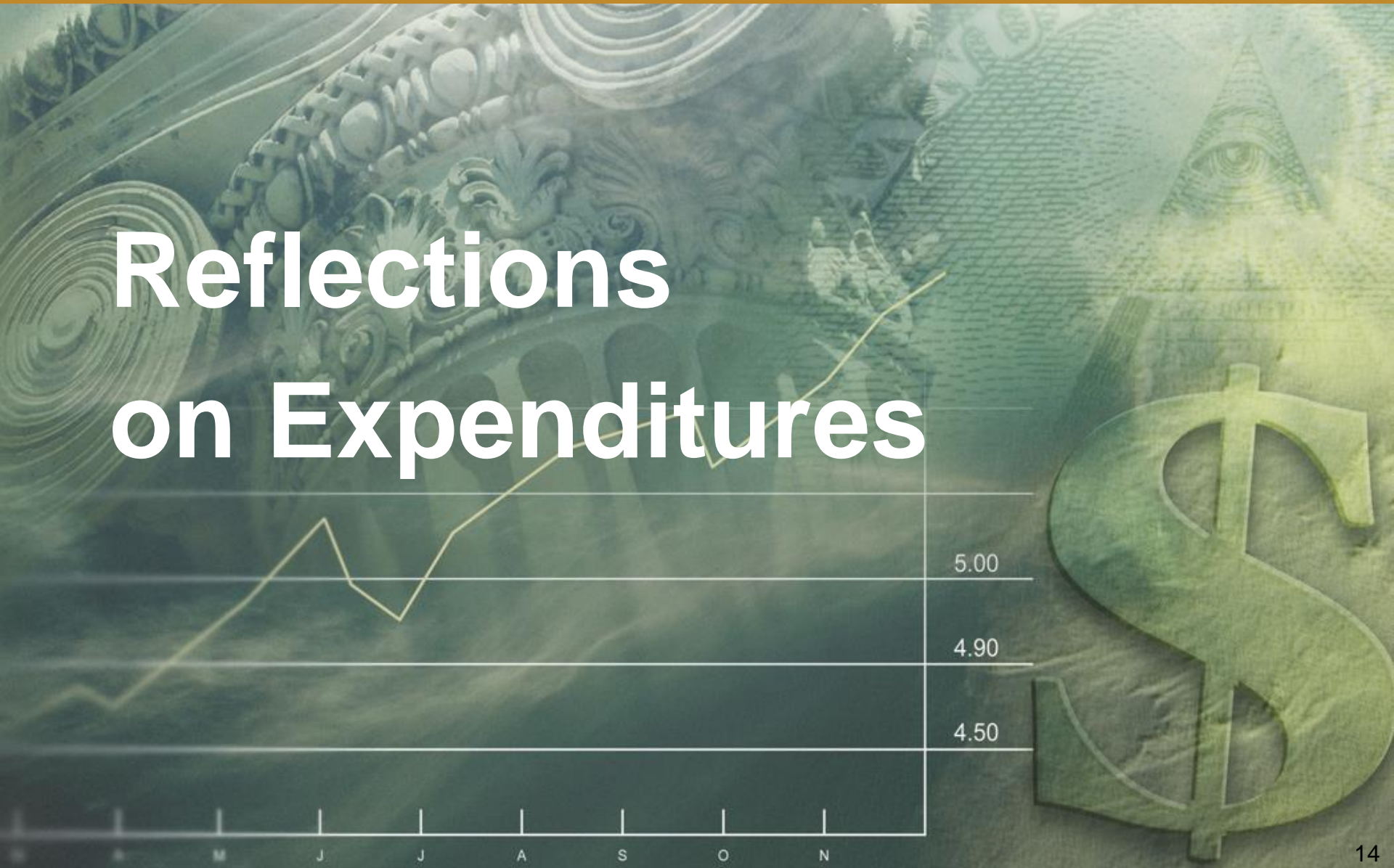
Instructional (Func. 11,12,13)	\$ 319,464	64.26%
Instructional Support (Func. 21,23,31,32,33,36,61)	79,200	15.93%
Central Administration (Func.41)	11,703	2.35%
District Operations (Func. 34,51,52,53,81,93,99)	86,792	17.46%
Total	\$ 497,159	100.00%

Expenditures by Object Code

	2013-2014 Adopted Budget	
	Budgeted Expenses	Percent of Total
By Object (\$000's)		
Payroll Salary (6100)	\$ 360,091	72.4%
Payroll Benefit (6100)	65,148	13.1%
Prof. & Contract Serv. (6200)	36,835	7.4%
Supplies & Materials (6300)	22,847	4.6%
Other Operating Costs (6400)	11,592	2.3%
Capital Outlay (6600)	646	0.1%
Total	\$ 497,159	100.0%



Reflections on Expenditures





Additional Considerations

5.00
4.90
4.50





Additional Considerations

- Legislative Session 2015
 - Competing Demands
 - Improved Economy
- School Finance Lawsuit
- Sequestration
- Affordable Care Act
- Maintenance of Effort



FBISD Benefits

5.00
4.90
4.50

J J A S O N





Fort Bend ISD's Benefit Package

- Medical and Prescription Drug – three options, district subsidized
- Dental - two options, 100% employee paid
- Vision - 100% employee paid
- Basic Life and Accidental Death and Dismemberment - \$25,000, fully paid by district
- Voluntary Life and Accidental Death/Dismemberment - 100% employee paid
- Flexible Spending Accounts
- Disability - 100% employee paid
- AFLAC - 100% employee paid
- Legal Services – 100% employee paid
- What's missing?



Overview of FBISD's Medical Plan

Primary focus of the committee will be the medical plan



Self-Funded Medical and Rx Plan

What is a self funded plan?

Any insurance plan in which the employer, not the insurance company, assumes the financial risk for providing benefits to its employees.

Why do employer's self fund?

(1) To gain more control over the plan, by:

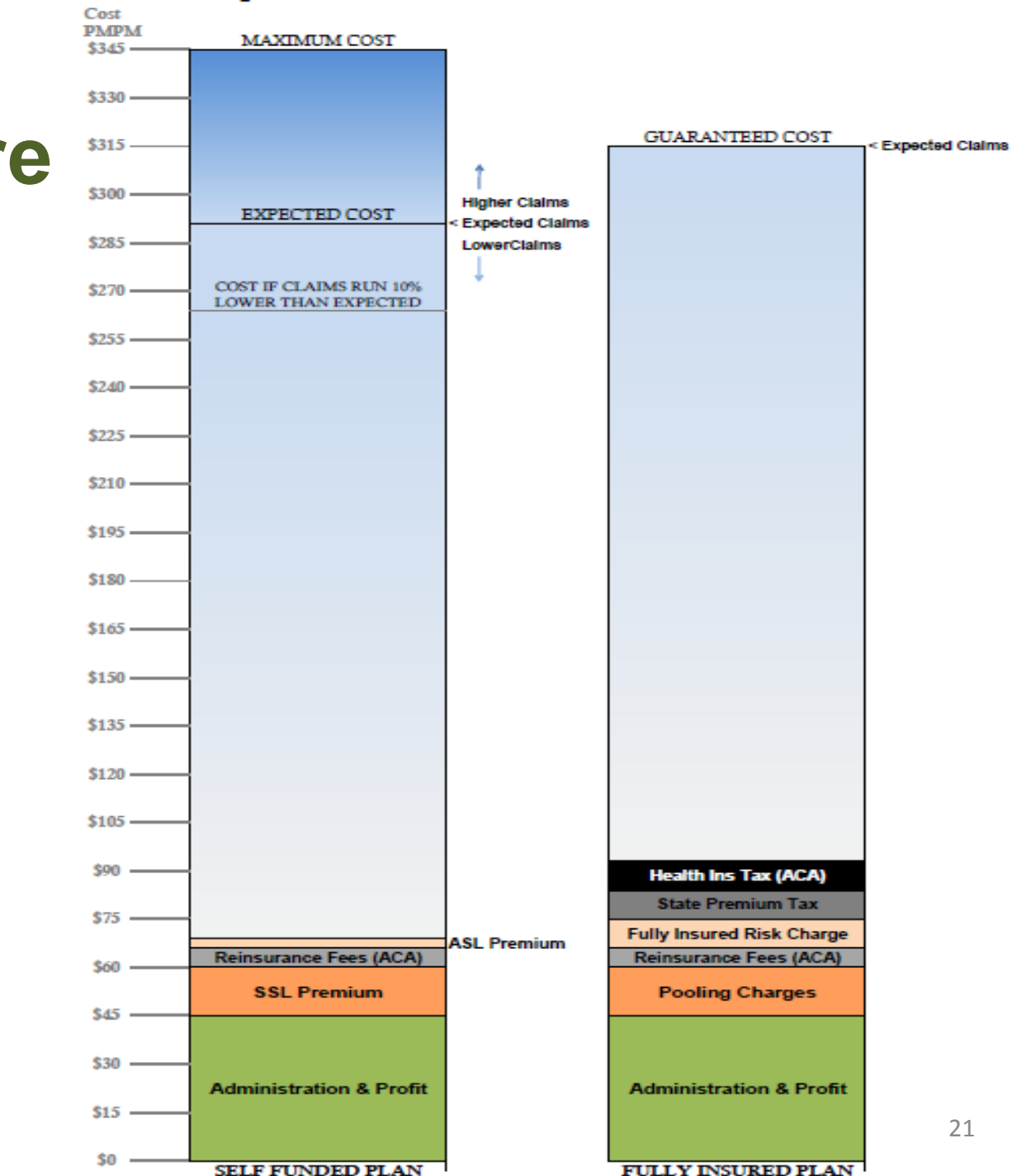
- a) designing the benefits
- b) having access to claims data for analytics
- c) managing finances

(2) To save money through the following ways:

- a) minimizing administrative expenses
- b) reducing premium
- c) reducing financial exposure in good claim years

Self-Funded Cost Structure

Self-Funded vs. Fully Insured Cost Comparison

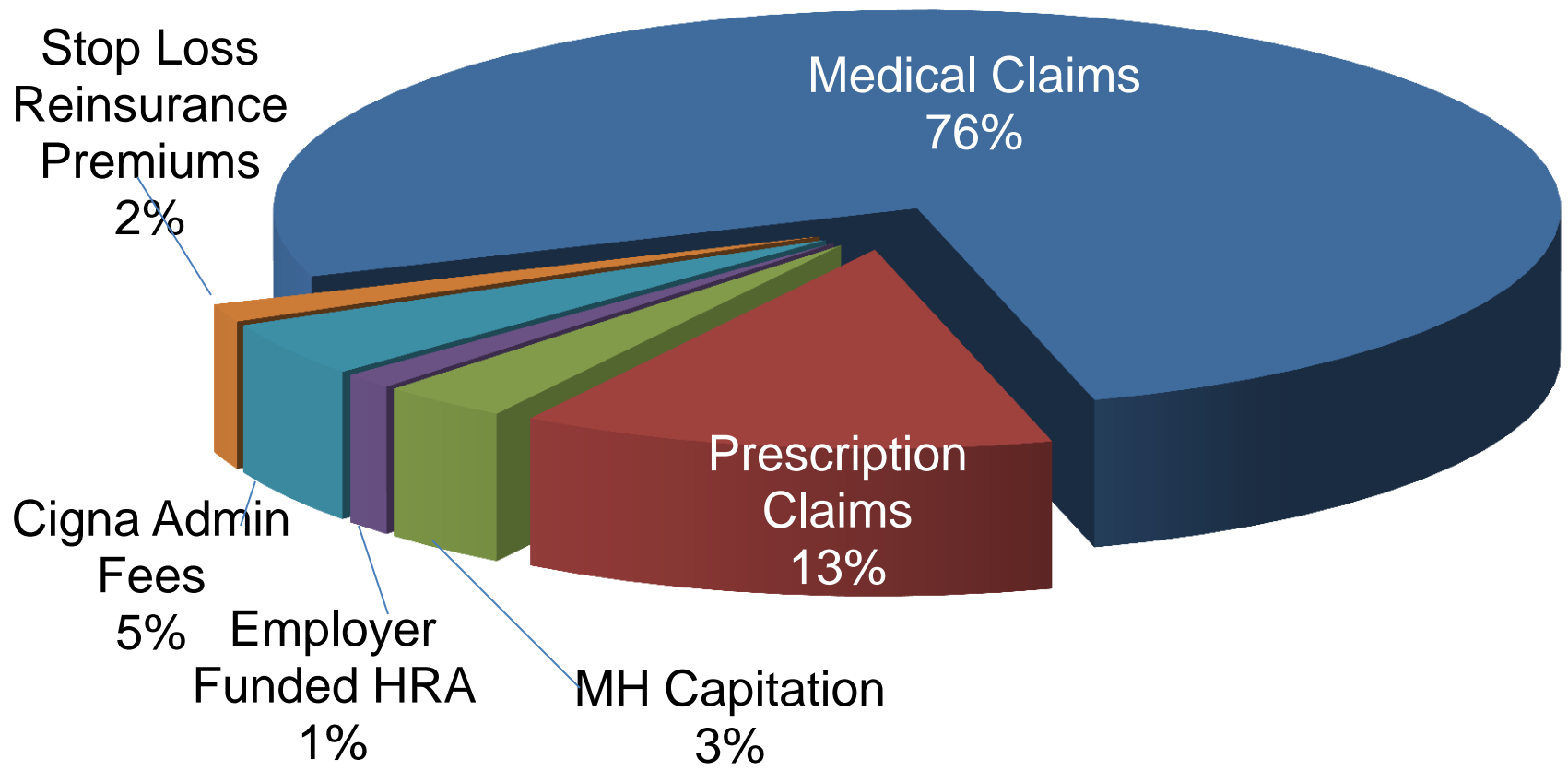


Source: MHBT, Inc.



Components of our health plan

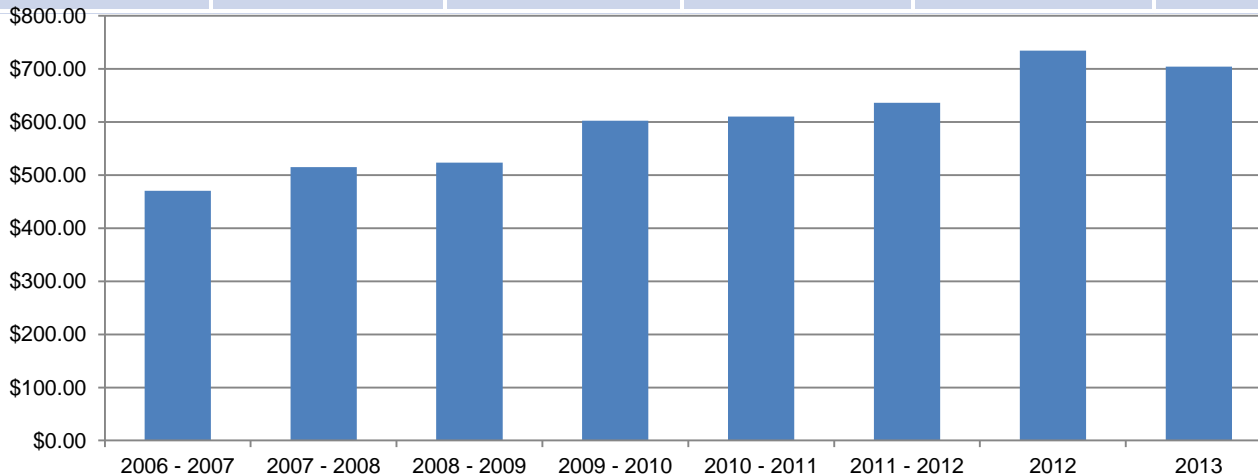
Medical Plan Expenses





Medical/Rx Plan Cost History

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2013
Enrollment	5,858	6,224	6,472	6,646	6,341	5,886	5,707
Plan Cost	\$36,178,168	\$41,466,024	\$43,466,024	\$51,186,792	\$49,453,820	\$47,554,739	\$51,400,397
Per Employee Per Month	\$515	\$555	\$563	\$642	\$650	\$673	\$751
Per Employee Per Month Contribution	\$184	\$187	\$189	\$192	\$219	\$244	\$282
Per Employee Per Month District Funding	\$340	\$340	\$340	\$340	\$340	\$340	\$420
Surplus/(Deficit)	\$9	(\$28)	(\$34)	(\$110)	(\$91)	(\$89)	(\$49)
Annual Surplus/(Deficit)	\$641,148	(\$2,091,264)	(\$2,640,576)	(\$8,772,720)	(\$6,924,372)	(\$10,718,568)	(\$3,355,716)



Medical claims increase year-over-year



Medical Plan Metrics

Average Number of Covered Employees	5,698
Average Number of Covered Members	10,315
Employee Average Age	45.6
% of Population over 40 years old	47%
% of Population with Chronic Condition	35%
Preventive Care Utilization	47%
% of Population Completing Health Assessment	59%

<u>Average Spend By Relationship</u>	<u>Per Month</u>
Employee	\$610
Spouse	\$648
Dependent	\$247

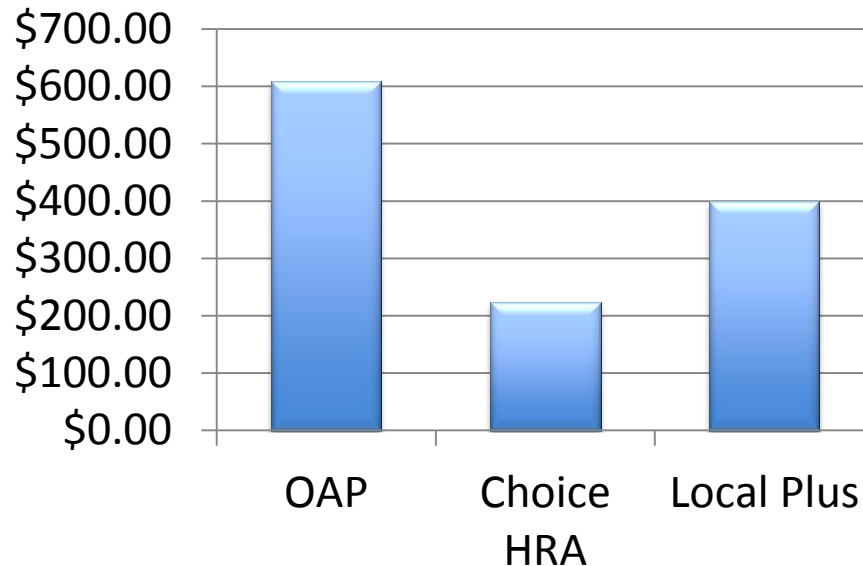


Medical Plan Metrics

Observations

- Plan spend was 6.3% below the Education norm.
- FBISD has more large claimants than other educational institutions, and the severity of the catastrophic medical events are more acute.
- Preventive Care utilization and Well Visit completions are above the norm.

Cost per Member per Month



OAP Plan accounts for 77% of gross medical plan costs and includes 57% of total membership.

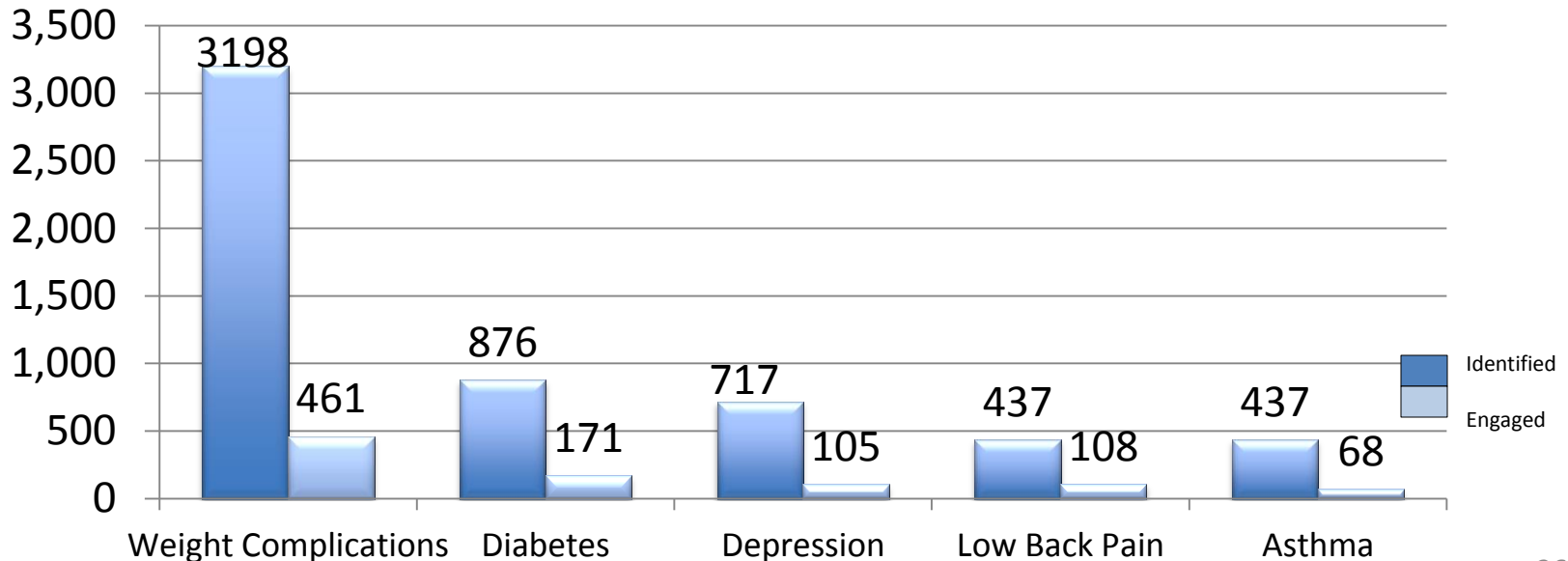


Medical Plan Metrics

Chronic Condition Management

- Top chronic conditions are: weight complications, diabetes, depression, lower back pain, and asthma.
- Chronic conditions are a significant driver of medical cost and often cause reduced productivity.
- Of those identified, 15% are engaged in ongoing coaching to better manage their condition.

Only 14.4% of those with weight complications and 19.5% of those with diabetes are participating in health coaching.





Reflections on FBISD Medical Plan

Month	Upper Line Value	Lower Line Value
M	4.50	4.50
J	5.00	4.50
J	4.90	4.50
A	5.00	4.50
S	5.00	4.50
O	5.00	4.50
N	5.00	4.50

5.00
4.90
4.50



Evaluation

- Cigna Contract expires 12/31/2014, with two one year options to extend to 12/31/2016
- Medical Plan Carriers
 - Cigna
 - Aetna
 - Blue Cross Blue Shield of Texas
 - UnitedHealthcare
 - MHealth (Memorial Hermann)
 - KelseyCare



Timeline

If medical marketing bid takes place for January 1, 2015

Request for Proposal Issued	May 1, 2014
Proposals Due	June 1, 2014
Evaluation, Interviews	June-July
Award Date	July BOD Meeting
Implementation	August – September
Annual Enrollment	October
Effective Date	January 1, 2014



Next Steps

- Comparison of FBISD Plan with other districts and TRS Active Care
- Needs assessment
- In light of the newly adopted FBISD Mission and Vision and Employee Benefits:
 - What is working well?
 - What is not working well?
- Come prepared to share feedback that reflects your campus views



How are we doing?

- Have we accomplished our goal for this meeting?
 - Understanding of district budget, current state and district funding concerns, and FBISD Insurance and Self Funded Plan
- Questions? Concerns? Feedback?
- Next meeting:
 - Benefits Committee – March 19th
4:00p.m. Annex

Fort Bend Independent School District

Month	Value
M	4.75
J	5.00
J	4.85
A	4.95
S	4.85
O	5.05
N	5.05

5.00
4.90
4.50