



# Recommendation for Transition to Self-Insured Medical Plan with SIPGKC

*April 7, 2025*



# Stakeholder Feedback Survey

Identify the FIVE greatest challenges or issues the school district has to address over the next five years.

2024

- #1 Hire, retain, and develop quality educators
- #2 Ensure safety to all students and staff
- #3 Meet the individual educational needs of ALL students
- #4 Class sizes
- #5 Keep curriculum current and up-to-date/  
Prepare students for constantly changing career requirements

2021

- #1 Hire, retain, and d
- #2 Meet the individu  
students
- #3 Ensure safety to
- #4 Keep up with tec
- #5 Class sizes

What should the financial priorities be for our school district during the next five years?

2024

- #1 Attract and retain quality staff by providing competitive salaries and benefits
- #2 Maintain manageable class sizes
- #3 Maintain clean, well-repaired, secure buildings
- #4 Provide students and staff with quality educational supplies, materials and resources in the classroom
- #5 Maintain up-to-date technology

2021

- #1 Attract and retain quality staff by providing competitive salaries and benefits
- #2 Maintain manageable class sizes
- #3 Maintain up-to-date technology
- #4 Provide students and staff with quality educational supplies, materials and resources in the classroom
- #5 Maintain clean, well-repaired, secure buildings

# Salary & Benefits Prioritization Survey

## Salary & Benefits Prioritization Survey

Ranked answer

**Q3** Please take a moment to rank the following factors in order of importance to you as an employee. Your feedback will help guide our decisions on salary, benefits, and staffing to better support Pirate Nation.

Answered: 207  
Not answered: 44

Ranking	Average ranking	Top choice count
#1 Adding dollars to the salary schedules	2.71	46
#2 Incremental movement ("rolling" the salary schedules)	3.01	53
#3 Fully funding Board-paid medical insurance (currently Plans 1 & 2)	3.99	40
#4 Class size reduction	5.54	12
#5 Step replacement	5.59	9
#6 Making market adjustments for positions that are not deemed competitive	5.96	6
#7 Granting maximum number of years of experience recognized upon initial placement on schedule (self-reporting was required via a questionnaire by Jan. 6 if believed eligible)	6.25	17
#8 Stipend tied to longevity, awarded according to years of service within the district	6.54	11
#9 Stipend for self-contained special education teachers	7.22	11
#10 Career Ladder (a voluntary performance pay matching program established by State statute; supports salary supplements for teaching staff for additional responsibilities/voluntary efforts)	8.20	2

# Medical Plan Funding Analysis

## Platte County R-3: Funding Overview



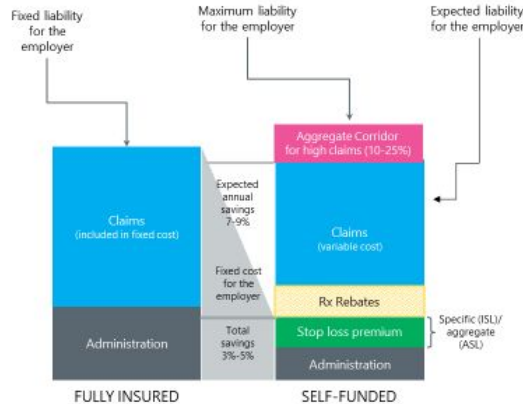
**Funding is the means by which Platte County R-3 pays for healthcare programs. Employers can often choose from two common funding methods for purchasing group healthcare insurance: fully-insured and self-funded.**

	Fully Insured	Self-Funded
Financial Liability	PCR3 pays a fixed premium to an insurance company (Aetna).	In exchange for financial benefits and flexibility, PCR3 would assume liability associated with healthcare costs.
Premium Rates	Rates are traditionally set for a year by the insurance carrier.	Rates are set for a year based on PCR3's claims history, plan design and group demographics.
Paid Charges	Total paid charges based only on the number of covered lives on the plan.	If claims costs are lower than planned, PCR3 saves. If claims costs are higher than planned, PCR3 will pay the extra claims, though stop loss coverage can offset some of the costs.
Funding of Healthcare	Premium is collected monthly and kept by the insurance company (Aetna) whether it is used to pay claims/expenses or not.	Claims payments are funded directly by PCR3 after the claim has occurred, been processed and is paid by the carrier/TPA and then reimbursed by PCR3. The reimbursement is typically done via ACH draw from a designated bank account on a weekly basis. PCR3 holds all reserves until claims are paid.
Billing Process	One bill for fixed premium, billed monthly	One bill for fixed administration costs, billed monthly / Weekly claim draft for claim reimbursement, drawn weekly

### Components of Self-Funded Financials

<b>Administration Fee</b>	Claims processing, network access and other administrative functions managed by carrier or TPA.
<b>Stop Loss Premium</b>	Individual stop loss caps the total claims paid for a member (e.g., plan pays up to \$200k). Aggregate stop loss caps the total claims paid overall (typically 20%-25% over total expected claims). Stop loss can be purchased individually or through a captive arrangement.
<b>Claims (variable cost)</b>	Lockton will project claims cost, but actual could be higher or lower. Lower paid claims in first few months due to lag. Plan will establish a reserve to pay run-out claims if/when self-funded plan is terminated.
<b>Aggregate Corridor for high claims</b>	Overall claims: Risk capped with aggregate insurance. Typical trend is 3-4 good years for every bad year. In a self-funded plan, costs will go up when the plan experiences high claims, but costs go back down, unlike fully insured, when claims experience returns to normal levels.

### Fully Insured vs. Self-Funded (illustration)



### Self-Funded Considerations

*Transitioning to a Self-Funded arrangement is a shift in mindset & philosophy. It is a multi-year strategy allowing more flexibility in health plan management.*

#### No Change to Member Experience

- Plan design could remain the same\*
- Network Access (choice of provider)
- ID card
- Claim process
- Prior authorizations & appeals
- Data privacy processes
- Member portal
- Customer support

#### Plan Sponsor Benefits

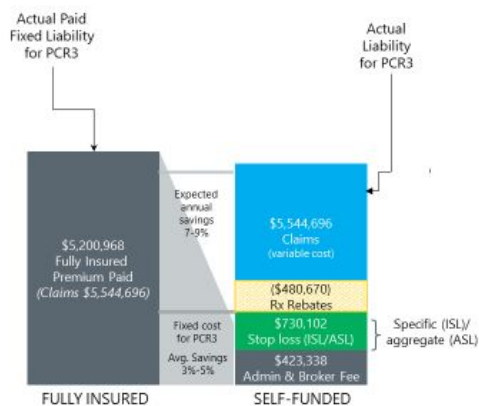
- Ability to carve-out services to better fit PCR3 needs
- Access to non-identifiable claims data
- Actuarially certified cost projections
- \*Flexibility with future plan design specifications
- Eliminate built-in carrier profit margin
- Elimination of state premium taxes
- PCR3 maintains reserves
- Benefit of pharmacy rebates

# Medical Plan Funding Analysis

## Fully Insured vs. Self-Funded (Illustration)



Plan Year 7/2023 – 6/2024

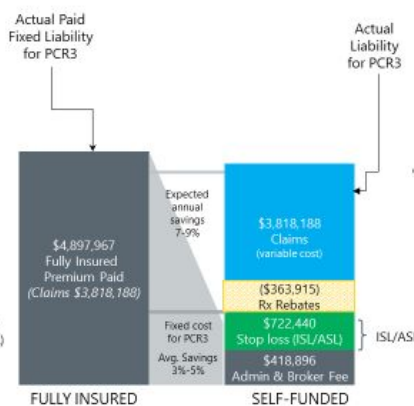


\$5,200,968

Total Cost

\$6,217,466

Plan Year 7/2022 – 6/2023

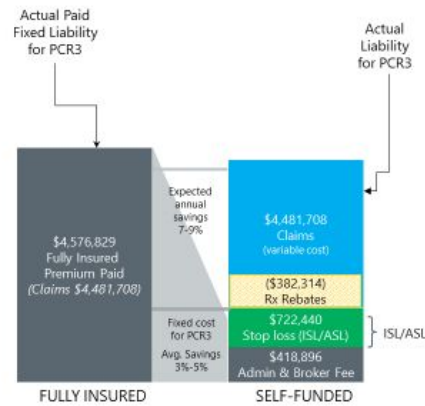


\$4,897,967

Total Cost

\$4,595,609

Plan Year 7/2021 – 6/2022



\$4,576,829

Total Cost

\$5,240,730

### Considerations

- Self-funded admin fee based on PPO quoted rate of \$39.90 as Lockton did not receive historical enrollment by plan
- Self-funded quote includes existing broker fee of \$25.43 PEPM
- ISL premium based on \$200,000 deductible
- ASL premium based on 125% aggregate corridor
- 2022-2023 Claims of \$3,818,188 includes stop loss offset of \$240,541 (exceeded \$200k pooling level)
- 2021-2022 Claims of \$4,481,708 includes stop loss offset of \$202,282 (exceeded \$200k pooling level)
- Assumed Rx rebate equal to 30% of overall pharmacy plan cost
- Annualized enrollment by plan year: 6,480 (23-24), 6,214 (22-23), 6,214 (21-22)

# Self-Insured Option

- **Recommendation**
  - Transition to Self-funded Option - SIPGKC
    - An additional spend of 9% or \$394,218 for the District
      - Current BOE Cap is \$666 per month, or \$7,992 annually
      - Proposed BOE Cap is \$726 per month, or \$8,712 annually
  - Addition of Board-paid Broad Network Option
  - In-District Wellness Clinic
  - Split Family Premium
  - Transition to SiPGKC Ancillary Benefits Program with Alliant Insurance Services
  - Pharmacy Claims Management
  - Employee Call Center & communication material

# Self-Insured Option

- **Key Factors**
  - Proven model for districts - Blue Springs, Fort Osage, Grain Valley, Smithville
  - Long-term Financial Outlook
  - Wellness Investment/Enhancement to Member Options
  - Customize plan design & premiums/Enhancement to Member Options
  - Access to data for analytics and audit tools
  - Access to consulting, actuarial, legal and accounting resources
  - Pharmacy rebates estimated to be around \$700K
  - Wellness Clinic resulting in 3:1 offset everytime someone visits the clinic
  - Flexibility to partner with medical providers leading to innovative and strategic cost saving for district and members
  - Participation in SIPGKC's Ancillary Benefits Program through Alliant Insurance Services further enhances employee benefit offerings and result in addition support including dedicated call center, one-on-one enrollment counselors, improved communication and education materials
  - Post-65 Retiree Program
  - Retiree & COBRA Collection Services
  - High-cost Claimant Oversight
  - Pharmacy Claims Management
  - Power in collective purchasing

# Wellness Clinic

## ▪ Wellness Clinic

- Last year, \$1.5 million was avoided due to clinic services
  - Doctor's office, Emergency Room, Walk-in Clinic avoidance
- Co-pay structure (co-pay revenue funds monthly operations)
  - Open Access Plan - FREE
  - HDHP - \$10
  - Non-covered Members - \$40
- Payroll is subsidized by the Pool (\$500K) per year resulting in 3x ROI (\$1.5 million versus payroll)
- Carrier credits offset medical supplies and some payroll (such as wellness coordination)
- CWC North - Cigna credit \$100,000
- CWC offers a medically managed weight loss program that provides a holistic, individualized approach to weight loss