



Harford County Public Schools

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Robert M. Tomback, Ph.D., Superintendent of Schools

To: Employee Benefits Committee

From: John Markowski

Date: March 9, 2010

Re: Health Plan Changes for the Plan Year beginning July 1, 2010

*Office of the Chief Financial Officer
Division of Business Services
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At the direction of the Board of Education, I have requested that Bolton Partners, HCPS' benefits consultant, work with CareFirst Blue Cross Blue Shield, to develop renewal rates for the coming plan year beginning July 1, 2010 with some plan design changes included in the underwriting analysis. Changes are necessary as the continued growth in health care costs is far outpacing the inflation rate. As one of the largest components of the HCPS budget, after wages, the growth in health care costs is crippling the Board's ability to continue to enhance programmatic needs to satisfy academic growth required by No Child Left Behind and to meet other needs such as wage enhancements for employees.

The following chart, prepared by the HCPS Budget Office, demonstrates the growth of health insurance over the past ten years.

	Actual		%
	Expenditures	\$ Change	Change
FY 2001	21,238,275		
FY 2002	23,088,448	1,850,174	8.7%
FY 2003	27,529,709	4,441,261	19.2%
FY 2004	33,870,586	6,340,877	23.0%
FY 2005	37,278,978	3,408,391	10.1%
FY 2006	41,142,908	3,863,931	10.4%
FY 2007	46,052,211	4,909,302	11.9%
FY 2008	50,393,410	4,341,199	9.4%
FY 2009	53,891,303	3,497,894	6.9%
FY 2010 Original Budget	59,502,741	5,611,438	10.4%

As you can see, the costs have nearly doubled. This is just fiscally unsustainable as funding becomes ever more difficult.

Plan design changes were developed after consulting with CareFirst to compare our plan with similar organizations and note any differences from the norm, and to still offer competitive benefits. The changes for the plans follow:

- Traditional-Active & Retiree
 - Increase deductible to \$100/\$200
- Retiree over 65
 - Increase MM Deductable to \$200 from \$100
- PPN
 - Reduce in-network covered costs from 100% to 90% and out of network from 80% to 70%.
 - Increase deductible to \$100/\$200 in-network and \$300/\$600 out of network (current \$0/\$0 and \$200/\$400 respectively)
 - Increase out of pocket max \$2,400/\$4,800 from \$1,200/\$2,400
 - Increase ER Out Patient Facility Co-pay \$50 from \$25
 - Increase retail pharmacy co-pay to 3 times for 90 day fill and mail order to one times co-pay for 90 day fill.
- HMO
 - Increase deductible to \$100/\$200 from \$0/\$0
 - Increase ER Out Patient Facility co-pay \$50 from \$25
 - Increase Urgent Care Center co-pay from \$15 to \$30

The above changes premium impact is still being evaluated. With those items that have been complete the reduction is estimated at \$1.1 million. It is expected to increase.

Please feel free to contact me by e-mail at john.markowski@hcps.org or phone at 410-588-5243 if you have any questions.

JMM:jm