



Date: June 18, 2008
 To: Dr. J. Brian Sarvis, Superintendent
 From: Dr. Kristine Robertson, Director of Personnel
 Subject: **Approval of AETNA as Santa Barbara School Districts New Health Insurance Provider for the 2008-2009 School Year**

Action Agenda: X Time Required: 10 minutes

Background

The Insurance Committee has been meeting with our Broker, Alliant Insurance since January, 2008 to review health plan proposals from various vendors. Given the difficulty we had with the Blue Shield negotiations with Sansum and Cottage Hospital last year, we requested that Alliant aggressively pursue other health insurance vendors who would be interested in submitting a proposal for our consideration. Our goal was to maintain the quality of our current health insurance coverage. The Insurance Committee reviewed four (4) plans made available to us. (AETNA, CIGNA, Blue Shield and Kaiser).

Plan

The Insurance Committee has determined that the proposal submitted by AETNA Insurance Company will more than meet our needs. Blue Shield Insurance Company, who we have been with for the last several years, was asking for an increase that was no longer realistic with our District and staff needs for affordable health insurance. As a result, the Insurance Committee agrees we need an insurance carrier change. Attached is a copy of the financial proposals which will be summarized in a presentation to the Board.

Fiscal Impact

As this is a negotiated item it is too early to determine a final cost for the insurance renewal. However, we have been given a proposed cost of \$1,584,240 increase or 15% over last year's premium. (see attached chart)

Funding Source

General fund and appropriate categorical funds.

Recommendation

It is recommended that the Board approve AETNA Insurance Company as our new health insurance provider for the 2008-2009 school year.

Attachment(s)?	<input checked="" type="checkbox"/>	Yes (if so, please attach)	<input type="checkbox"/>	No	Powerpoint	Overhead	Consultant
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Adams Elementary School Cesar Chavez Charter School Cleveland Elementary School Franklin Elementary School	Harding Elementary School McKinley Elementary School Monroe Elementary School Open Alternative School	Peabody Charter School Roosevelt Elementary School Santa Barbara Charter School Santa Barbara Community Academy Washington Elementary School	Goleta Valley Junior High School La Colina Junior High School La Cumbre Junior High School Santa Barbara Junior High School	Dos Pueblos High School La Cuesta Continuation High School San Marcos High School Santa Barbara High School
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Insured Medical Marketing Summary

- Blue Shield and Aetna revised their initial financial proposals, with Aetna remaining the lowest cost option.

Plan Option	Active Enrollment	Blue Shield Current	Blue Shield Initial	Blue Shield Proposed	Aetna Initial	Aetna Proposed
High HMO	556	\$4,849,043	\$6,065,578	\$5,999,932	\$5,649,738	\$5,576,402
\$ Change				\$1,150,889		\$727,359
% Increase				23.7%		15.0%
Low HMO	594	\$4,628,507	\$5,789,721	\$5,727,147	\$5,398,807	\$5,322,775
\$ Change				\$1,098,640		\$694,267
% Increase				23.7%		15.0%
Catastrophic HMO	101	\$620,413	\$776,072	\$767,676	\$721,393	\$713,474
\$ Change				\$147,264		\$93,061
% Increase				23.7%		15.0%
PPO	42	\$463,688	\$580,021	\$573,743	\$650,714	\$533,240
\$ Change				\$110,055		\$69,552
% Increase				23.7%		15.0%
Total	1,293	\$10,561,651	\$13,211,392	\$13,068,498	\$12,420,652	\$12,145,891
\$ Increase			\$2,649,741	\$2,506,847	\$1,859,001	\$1,584,240
% Increase			25.1%	23.7%	17.6%	15.0%
Bidding Reduction				(\$142,894)		(\$274,761)
\$ Savings vs. Blue Shield Final Renewal						(\$922,607)

- All bids duplicate the current commission level of 1% flat.
- The above assumes pharmacy benefits are administered by Blue Shield and Aetna.