

HEALTH INSURANCE
October 15, 2012

As a part of the ongoing effort to explore cost-saving measures for the school district, Dr. Johns and I explored other options for the provision of health insurance for Millburn School District 24 employees. The district is currently a member of Cooperative 90's, a small cooperative consisting of two school districts and several library districts in the area. The Cooperative 90's is very well run and has adequate financial reserves. The by-laws of the Cooperative require a 6 month withdrawal notification.

Dr. Johns & I worked with Gallagher Benefit Services to obtain a health insurance quote. Gallagher presented us with a proposal to join either the Educational Benefits Cooperative (EBC) or the Northern Illinois Health Insurance Program Cooperative (NIHIP). EBC would match the district's current plan design and NIHIP has a plan very similar to our current plan design. Because of the long lead time before our June 1, 2013 renewal, Gallagher presented the district with a range of rates with a firm maximum rate and an estimated minimum rate. Both Cooperatives require an initial 3-year commitment. After the 3 year commitment, member districts can withdraw with a 45 day notice.

COOP 90'S RECENT INCREASES

- 2011 – 10%
- 2012 – 2%

GALLAGHER QUOTES FOR A JUNE 1, 2013 THROUGH JUNE 30, 2014 ARE:

- NIHIP Range 3.4% - 6.7%
- EBC Range 4.7% - 7.9%

Based on current medical trend, we would expect to see an annual increase in insurance premiums of approximately 8%. Based on the current rate quote, Dr. Johns and I are recommending that the district remain with Cooperative 90's at this time. During the next year, we will continue to explore other health insurance options for the district.