



**Flushing Community Schools Medical, RX, Stop Loss, Dental and Vision RFP
Executive Summary**

Presented by: Melissa Ramos



Brown & Brown of Central Michigan, 1605 Concentric Blvd., Ste. 2, Saginaw, MI 48604



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Melissa Ramos, Vice President (melissa.ramos@bbbrown.com)

March 22, 2022

Matt Shanafelt, Superintendent
Flushing Community Schools
522 N. McKinley
Flushing, MI 48433

Re: 2022 Employee Benefits Proposals Received for Flushing Community Schools

Brown & Brown of Central Michigan has completed our analysis of the benefit proposals received for Flushing Community Schools. The lines of business covered in the RFP include Medical, Rx, Dental and Vision plans. Specifically, we have completed the following services to date:

1. Discussed the outline and scope of the project and timetable for completion with District officials and insurance committee.
2. Collected plan designs and census data from BCBSM regarding the current plans.
3. Drafted detailed specifications and a Request for Proposal (RFP) for Medical, Rx, Dental, and Vision coverage for the purpose of soliciting proposals for 2022.
4. Submitted the specifications to eight (8) vendors and requested quotes based on Flushing Community School's timetable and specifications. Please note that one of the carriers solicited is a Voluntary Employees Beneficiary Associations (VEBA). This meets the requirements of Public Act 106 of 2007 should the District decide to make any changes that require Public Act 106 compliance.
5. Analyzed each proposal submitted to ensure it has met the District's specifications and compared the total cost with equivalent proposals.
6. Prepared an executive summary report for District officials summarizing the results for each line of business.

7. Presented executive summary report and all bid documents to District officials and the insurance committee for review.

Employee Benefits Proposal Summary:

The following table is a summary of the carriers and benefits submitted for the RFP. Also included in the summary is the AM Best Rating of each carrier.

Flushing Community Schools Vendor Responses				
Carrier	Quote Status	Line of Business	AM Best Rating	Financial Size
BCBSM	Quoted Received	Medical/Rx/SL/Dental/Vision	A	XV
Beam Insurance Administrators LLC	Declined	Dental	N/A	N/A
Delta Dental of Michigan	Declined	Dental	A	XI
EyeMed	Quote Received	Vision	A-	VIII
Health Alliance Plan	No Response	Medical/Rx/SL	N/A	N/A
MESSA	Quote Received	Medical/Dental/Vision	N/A	N/A
Priority Health	Declined	Medical/Rx/SL	A	XII
The Standard	Declined	Dental	A	XIV

Medical, RX and Stop Loss

Under a fully-insured plan, monthly target premiums are paid and adjusted in subsequent years based on either community experience or the District's actual experience. MESSA provided a fully insured quote for medical and Rx coverage.

Under a self-insured plan, expected or estimated costs are developed by adding the insurance carrier's projections of the District's claims and fixed costs. This includes facility claims, professional claims, prescription drug claims, stop loss premium, administrative fees, and access fees. Blue Cross Blue Shield provided the District's 2022 self-funded renewal document. HAP and Priority Health did not provide quotes for medical and Rx. MESSA did not match each the plans exactly. The following table is a summary of the projected cost for each self-insured or fully insured proposals, based upon the current census:

Flushing Community Schools Medical/Rx Cost Summary for July 1, 2022:

Carrier	Financing	Current Census Medical and Rx	Estimated Run-out Cost	Estimated First Year Cost	Savings/(Loss)	Notes
Current Self-Funded - Various Plan Designs	Self-Insured	\$4,353,914	N/A	\$4,353,914	\$0.00	Projected cost based the current census on the various benefit plan designs and BCBSM Expected rates provided at renewal.
MESSA	Fully-Insured	\$4,653,835	\$621,491	\$5,275,325	(\$921,411)	Assumes all members are enrolled in the plan quoted that most closely mirrors the current BCBSM Options. The plan structure and Rx benefits do not mirror the current plan design. MESSA provided a 6 month quote with the benefits renewing on January 1, 2023. First year costs include estimated run-out costs.

The self-insured projected BCBSM costs are based on the "Expected" costs provided in the renewal. It is important to note that self-funded plans do have the possibility of

reaching worst case liability (which is set by the group's aggregate or "umbrella" liability coverage).

Dental

BBCM also analyzed quotes for the current dental plan. Based on the quotes received from BCBSM and MESSA, the current benefit is the most cost efficient for the District at this time. The table below details the results from each of the dental quotes received from carriers:

Flushing Dental Cost Summary for July 1, 2022:

Carrier	Financing	Projected Costs	Estimated First Year Costs	Savings/(Loss)	Notes
BCBSM - Various Plan Designs	Self-Insured	\$370,491.39	\$370,491.39	\$0.00	Projected costs are based on 2022/23 illustrative rates from BCBSM.
MESSA - Various Plan Designs	Fully-Insured	\$421,374.58	\$421,374.58	(\$50,883.19)	Total cost is based on the fully insured rates provided by the carrier. First year cost does not include estimated BCBSM run-out costs. Total costs based on the current census by plan design.

BBCM also analyzed quotes for the District's vision plan. The fully insured plan under MESSA could save the District an estimated \$9,634 annually over the District's current self-insured plan through EyeMed and ADN. However, the benefits do not match and aren't as strong as their current benefits with EyeMed and ADN. Offering benefits through Eyemed provides members the advantage of a network discount. In addition, the quoted rates received from Eyemed include a 4-year rate guarantee. The table below details the results from each of the vision quotes received from carriers:

Flushing Vision Cost Summary for July 1, 2022:

Carrier	Financing	Projected Costs	Savings/(Loss)	Notes
EyeMed	Fully Insured	\$44,082.36	\$0.00	Based on 2 current plans offered to Instructional (Teachers, Administrators, Central Office, and Secretaries) employees. Rate guarantee through 1/1/2026. No network discounts exist with current coverage.
ADN	Fully Insured	\$12,385.90	\$0.00	Plan design varies slightly from current plan design. Rate guarantee through 7/1/2023. Coverage is for Non-Instructional employees.
MESSA Vision	Fully Insured	\$46,833.72	\$9,634.54	Plan design varies slightly from current plan designs. Rate guarantee for 1 year. Cost projections assume entire census enrolled in this plan.
MESSA Vision Preferred	Fully Insured	\$71,820.72	(\$15,352.46)	Plan design varies slightly from current plan designs. Rate guarantee for 1 year. Cost projections assume entire census enrolled in this plan.

BBCM stands ready to assist Flushing Community Schools with all of your employee benefit needs. I look forward to meeting with you to further discuss this analysis and alternatives in detail. If you have any questions regarding this letter or any other issue, please do not hesitate to contact me directly at (989) 399-0458, or by email at melissa.ramos@bbrown.com. Thank you.

Sincerely,



Melissa Ramos, MBA, LIC, GBA
Brown & Brown of Central Michigan

PROPOSAL ASSUMPTIONS

- ▶ The rates and premiums shown are based on the employee lives and volumes contained in the most recent census information and renewal information received.
- ▶ The rates quoted are based on an effective date of 07/01/2022. Rates will be subject to change after this date and paperwork must be submitted prior to the effective date.
- ▶ To ensure all members are in the carrier's system for confirmation of benefits, forms must be received three weeks prior to effective date.
- ▶ It is imperative we be informed of any employee or dependent that is hospitalized or otherwise disabled and not actively at work on the effective date of any new contract. Coverage may not be available for these individuals.
- ▶ For Marketing Purposes: The rates shown are not guaranteed. Final rates will be based on the information released on this (these) form(s). The final rates for these plans may vary if the census changes.

▶ **Compensation.**

Brown & Brown entities ("we") receive commissions and fees from insurance carriers and other vendors as part of our compensation for placing and servicing your policies and products. Commissions are generally a percentage of the total premium and may be based on a schedule. In some cases, we may also receive direct compensation from the plan or the plan sponsor (service and/or consulting fees).

In addition to commissions and fees paid to Brown & Brown by insurance or reinsurance carriers or third-party vendors as mentioned above, Brown & Brown entities may also receive supplemental and/or bonus compensation from the carrier or vendor based on new sales volume or retention, for example. Such supplemental and/or bonus compensation may consist of guaranteed override income based on our agency's business production and retention with the carrier or vendor, general agency fees, and/or sales or retention bonuses and is partially derived from your premium dollars, after being combined (or "pooled") with the premium dollars of other insureds that have purchased similar types of coverage. Brown & Brown may not know in advance if such a supplemental and/or bonus payment will be made by a particular carrier or vendor, or the amount of any such payments until the underwriting year is closed.

Brown & Brown entities may also receive invitations to programs sponsored and paid for by insurance carriers or other vendors to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may also receive non-monetary compensation (including but not limited to the value of travel, meals and entertainment expenses associated with such meetings, gifts, tickets for sporting and entertainment events and awards). Such compensation allocated to your policy is not normally expected to equal or exceed a sum of \$250.00 in aggregate, when all non-monetary compensation items received are combined.

Brown & Brown entities may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may collect and remit premiums on behalf of the carrier or vendor and may earn and retain interest on premiums or administrative fees you pay from the date we receive them until the date remitted to the carrier or vendor.

If an intermediary is utilized in the placement of coverage, the intermediary may or may not be owned in whole or part by Brown & Brown, Inc. or its subsidiaries. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the carrier or other vendor, the Wholesale Insurance Broker/Managing General Agent may provide additional services including, but not limited to: underwriting, quoting, plan implementation assistance, claims advocacy and eligibility administration services.

Compensation paid for those services is either derived from your premium payment, which may on average be up to 15% of the premium you pay for coverage and may include additional fees charged by the intermediary or is paid to the Wholesaler/Managing General Agent via override.

Questions and Information Requests. Should you have any questions, or require additional information, please contact this office at 1-866-421-0478 or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry/>

This proposal is for illustrative purposes and is not a complete explanation of the policies. It is intended to provide a brief, general description of the coverages quoted. Please remember that only the insurance policies can give you the actual insuring agreements, limits of coverage, definitions, exclusions, terms and conditions of the insurance shown in this proposal. Upon issue, please read your policy carefully. This presentation is the proprietary work product of Brown & Brown and is not authorized for further use or distribution. Executive summaries and proposals are created by Brown & Brown; neither Brown & Brown nor the carrier will be held responsible for typographical or clerical errors.

PROPOSAL ASSUMPTIONS

(continued)

- ▶ The analysis of the following plans is a summary. Please refer to the policy certificate for a full list of coverage and exclusions.
- ▶ The rates and benefits in this proposal are based upon underwriting factors which include, but are not limited to, the census provided, the effective date shown, the status of employees/dependents (i.e. actively at work, COBRA, FMLA), final enrollment, etc. If any of the aforementioned changes prior to the proposed effective date, the final provisions, including rates, for these plans may vary or result in the proposed plan to be withdrawn.
- ▶ If you select to change carriers, any existing plans with other carriers should not be cancelled until advised by Brown & Brown
- ▶ This proposal may not be a complete listing of all available benefit options. Different benefit levels may be available.
- ▶ This presentation is the proprietary work product of Brown & Brown and is not authorized for further use or distribution
- ▶ All insurance carriers have their own operating procedures. A change in carrier could affect certain benefits and coverage.
- ▶ Brown & Brown representatives are available to explain any items presented. It is assumed that the recipients of this proposal will seek an explanation of any items that may be in question.
- ▶ Brown & Brown representatives may from time to time provide guidance regarding certain requirements affecting health plans, including the requirements of federal and state health care reform legislation. Such guidance is based on good-faith interpretation of laws and regulations currently in effect, and is not intended to be a substitute for legal advice. Employers should contact their own legal counsel for advice regarding legal requirements.
- ▶ The network provider/facility lists obtained via paper directories or carrier websites may contain providers and facilities that are no longer participating in the insurance carriers' networks. We cannot be responsible for any changes to the provider/facility listings that are not reflected. To ensure that a specific provider or facility is still participating in the provider's preferred network, we recommend contacting the provider/facility directly.
- ▶ Failure to adhere to provisions of the Affordable Care Act (such as pay-or-play, employer reporting requirements, benefit mandates, etc.) may result in significant fees and penalties to the employer. For a more comprehensive explanation of what fees and penalties may apply to you, you may contact your Brown & Brown representative at any time.
- ▶ You are required to comply with Health Care Reform's Summary of Benefits & Coverage (SBC) distribution guidelines, which include requirements for SBC distribution at the plan renewal date. If an employee must enroll to continue coverage, the SBC must be provided when open enrollment materials are distributed. If enrollment materials are not distributed, employees must receive an SBC by the first day they are eligible to enroll. For insured plans, if coverage continues automatically for the next year, the SBC must be provided at least 30 days before the beginning of the new plan year. If the policy is not issued by that date, the SBC must be provided within seven business days once the information is available. Please refer to the Department of Health & Human Services' (HHS) official guidance for complete details regarding renewal and other SBC distribution guidelines.

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ACRONYMS AND KEY DEFINITIONS

For the purposes of this proposal, the following acronyms may be used:

Type of Plan

DHMO - Dental Health Maintenance Organization

HMO - Health Maintenance Organization

POS - Point of Service

PPO - Preferred Provider Organization

Financial Arrangements

ASO - Administrative Services Only

FI - Full Insured

MP - Minimum Premium

PSF - Partially Self Funded

Self-Funded Policy Terms

ASL - Aggregate Stop Loss

ISL - Individual Stop Loss

MRA - Maximum Reimbursement Aggregate

SSL - Specific Stop Loss (also known as ISL)

Reimbursement / Saving Accounts

FSA - Flexible Spending Account

HRA - Health Reimbursement Account

HSA - Health Savings Account

MSA - Medical Savings Account

Other

DED - Deductible

IND - Individual

FAM - Family

ER - Emergency Room

HOSP - Hospital

IN-NET - In-Network

MAX - Maximum

N/A - Not Applicable

OON - Out-of-Network

OV - Office Visit

PCP - Primary Care Physician

RX - Prescription Drug

SPEC - Specialist

EE - Employee Only, ES - Employee + Spouse, EC - Employee + Child(ren), EF - Employee + Family

Generic- A drug that is no longer covered by patent protection and may be produced and/or distributed by multiple drug companies (usually tier 1).

Preferred Drugs- Drugs included on a formulary or preferred drug list; for example, a brand name-drug without a generic substitute (usually tier 2).

Non-preferred Drugs- Drugs not included on a formulary or preferred drug list; for example, a brand-name drug with a generic substitute (usually tier 3).

Specialty Drugs: Specifically identified types of drugs, such as lifestyle drugs or biologics (usually tier 4).

Embedded- Once participant meets Individual Deductible, Co-insurance applies to that individual.

Aggregate- Family Deductible must be met before Co-insurance applies, to all family members.

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NOTICE OF CARRIER FINANCIAL STATUS

Brown & Brown makes every attempt to place coverage with carriers rated A- or better* through AM Best (www.ambest.com), a national credit rating agency with a specific focus on the insurance industry. Because an AM Best rating is not required by the various state departments of insurance, there are many carriers in the Employee Benefits industry that elect not to participate in AM Best's rating process for various reasons. Therefore, Brown & Brown periodically places coverage with carriers rated less than A- or non-rated by AM Best.

Please be advised that Brown & Brown does monitor carriers rated less than A- or non-rated on an ongoing basis. However, because Brown & Brown cannot certify the financial soundness or stability of any insurance company or alternative risk transfer entity, or otherwise predict whether the financial condition of a company might improve or deteriorate, we encourage you to review the financial information for each carrier at AM Best's website (www.ambest.com), a state department of insurance website, the applicable carrier website and/or with your accountant, legal counsel and other advisors.

If you need assistance identifying the applicable issuing carriers for your current coverage, renewal coverage, or the coverage options being presented to you, please feel free to contact us 1-866-421-0478 at for assistance. Alternative quotes with an A- or better rated carrier may also be available upon your request.

* AM Best General Rating Guide

Financial Strength Rating	
A++, A+	Superior
A, A-	Excellent
B++, B+	Good
B, B-	Fair
C++, C+	Marginal
C, C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Suspended

Financial Size Category (in Thousands)			
Class I	Up to	\$1,000	
Class II	\$1,000	to	\$2,000
Class III	\$2,000	to	\$5,000
Class IV	\$5,000	to	\$10,000
Class V	\$10,000	to	\$25,000
Class VI	\$25,000	to	\$50,000
Class VII	\$50,000	to	\$100,000
Class VIII	\$100,000	to	\$250,000
Class IX	\$250,000	to	\$500,000
Class X	\$500,000	to	\$750,000
Class XI	\$750,000	to	\$1,000,000
Class XII	\$1,000,000	to	\$1,250,000
Class XIII	\$1,250,000	to	\$1,500,000
Class XIV	\$1,500,000	to	\$2,000,000
Class XV	\$2,000,000	or	Greater

Carrier	Quote Status	Line of Business	AM Best Rating	Financial Size
BCBSM	Quoted Received	Medical/Rx/SL/Dental/Vision	A	XV
Beam Insurance Administrators LLC	Declined	Dental	N/A	N/A
Delta Dental of Michigan	Declined	Dental	A	XI
EyeMed	Quote Received	Vision	A-	VIII
Health Alliance Plan	No Response	Medical/Rx/SL	N/A	N/A
MESSA	Quote Received	Medical/Dental/Vision	N/A	N/A
Priority Health	Declined	Medical/Rx/SL	A	XII
The Standard	Declined	Dental	A	XIV