

**Kenai Peninsula Borough School District
Healthcare Transition Period July 2019 - December 2019**

**1) Estimate for Traditional and HDHP for July 2019 - December 2019
Broker Recommended Rates**

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 2,277.50	\$ 1,739.20
Employee	<u>\$ 851.59</u>	<u>\$ 276.43</u>
Total	\$ 3,129.09	\$ 2,015.63

**2) Costs at 85/15 split NO CAP for Traditional and HDHP for July 2019 - December 2019
Broker Recommended Rates**

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 2,659.73	\$ 1,713.29
Employee	<u>\$ 469.36</u>	<u>\$ 302.34</u>
Total	\$ 3,129.09	\$ 2,015.63

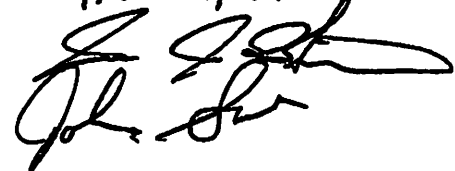
3) Contribution Difference between 1 and 2

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 382.23	\$ (25.91)
Employee	<u>\$ (382.23)</u>	<u>\$ 25.91</u>
Total	\$ -	\$ -

4) District Transition Costs for KPEA/KPESA July 2019 - December 2019

	Traditional	HDHP
Count of KPEA/KPESA Employees	<u>487</u>	<u>496</u>
District - 6 months	<u>\$ 1,116,876.06</u>	<u>\$ (77,108.16)</u>
Total District Cost of Transition Period	<u>\$ 1,039,767.90</u>	


District Initials

TA 09/17/2019

Association Initials

Kenai Peninsula Borough School District
 Employee Paycheck Deduction Estimates FY20 - For 9 Month Deduction Employees

1) Estimate for Traditional and HDHP for July 2019 - December 2019 Status Quo
 Broker Recommended Rates 8/27/2019

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 2,277.50	\$ 1,739.20
Employee	<u>\$ 851.59</u>	<u>\$ 276.43</u>
Total	\$ 3,129.09	\$ 2,015.63

2) Costs at 85/15 split NO CAP for Traditional and HDHP for July
 Broker Recommended Rates 8/27/2019

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 2,659.73	\$ 1,713.29
Employee	<u>\$ 469.36</u>	<u>\$ 302.34</u>
Total	\$ 3,129.09	\$ 2,015.63

3) Employee Cost For 6 Months July 2019 To December 2019 Paid Over 4 Months

	<u>Traditional</u>	<u>HDHP</u>
Employee	\$ 469.36	\$ 302.34
Months of Coverage	<u>6</u>	<u>6</u>
6 Month Total Cost	\$ 2,816.16	\$ 1,814.04

September To December = 4 Payments \$ 704.04 \$ 453.51

4) Estimate of Employee Cost for 6 Months January 2020 to June 2020
 Broker Recommended Rates 9/16/2019

	<u>HRA</u>	<u>HSA</u>		<u>Blended Rate</u>
District	\$ 2,116.44	\$ 2,073.19	\$ 4,189.63	2 \$ 2,094.82
Employee	<u>\$ 373.49</u>	<u>\$ 365.86</u>	\$ 739.35	2 <u>\$ 369.67</u>
Total	\$ 2,489.93	\$ 2,439.05		\$ 2,464.49

	<u>HDHP Blended</u>
Employee	\$ 369.67
Months of Coverage	<u>6</u>
6 Month Total Cost	\$ 2,218.02

January To May 2020 = 5 Payments \$ 443.60

**Transition Rates With No Change To 85/15 Under Status Quo
Employee Paycheck Deduction Estimates FY20 - For 9 Month Deduction Employees**

**1) Estimate for Traditional and HDHP for July 2019 - December 2019 Status Quo
Broker Recommended Rates 8/27/2019**

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 2,277.50	\$ 1,739.20
Employee	<u>\$ 851.59</u>	<u>\$ 276.43</u>
Total	\$ 3,129.09	\$ 2,015.63

2) Employee Status Quo Cost For 6 Months July 2019 To December 2019 Paid Over 4 Months

	<u>Traditional</u>	<u>HDHP</u>
Employee	\$ 851.59	\$ 276.43
Months of Coverage	<u>6</u>	<u>6</u>
6 Month Total Cost	\$ 5,109.54	\$ 1,658.58
September To December = 4 Payments	\$ 1,277.39	\$ 414.65

KPBSD Health Care Plan Membership Numbers
FY19

	<u>Traditional</u>	<u>HDHP</u>	<u>Total Members</u>	
July	940	103	1,043	
August	965	135	1,100	
September	517	571	1,088	
October	519	572	1,091	
November	524	570	1,094	
December	523	572	1,095	
January	522	560	1,082	
February	519	564	1,083	
March	520	561	1,081	
April	520	556	1,076	
May	520	554	1,074	
June	<u>520</u>	<u>554</u>	<u>1,074</u>	
Yearly Total	7,109	5,872	12,981	12,981
Average Membership	592.42	489.33	1,081.75	1,081.75
	<u>Traditional</u>	<u>HDHP</u>	<u>FY19 Total</u>	
FY19 Expenditures	\$ 20,667,531.38	\$ 7,868,763.61	\$ 28,536,294.99	
Expenditure Per Member	\$ 34,886.82	\$ 16,080.58	\$ 26,379.75	

Stacey Cockroft

To: Health Committee Members
Subject: Specific Stop Loss 8/31/19

Good Afternoon,

Below is the Specific Stop loss Report through 8/31/2019.

Subscriber	Total Amt	Amt over Spec	Amt Requested	Amt Reimbursed	Non Reimbursed Expenses	Amt Open
1	\$ 1,052,935.52	\$ 832,935.52	\$ 832,935.52	\$ 411,692.82		\$ 421,242.70
2	\$ 776,606.76	\$ 556,606.76	\$ 556,606.76	\$ 486,535.03		\$ 70,071.73
3	\$ 305,706.58	\$ 85,706.58	\$ 85,706.58	\$ 76,675.23		\$ 9,031.35
4	\$ 250,040.88	\$ 30,040.88	\$ 30,040.88	\$ 26,633.73		\$ 3,407.15
5	\$ 222,939.33	\$ 2,939.33	\$ 2,939.33	\$ -		\$ 2,939.33
	\$ 2,608,229.07	\$ 1,508,229.07	\$ 1,508,229.07	\$ 1,001,536.81	\$ -	\$ 506,692.26

Thank you,

Stacey Cockroft

Kenai Peninsula Borough School District

Employee Benefits Manager

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HSA FAQ DRAFT

1. Am I eligible for an HSA?

FOR YOU (THE EMPLOYEE) TO BE ELIGIBLE TO OPEN AN HSA, YOU MUST:

- Be enrolled in a qualified high deductible health plan (HDHP)
- NOT be enrolled in a non-HDHP including a spouse's plan, Medicare, Tricare or prescription drug only plan
- NOT be claimed as a dependent on another individual's tax return, other than your spouse's
- NOT have received any health benefits from the Veterans Administration or one of their facilities, including prescription drugs, in the last three months
- NOT have received any health benefits through the Indian Health Services in the last three months
- NOT be enrolled in a General Purpose Health Flexible Spending Account (Health FSA)

2. Who can I cover with my HSA?

In [Publication 969](#), the IRS clarifies that you can withdraw tax-free money from your HSA to pay for qualified medical expenses for:

- Yourself
- Your spouse (regardless of whether you file taxes jointly or separately)
- Any dependents you claim on your tax return (your children, or a [qualifying relative dependent](#)) and any children who are claimed on your ex-spouse's tax return
- Anyone you *could* have claimed as a dependent, but weren't able to because he or she
 - filed a joint tax return (for example, your married teenage kid who files a joint return with his or her spouse)
 - earned more than \$4,150 (in 2018), or you (or your spouse, if you file jointly) could be claimed as a dependent on someone else's tax return.
- As long as the person is in one of the above categories, you can reimburse yourself for the cost of their qualified medical expenses with tax-free money from your HSA. It doesn't matter whether the person was covered under your HDHP, or even whether they had health coverage at all.

3. If my spouse and I are both employed by KPBSD can one of us enroll in the HRA plan and the other one enroll in the HSA plan?

No, under HSA rules, if you're covered by more than one medical plan, each plan must be HSA-qualified coverage. According to IRS guidelines, You cannot have coverage under both our HRA and our HSA Plan as our HRA plan is *not* an HSA qualified plan. You would both need to elect the same plan.

4. What if I currently contribute to the Section 125 Flexible Spending Account (FSA) through American Fidelity?

Per IRS regulations, you cannot elect the HSA Plan if you currently contribute to the FSA account. You must elect the HRA plan while you are contributing to an FSA account. You must wait until the FSA account terminates on June 30th and then you may enroll in the HSA during the next annual open enrollment if you would like to. *American Fidelity, to clarify, does that include BOTH medical and daycare FSA contributions or just medical?*

5. If I switch from the KPBSD HRA Plan to the HSA Plan, does my HRA money roll over to the HSA account?

No, under current law you cannot roll over unused HRA balances into your HSA.

6. My Spouse has an HRA through their employer. How does that affect my HSA eligibility?

It depends on whether you can reimburse your expenses through their HRA. HRAs typically are integrated with medical plans. If they don't cover you on their medical plan and the HRA reimburses only out-of-pocket expenses incurred under their employer's medical plan, your HSA eligibility isn't affected by their HRA.

On the other hand, if they cover you on their medical plan with a first-dollar HRA and you're enrolled in an HSA-qualified medical plan through your employer, you aren't HSA-eligible because your ability to access reimbursement through their HRA constitutes disqualifying coverage.

7. What are the HSA contribution limits?

2020 Calendar Year Maximum Contribution	
Annual Contribution Limit For Employee Only	\$3,550
Annual Contribution Limit for Family	\$7,100
Additional "catch-up" if 55 or older	\$1,000

8. What are HSA eligible expenses?

Remember that your HSA is IRS regulated. IRS Publication 502 provides the detailed list for medical, dental and vision expenses. Examples of eligible expenses:

- Acupuncture
- Chiropractor
- Hospital Services
- Diagnostic Fees
- Ambulance

- Eyeglasses
- Contact Lenses
- Lasik Surgery

9. In the event of my death, what happens to my HSA?

American Fidelity, do you know the answer to this?

DRAFT

Kenai Peninsula Borough School District	<u>Reserve Account</u>	<u>As of 6-30-18</u>	<u>As of 6-30-19</u>	<u>FY19 Monthly Contribution - Traditional</u>
	Employee Share	471,065.27	81,251.83	Employee Share *
Health Care Committee Monthly recap as of August 31, 2019.	Employer Share	1,572,408.17	3,087,396.93	Employer Share
				<u>1,923.49</u>
				2,421.49

	<u>FY19 Monthly Contribution - HDHP</u>
	Employee Share *
	Employer Share
	<u>308.00</u>
	<u>1,770.47</u>
	2,078.47

This document is provided to the Health Care Committee as a work paper to recap the contributions to and expenditures from the Health Care Plan each month. It is to be used primarily as an aid in estimating costs of the plan to determine if changes should be made in employee contribution amounts. Every effort is made to provide current and accurate information, but this information is not audited until after the end of the fiscal year.

	Number of Employees	YTD Employees	Current Month Obligations	YTD Obligations	Contributions Current Month Collected	Contributions YTD Collected
Employees						
KPEA Employees	283	552	140,934.00	274,896.00	-	-
KPEA Employees - HDHP	279	544	85,932.00	167,552.00	-	-
KPEA Repay EE Reserve						
KPESA Employees	158	317	78,684.00	157,866.00	6,474.00	12,948.00
KPESA Employees - HDHP	166	326	51,128.00	100,408.00	3,080.00	6,160.00
KPESA Repay EE Reserve						
Administrators	19	37	9,462.00	18,426.00	996.00	1,992.00
Administrators - HDHP	38	73	11,704.00	22,484.00	2,772.00	5,544.00
Admin Repay EE Reserve						
Board Members	1	2	498.00	996.00	275.00	550.00
Board Members - HDHP	3	6	924.00	1,848.00	825.00	1,650.00
Board Repay EE Reserve						
Exempt Employees	10	21	4,980.00	10,458.00	4,980.00	10,458.00
Exempt Employees - HDHP	16	32	4,928.00	9,856.00	4,620.00	9,240.00
Exempt Repay EE Reserve						
Affordable Care Act **			0.00	0.00		
ACA Empl Repay EE Reserve						
Total Employees on Payroll	973	1,910	389,174.00	764,790.00	24,022.00	48,542.00
COBRA Payers (FY20 = \$2534.08)	3	6	6,647.64	13,295.28	7,602.24	15,204.48
COBRA HD Payers (FY20 = \$1886.06)	5	10	9,801.40	19,602.80	5,658.18	16,974.54
Total Employees	981	1,926	405,623.04 *	797,688.08	37,282.42	80,721.02

* Current month employee obligations are a calculation of "Number of Employees" eligible for health care coverage during that month times the "Employee Share" (shown in the upper right corner of the sheet).

** Affordable Care Act (ACA) coverage is offered to employees once eligibility is determined. Eligibility is based on number of hours worked during the measurement period.

Employer						
Employer share	471	929	905,963.79	1,786,922.21	50,010.74	101,944.97
Employer share - HDHP	502	981	888,775.94	1,736,831.07	65,507.39	131,014.78
Total			2,200,362.77	4,321,441.36	152,800.55	313,680.77

+ Employee Share Split	FY20 Contribution Traditional	498.00	Subtotal	12,725.00	25,948.00
	Cobra	2,534.08	Subtotal	7,602.24	15,204.48
				<u>20,327.24</u>	<u>41,152.48</u>
	FY20 Contribution HDHP	308.00	Subtotal	11,297.00	22,594.00
	Cobra HD	1,886.06	Subtotal	5,658.18	16,974.54
				<u>16,955.18</u>	<u>39,568.54</u>
	Prior Year Reserve Repayment	20.70	Subtotal	-	-

Expenditures

Since the health care plan is self-funded, both employee and employer contributions are collected and bills are paid from the accumulated funds.

Claims	TRADITIONAL		HDHP	
	Current Month	Year-To-Date	Current Month	Year-To-Date
Health Care Claims paid by TPA (Rehn)	1,089,255.73	1,904,286.12	822,775.60	1,477,070.28
Prescription Claims paid by Caremark	324,546.79	344,530.46	65,857.33	130,359.68
HRA	-	-	24,782.52	51,506.20
Total Claims Paid	1,413,802.52	2,248,816.58	913,415.45	1,658,936.16
Administration				
TPA (Rehn) fees and costs	10,555.01	29,092.61	-	-
TPA (Rehn) HRA fees and costs	-	-	26,725.61	69,820.59
Aetna Administration Fees	9,874.24	19,822.16	10,561.68	21,005.92
Consultant Fees	-	-	-	-
Stop Loss Premiums	127,704.39	255,949.83	136,595.20	271,239.00
Affordable Care Act Fee	-	11,505.19	-	12,079.21
Total Administration	148,133.64	316,369.79	173,882.49	374,144.72
Total Claims plus Administration	1,561,936.16	2,565,186.37	1,087,297.94	2,033,080.88
Adjustments				
Stop Loss reimbursements	(213,029.49)	(213,029.49)	-	-
Prescription Rebates	(130,132.12)	(130,132.12)	(98,296.04)	(98,296.04)
Health Care Claims refund	-	-	-	-
Claims reimbursements	(400.00)	(700.00)	-	-
Other adjustments	-	-	-	-
Total Adjustments	(343,561.61)	(343,861.61)	(98,296.04)	(98,296.04)
Total Expenditures	1,218,374.55	2,221,324.76	989,001.90	1,934,784.84

Obligations/Contributions

Health care obligations and contributions provide employee and employer amounts of health care contributions using different calculation methods.

Obligations are estimates of funds that employees and the district will be obligated to contribute, based on the plan year (July through June).

Returning employees are covered by the health care plan for the entire plan year, meaning the 12 month period July through June; both employee and employer are obligated to pay for 12 months of coverage. New employees pay for coverage from date of hire through June, the end of the plan year. If an employee works at all during a month, both employee and employer pay for the entire month of coverage.

Actual Contributions made by employees and benefits paid by the employer during the payroll process are shown on the sheet in the columns labeled "Collected." The division of payments is governed by the Collective Bargaining Agreements and Memorandums of Understanding between the district and the employee groups.

Employee-paid contributions are deductions from payroll checks. Employees who work 12 months make contributions each pay period. Many school district employees do not work 12 months, so contributions are collected for those employees during the 9 month period from September through May.

For this reason, contributions are generally larger than obligations for September through May and contributions are generally smaller than obligations for June, July and August.

The "Collected" columns show what is actually available for paying health care costs. The "Obligations" show what is estimated to be available by month, based on number of employees at the current rate of contributions.

**Kenai Peninsula Borough School District
Healthcare Expenditures Split
as of August 31, 2019.**

Traditional Plan				HDHP			
YTD Participants	929			YTD Participants	981		
Net Expenditures	2,221,324.76			Net Expenditures	1,934,784.84		
ER - Employer Cap \$1731.45	1,608,517.05			ER - Employer Cap \$1645.61	1,614,343.41		
EE - Employee Cap \$305.55	<u>283,855.95</u>			EE - Employee Cap \$182.85	<u>179,375.85</u>		
Total Cap Expenditure EE/ER	1,892,373.00			Total Cap Expenditure EE/ER	1,793,719.26		
Expenditures over Cap	328,951.76			Expenditures over Cap	141,065.58		
50/50 Split of Expenditures over Cap	164,475.88			50/50 Split of Expenditures over Cap	70,532.79		
ER Expenditures Up To Cap	1,608,517.05			ER Expenditures Up To Cap	1,614,343.41		
ER Expenditures Above Cap	<u>164,475.88</u>			ER Expenditures Above Cap	<u>70,532.79</u>		
Total ER Expenditures	1,772,992.93			Total ER Expenditures	1,684,876.20		
EE Expenditures Up To Cap	283,855.95			EE Expenditures Up To Cap	179,375.85		
EE Expenditures Above Cap	<u>164,475.88</u>			EE Expenditures Above Cap	<u>70,532.79</u>		
Total EE Expenditures	448,331.83			Total EE Expenditures	249,908.64		
Total ER & EE Expenditures	2,221,324.76			Total ER & EE Expenditures	1,934,784.84		
Traditional Summary				HDHP Summary			
Through Current Month	YTD EXP	YTD REV	REV Less EXP	Through Current Month	YTD EXP	YTD REV	REV Less EXP
Employer	1,670,755.89	101,944.97	(1,568,810.92)	Employer	1,661,085.55	131,014.78	(1,530,070.77)
Employee	<u>337,539.39</u>	<u>41,152.48</u>	<u>(296,386.91)</u>	Employee	<u>273,699.29</u>	<u>39,568.54</u>	<u>(234,130.75)</u>
Totals	2,008,295.28	143,097.45	(1,865,197.83)	Totals	1,934,784.84	170,583.32	(1,764,201.52)
Obligation per Employee FY20				Obligation per Employee FY20			
498.00 EE/1923.49 ER Split	2,421.49	<u>2,421.49</u>		308.00 EE/1770.47 ER Split	2,078.47	<u>2,078.47</u>	
Monthly Cost per Employee - ER		1798.45		Monthly Cost per Employee - ER		1693.26	
Monthly Cost per Employee - EE + Cobra		<u>363.34</u>		Monthly Cost per Employee - EE + Cobra		<u>279.00</u>	
		2161.78				1972.26	
Current Variance		259.71		Current Variance		106.21	

Obligations indicate the funds that will be accumulated per employee per month. Expenditures are amounts that have been paid through the plan.

A positive number for "current variance" represents the amount per employee per month that is estimated to be collected above the amount spent year-to-date. A negative number represents the amount of expenditures (per employee per month) that are more than what is estimated to be collected for payment of those expenditures.