



## KENAI PENINSULA BOROUGH SCHOOL DISTRICT

### Assistant Superintendent

Dave Jones

148 North Binkley Street Soldotna, Alaska 99669-7520

Phone (907) 714-8858 Fax (907) 262-5867

5/12/2021

To: Health Care Program Committee Members  
From: Dave Jones, KPBSD Health Care Plan Administrator  
RE: Delay of Elective Non-Essential Medical Services Due To COVID-19

Beginning around February or March of 2020, medical service providers began restricting the provision of elective non-essential medical services due to the emergence of COVID-19. Because of these medical service restrictions, the KPBSD Health Care Plan has experienced a reduction in claims and a resulting increase in Reserve Account balances.

This restriction to medical services has resulted in a tremendous backlog of individuals with not-yet-met medical care needs across America and KPBSD. With the availability of vaccines and the recent drop in COVID-19 cases, medical service providers are beginning to re-open for the provision of elective non-essential medical services. As the situation improves over the next year, I anticipate that the provision of elective non-essential medical services will return to a near Pre-COVID level. With that return, the affected individuals are going to seek the backlogged medical services and claims will increase above normal monthly/yearly costs. These anticipated medical cost increases were not accounted for in the FY22 rate estimates.

There is also concern in the medical industry that delaying treatment or surgery can lead to more complicated surgeries, increased use of medications, more difficult recovery and worse outcomes. All of these concerns or outcomes will result in increased medical costs. The current supply chain issues we are experiencing have also raised concerns that medical supplies will be affected and costs will increase.

Due to future increased cost concerns, it is my recommendation that the increased Reserve Account balances need to be retained and dedicated for the payment of the impending additional claim costs resulting from the backlog of elective non-essential medical services, as well as the other anticipated cost increases discussed above. This action will help to defer or minimize future plan cost increases to employees and the district.

Sincerely,

A handwritten signature in cursive script that reads "Dave Jones".

Dave Jones  
KPBSD Health Care Plan Administrator  
(907) 714-8858

## Stacey Vinson

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**From:** Stacey Vinson  
**Sent:** Tuesday, May 11, 2021 8:09 AM  
**To:** Anne McCabe; Dave Jones; Dylan Hooper; Elizabeth Hayes; Eric Simondsen; Janette Latimer; Jeffrey Moore; Jimmy Love; Joel Burns; Jordan Chilson; Nicolette Corbett; Vaughn Dosko  
**Subject:** Specific Stop Loss 4/30/2021

Good Afternoon,

Below is the Voya specific stop loss report through 4/30/2021.

| Subscriber         | Total Amt             | Amt over Spec       | Amt Requested       | Amt Reimbursed     | Non Reimbursed Expenses | Amt Open            |
|--------------------|-----------------------|---------------------|---------------------|--------------------|-------------------------|---------------------|
| 1 - <b>LASERED</b> | \$553,496.28          |                     |                     |                    |                         |                     |
| 2 - <b>LASERED</b> | \$540,387.88          |                     |                     |                    |                         |                     |
| 3                  | \$354,097.79          | \$104,097.79        | \$104,097.79        | \$0.00             | \$0.00                  | \$104,097.79        |
| 4                  | \$302,733.86          | \$52,733.86         | \$52,733.86         | \$41,568.77        | \$0.00                  | \$11,165.09         |
|                    | <b>\$1,750,715.81</b> | <b>\$156,831.65</b> | <b>\$156,831.65</b> | <b>\$41,568.77</b> | <b>\$0.00</b>           | <b>\$115,262.88</b> |

Thank you,

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*Stacey Cockroft*

Kenai Peninsula Borough School District

*Employee Benefits Manager*

148 N. Binkley St. Soldotna, AK 99669

Phone: (907) 714-8879 Fax: (907) 262-9645

[scockroft@kpbsd.k12.ak.us](mailto:scockroft@kpbsd.k12.ak.us)

**HDHP (HRA & HSA) - July 1, 2020 through June 30, 2021**

|  |                        |                      |                      |                      |                                |
|--|------------------------|----------------------|----------------------|----------------------|--------------------------------|
| Kenai Peninsula Borough School District                      | <u>Reserve Account</u> | <u>As of 6-30-18</u> | <u>As of 6-30-19</u> | <u>As of 6-30-20</u> | FY21 Monthly Contribution      |
|  | Employee Share         | 471,065.27           | 81,251.83            | 1,384,253.26         | <u>HDHP - July - June</u>      |
| Health Care Committee Monthly recap<br>as of April 30, 2021. | Employer Share         | 1,572,408.17         | 2,418,648.76         | 4,743,952.35         | Employee Share * 384.74        |
|  |                        |                      |                      |                      | Employer Share <u>2,180.19</u> |
|  |                        |                      |                      |                      | 2,564.93                       |

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.

|                                     | <b>Number of<br/>Employees</b> | <b>YTD<br/>Employees</b> | <b>Current Month<br/>Obligations</b> | <b>YTD<br/>Obligations</b> | <b>Contributions<br/>Current Month<br/>Collected</b> | <b>Contributions<br/>YTD<br/>Collected</b> |
|-------------------------------------|--------------------------------|--------------------------|--------------------------------------|----------------------------|--|--|
| <b>Employees</b>                    |                                |                          |                                      |                            |  |  |
| KPEA Employees - HDHP               | 551                            | 5,499                    | \$ 211,991.74                        | \$ 2,115,685.26            | \$ 268,317.78  | \$ 2,263,185.54                            |
| KPESA Employees - HDHP              | 320                            | 3,180                    | 123,116.80                           | 1,223,473.20               | 156,883.05   | 1,309,175.78                               |
| Administrators - HDHP               | 56                             | 560                      | 21,545.44                            | 215,454.40                 | 26,273.60  | 228,158.78                                 |
| Board Members - HDHP                | 3                              | 30                       | 1,154.22                             | 11,542.20                  | 775.00   | 10,663.75                                  |
| Exempt Employees - HDHP             | 24                             | 248                      | 9,233.76                             | 95,415.52                  | 9,007.20   | 95,930.24                                  |
| <b>Total Employees on Payroll</b>   | <b>954</b>                     | <b>9,517</b>             | <b>367,041.96</b>                    | <b>3,661,570.58</b>        | <b>461,256.63</b>                                    | <b>3,907,114.09</b>                        |
| COBRA HD Payers (FY21 = \$2,668.59) | 2                              | 23                       | 5,337.18                             | 47,286.62                  | 5,337.18   | 47,342.80                                  |
| <b>Total Employees</b>              | <b>956</b>                     | <b>9,540</b>             | <b>372,379.14</b>                    | <b>3,708,857.20</b>        | <b>466,593.81</b>                                    | <b>3,954,456.89</b>                        |

\* 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.

|                                   |     |       |                        |                         |                        |                         |
|-----------------------------------|-----|-------|------------------------|-------------------------|------------------------|-------------------------|
| <b>Total Employer</b>             | 954 | 9,517 | <u>2,079,901.26</u>    | <u>20,748,868.23</u>    | <u>2,644,391.26</u>    | <u>22,153,257.19</u>    |
| <b>Total Employees + Employer</b> |     |       | <b>\$ 2,452,280.40</b> | <b>\$ 24,457,725.43</b> | <b>\$ 3,110,985.07</b> | <b>\$ 26,107,714.08</b> |



Kenai Peninsula Borough School District

Health Care Committee Monthly recap  
as of April 30, 2021.

**Expenditures**

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

HDHP

| <b>Claims</b>                           | <b>April</b>           | <b>Year-To-Date</b>     |
|---|------------------------|-------------------------|
| Health Care Claims paid by TPA (Rehn)   | \$ 1,822,644.09        | \$ 16,626,117.51        |
| Prescription Claims paid by Caremark    | 610,999.64             | 5,012,995.42            |
| <b>Total Claims Paid</b>                | <b>2,433,643.73</b>    | <b>21,639,112.93</b>    |
| <br>                                    |                        |                         |
| <b>Administration</b>                   |                        |                         |
| TPA (Rehn) fees and costs               | 19,916.91              | 254,115.21              |
| Aetna Administration Fees               | 22,561.60              | 219,276.37              |
| Consultant Fees                         | 4,933.33               | 49,333.30               |
| Stop Loss Premiums                      | 204,111.48             | 2,161,319.10            |
| RX Health                               | -                      | 4,207.50                |
| Affordable Care Act Fee                 | 28,183.00              | 100,848.02              |
| <b>Total Administration</b>             | <b>279,706.32</b>      | <b>2,789,099.50</b>     |
| <br>                                    |                        |                         |
| <b>Total Claims plus Administration</b> | <b>2,713,350.05</b>    | <b>24,428,212.43</b>    |
| <br>                                    |                        |                         |
| <b>Adjustments</b>                      |                        |                         |
| Stop Loss reimbursements                | (1,560.59)             | (486,279.28)            |
| Prescription Rebates                    | -                      | (573,677.03)            |
| Health Care Claims refund               | -                      | (14,547.34)             |
| Prescription Refund                     | (153,128.72)           | (153,128.72)            |
| Claims reimbursements                   | -                      | (1,898.17)              |
| Other adjustments - Legal Opinion       | -                      | (25.00)                 |
| <b>Total Adjustments</b>                | <b>(154,689.31)</b>    | <b>(1,229,555.54)</b>   |
| <br>                                    |                        |                         |
| <b>Total Expenditures</b>               | <b>\$ 2,558,660.74</b> | <b>\$ 23,198,656.89</b> |

**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.

**HDHP (HRA & HSA) - July 1, 2020 through June 30, 2021**

**Kenai Peninsula Borough School District  
Healthcare Expenditures Split  
as of April 30, 2021.**

|                             |                      |
|-----------------------------|----------------------|
| YTD Participants            | 9,540                |
| Net Expenditures            | \$ 23,198,656.89     |
| ER - Employer portion (85%) | <u>19,718,858.36</u> |
| EE - Employee portion (15%) | <u>3,479,798.53</u>  |
| Total ER & EE Expenditures  | \$ 23,198,656.89     |

| <b>Through<br/>Current Month</b> | <u>YTD<br/>EXP</u>  | <u>YTD<br/>REV</u>  | <u>REV Less<br/>EXP</u> |
|----------------------------------|---------------------|---------------------|-------------------------|
| Employer                         | \$ 19,718,858.36    | \$ 22,153,257.19    | \$ 2,434,398.83         |
| Employee                         | <u>3,479,798.53</u> | <u>3,954,456.89</u> | <u>474,658.36</u>       |
| Totals                           | \$ 23,198,656.89    | \$ 26,107,714.08    | \$ 2,909,057.19         |

| <b>Obligation per Employee FY21</b>    |          | <u>Year-to-date</u> | <u>Current Variance</u> |
|--|----------|---------------------|-------------------------|
| 384.74/2180.19ER Split                 | 2,564.93 | 2,564.93            |                         |
| Monthly Cost per Employee - ER         |          | 2,066.97            | 113.22                  |
| Monthly Cost per Employee - EE + Cobra |          | <u>364.76</u>       | <u>19.98</u>            |
|  |          | 2,431.73            |                         |
|  |          | <b>133.20</b>       | <b>133.20</b>           |

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.