

## Is Blue Cross really the best option for Teton School District?

The biggest issues all schools face in leaving Blue Cross Statewide School Pool are following:

- No detailed claims experience, so many carriers will not quote. If they do they are basically just taking shot in dark as they don't know large claimants, loss ratios etc.
- School pool allow under 65 retirees to stay on plan and offers over 65 retirees separate pool options. Retirees can then use PERSI sick leave to pay for this. Many carriers will not or do not have capability to do this.
- We have never been able to get another carrier to beat Blue Cross's current administration rate (7.5%) or their contractual adjustments with large providers.
- Claims exceeding \$50k are pooled out of your individual experience. We have never been able to get carrier to match this.
- If you leave pool you cannot re-enter for 2 years and then are re-rated on experience to adjust premiums.
- Over 120 school pooled together sharing risk, so you don't have huge rate fluctuations. Pool has averaged a 5.74% increase last 5 years.
- Pool return of dividend. So after claims and administration is paid a return of dividend is given back to schools.
- There is now almost a 5% premium tax added onto premiums for fully insured (which pool is) because of health care reform. This continues to follow an index table and increase. The only way to minimize this tax is to go self insured. For a school district to go self insured based on Idaho Code Chapter 40 title 41 they must have at least 30% in claims reserves at all times, which is about \$350k for Teton SD. The ISDC and Blue Cross are going to fund these reserves for pool, so they can piggy back off and self insure pool almost exhausting premium tax.