



District School Board of Pasco County

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Heather Fiorentino, Superintendent

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September 20, 2007

MEMORANDUM

TO: Honorable School Board Members

FROM: Kendra Goodman, CPPB, Purchasing Agent

RE: RFP 03-122, Health Insurance Plan, Blue Cross/Blue Shield of Florida
RFP 03-122, Pharmacy Benefits Management, Walgreen's Health Initiatives
Fifth Year of Five-Year Agreements

On August 15, 2006, official actions (attached) were taken to award the District's health insurance plan to Blue Cross/Blue Shield of Florida (BCBS), and pharmacy benefits management to Walgreen's Health Initiatives. These agreements are five-year contracts, renewable annually at the mutual consent of the parties. The fourth year of both agreements will expire on December 31, 2007. Ms. Mary Tillman, Director of Employee Benefits Assistance and Risk Management (EBARM), on behalf of the District's Insurance Committee, is requesting renewal of the plans for their fifth years. Please reference her memo, attached, for further information.

Health Insurance Plan

On July 26, 2007, the District's Insurance Committee unanimously voted to renew the District's agreement with Blue Cross/Blue Shield (BCBS) for the 2008 calendar year. The committee's negotiations with BCBS resulted in better options and very low premium increases both to the Board and to employees.

For the 2008 calendar year, the Board will offer the same two (2) medical plans that were offered in 2007: the HMO that has been offered in past years, and the Blue Options Plan, which was offered for the first time in 2007. The new rates (attached) reflect an overall estimated 2.5% increase in premiums over the 2007 rates. In addition, there are several benefit enhancements to the Blue Options plan in 2008, such as lower co-pays for other diagnostic procedures at independent diagnostics facilities, lower co-pays for out-patient therapy at hospitals, no benefit maximum for hospice services (currently capped at \$7500 per calendar year) and unlimited adult wellness services (currently capped at \$250 per calendar year).

Date/Time: September 26, 2007 10:11:00

Pharmacy Benefits Management

On August 29, 3007, the District's Insurance Committee unanimously voted to renew the District's agreement with Walgreen's Health Initiatives (WHI) for the 2008 calendar year. Although the Board is self-insured for its prescription plan, Walgreens Health Initiatives provides the Pharmacy Benefit Management services to the Board.

Walgreens has offered the Board lower administrative fees and increased rebates, with no cost increases, as part of their 2008 renewal. Similar to last year, Walgreen's agreed to make the plan adjustments effective October 1, 2007, instead of waiting for the new plan year in January 2008.

Based on the recommendations of the Insurance Committee, it is my recommendation to enter into the fifth year of the agreements with Blue Cross/Blue Shield of Florida, and Walgreen's Health Initiatives, under existing terms and conditions. The terms of both contracts will be January 1, 2008 – December 31, 2008. Should you have any questions, or wish to discuss this matter further, please feel free to contact Mary Tillman or me at your earliest convenience.

KDG/az
Attachments

Date/Time