

GOAC Meeting
June 29, 2015

This summary outlines the changes made to the South Dakota School District Benefits Fund (SDSDBF) administered by the Associated School Boards of South Dakota. The SDSDBF is a health fund pool of 55 school district members. Over the past 10 months the fund has made substantial operational and financial corrections. This outline summarizes those changes.

Effective July 1, 2015, the SDSDBF will transition third-party administration to Wellmark Blue Cross Blue Shield of South Dakota. After extensive review of other South Dakota providers, Wellmark provided the best opportunity to strengthen the fund.

SDSDBF provided Wellmark with incurred claims from July, 2013 through June, 2014 and claims paid through December, 2014, as part of a repricing study. The results of the study revealed that by switching networks, our percent off billed charges would increase from 28 percent to 43 percent, which equates to approximately \$7 million in savings on medical claims for the fund.

By moving to the Wellmark network, our school districts and insured members will be able to utilize every hospital in and 99 percent of healthcare providers in South Dakota, plus access to Wellmark's national and global network.

A key cost-saving inclusion in SDSDBF's transition to Wellmark is a decrease in the number of unique health plans offered from 268 to eight, effective July 1, 2015. The fund will no longer offer plans with a deductible below \$500. With the reduction in the number of plans, efficiency in claim processing will improve greatly.

With the escalating cost of pharmaceutical drugs, having a pharmacy benefit manager in place is vital to controlling pharmacy spending and in October, 2014, SDSDBF sought to save plan dollars and follow plan documents for pharmacy benefit management and transferred PBM to Avera Health Plans. SDSDBF will follow similar PBM protocol in the fund's transition to Wellmark.

In addition to the transition to Wellmark, SDSDBF expanded the scope of work with Jean Reed d/b/a Impacting Consulting, LLC, to assist in strategic planning and TPA transition and contracted with AON, a globally renowned actuarial firm, to provide detailed biannual IBNR analysis, an annual funding study, claims analysis, and other duties, as directed by the fund. The fund also hired Eide Bailly as the CPA firm.

In addition to consulting from Ms. Reed, SDSDBF also sought the help from key superintendents and business officials who are members of the health fund. They have been instrumental in assisting in advising changes to the fund and communicating with member schools.

SDSDBF believes the recommendations given by consultants and advisory members to change the health fund will improve the fund's financial status.

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