



August 4, 2004

Ms. Filomena Leo
Superintendent of Schools
La Joya Independent School District
201 E. Expressway 83
La Joya, Tx 78560

Re: RFP - Self-Funded Health & Dental 2004-061

Dear Ms. Leo,

Under the Open Records Act, I recently requested copies of the ICON Benefit Administrators (ICON) and Health Administration Services (HAS) proposal as submitted under the above mentioned request for proposal. I also requested the "analysis not limited to but including spreadsheets as prepared by the staff of La Joya ISD."

I have reviewed the information as received and find the following:

1) The presentation prepared by your staff and provided to the Board of Trustees does not match the Health Administration Services, Inc. proposal numbers and shows a total annual cost of \$15,821,683. This number (based on census utilized in the formal presentation to your Board of Trustees) should have reflected, \$14,431,885 instead of \$15,821,683 showing a reduction in annual cost from your current plan year of \$948,982. This is a significant variance.

2) The total annual costs shown for ICON's proposal appear to be incorrect. Based on the information in their formal proposal submitted by ICON, the total annual costs for this plan should have reflected \$16,999,158.

Health Administrative Services, Inc.

The maximum claims funding for employee family coverage is shown as \$499.95 on the spreadsheet that was provided to your Board of Trustees. The Health Administration Services, Inc., proposal CLEARLY indicates this amount to be \$308.62. This represents a composite aggregate factor representing both employees covering themselves only and employees wishing to add their families. Also, shown incorrectly in this presentation is dental funding. Based on the information provided by the La Joya ISD in the RFP packet, the total number of employees enrolled with dental coverage is 1,351 with 512 carrying dependents. The additional funding for dental coverage is \$24.55 for both employees covering themselves only and employees wishing to add their families.

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ICON Benefit Administrators:

The maximum claims funding for employee family coverage is shown as \$499.95 on the spreadsheet. The formal proposal as submitted by ICON shows that funding for employee family medical to be \$771.30.

The specific stop-loss premium for employee/family coverage is shown as \$30.57. The formal proposal as submitted by ICON shows the employee/family stop-loss premium as \$53.13.

The ICON formal proposal indicates the Broker Fee as "Not Applicable." However, a service fee in the amount of \$2.35 per employee per month has been added to the staff spreadsheet. Based on 2,897 employee lives, ICON'S annual cost was increased by \$81,895 to pay a broker commission.

Factors not considered on the spreadsheet submitted to the board are the correct census information. Census as shown in the RFP is 2,897 employees with 433 carrying dependent coverage. Applying the actual census numbers would calculate a total potential annual cost as follows:

Health Administration Services, Inc.	\$14,569,787
ICON	\$17,123,082
DIFFERENCE:	\$ 2,553,295

Please review these numbers against the proposals received and compare to staff's spreadsheet and recommendation for accuracy. If your findings coincide with mine, then I am sure you will agree that the request for proposal process was flawed. If so, I believe it would be in the best interest of the La Joya Independent School District to reevaluate all proposals and award the contract most advantageous to the district.

Best Regards,




Enclosure

August 10, 2004

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Cc: Arturo Gonzalez, Jr., President
Ruben E. Farias, Vice-President
Cesar Ramirez - Secretary
Joe Aguilar - Member
Lucrecio Flores - Member
Elma Garza - Member
Carmen Ramirez - Member
Jose R. Guerrero, Attorney at Law
Sylvia G. Zapata - Director of Purchasing
Richard Vela - Administration & Finance

HAS

Incorrect Census Data

Administration Fees
 Claim - Med
 Service Fees
 Claim - Dental
 PPO Fee
 UR- FEE
 COBRA/HIPPA

Rx Drug Fee
 EAP Fee

Stop-Loss Premium

Spec:
 EO
 EF
 AGG

TOTAL FIXED COST

CLAIMS MEDICAL

EO
 EF
 RX

DENTAL EO
 EF

RUN OFF

TOTAL PLAN COSTS

* Funded all employees for dental.
 * Changed Family Factor to Match Icon

HAS Board Packet

Spec:

2,464	\$13.00	\$384,384.00
2,464	\$2.35	\$69,484.80
1,351	\$1.50	\$24,318.00
2,464	\$3.90	\$115,315.20
2,464	\$2.00	\$59,136.00
2,464	\$1.50	\$44,352.00
		\$696,990.00
43,200	\$2.00	\$86,400.00
2,464	\$2.35	\$69,484.80
		\$155,884.80
		\$852,874.80

2,464	\$22.84	\$675,333.12
433	\$57.55	\$299,029.80
2,464	\$1.54	\$45,534.72
		\$1,019,897.64
		\$1,872,772.44

2,464	\$333.17	\$9,851,170.56
433	\$499.95	\$2,597,740.20
3,049	\$0.00	\$0.00

839	\$0.00	
512	\$0.00	
	\$0.00	

		\$12,448,910.76
		\$1,500,000.00
		\$13,948,910.76
		\$15,821,683.20

HAS Submission

2,464	\$13.00	\$384,384.00
2,464	\$2.25	\$66,528.00
1,351	\$1.50	\$24,318.00
2,464	\$3.90	\$115,315.20
2,464	\$2.00	\$59,136.00
2,464	\$1.50	\$44,352.00
		\$694,033.20
43,200	\$0.50	\$21,600.00
2,464	\$2.35	\$69,484.80
		\$91,084.80
		\$785,118.00

2,464	\$22.84	\$675,333.12
433	\$57.55	\$299,029.80
2,464	\$1.54	\$45,534.72
		\$1,019,897.64
		\$1,805,015.64

2,464	\$308.62	\$9,125,276.16
433	\$308.62	\$1,603,589.52
3,049	\$0.00	\$0.00

1351	\$24.55	\$398,004.60
		\$0.00

		\$11,126,870.28
		\$1,500,000.00
		\$12,626,870.28
		\$14,431,885.92

ICON
Incorrect Census Data

ICON Board Packet

ICON SUBMISSION

Administration Fees	ICON Board Packet	Spec:	Medical Only	Agg: Dental, Medical & Rx
Claim - Med	2,464	\$12.50	2,464	\$369,600.00
Service Fees	2,464	\$2.35	2,464	\$0.00
Claim - Dental	1,351	\$2.00	1,351	\$32,424.00
PPO Fee	2,464	\$3.75	2,464	\$110,880.00
UR- FEE	2,464	\$2.20	2,464	\$65,049.60
COBRA/HIPPA	2,464	\$2.10	2,464	\$62,092.80
				\$640,046.40
Rx Drug Fee	43,200	\$1.35	43,200	\$58,320.00
EAP Fee	2,464	\$2.20	2,464	\$65,049.60
				\$123,369.60
				\$763,416.00
Stop-Loss Premium				\$667,054.08
Spec: EO	2,464	\$22.56	2,464	\$276,063.48
EF	433	\$30.57	433	\$32,524.80
AGG	2,464	\$1.10	2,464	\$975,642.36
				\$1,739,058.36
TOTAL FIXED COST				
CLAIMS MEDICAL				
EO	2,464	\$333.30	2,464	\$9,122,319.36
EF	433	\$499.95	433	\$4,007,674.80
RX	3,049	\$0.00	3,049	\$0.00
DENTAL EO	1351	\$0.00	1351	\$401,733.36
EF	512	\$0.00	512	\$228,372.48
RUN OFF				\$13,760,100.00
				\$1,500,000.00
TOTAL PLAN COSTS				\$15,260,100.00
				\$16,999,158.36

* Funded all employees for dental.
* Changed Family Factor to Match Icon

HAS
CORRECT CENSUS DATA

Administration Fees

Claim - Med
Service Fees
Claim - Dental
PPO Fee
UR- FEE
COBRA/HIPPA

2,897 \$13.00
2,897 \$2.35
1,351 \$1.50
2,897 \$3.90
2,897 \$2.00
2,897 \$1.50
43,200 \$2.00
2,897 \$2.35
2,464 \$22.84
433 \$57.55
2,897 \$1.54

Rx Drug Fee
EAP Fee

Stop-Loss Premium
Spec: EO
EF
AGG

\$451,932.00
\$81,695.40
\$24,318.00
\$135,579.60
\$69,528.00
\$52,146.00
\$815,199.00
\$86,400.00
\$81,695.40
\$168,095.40
\$983,294.40
\$675,333.12
\$299,029.80
\$53,536.56
\$1,027,899.48

TOTAL FIXED COST

\$2,011,193.88

CLAIMS MEDICAL

EO
EF
RX

\$11,582,321.88
\$2,597,740.20
\$0.00

DENTAL
EO
EF

2,897 \$333.17
433 \$499.95
3,049 \$0.00
839 \$0.00
512 \$0.00
\$0.00

\$14,180,062.08
\$1,500,000.00
\$15,680,062.08

RUN OFF

TOTAL PLAN COSTS

HAS Board Packet

Spec:

Medical Only

HAS Submission
Agg: Dental, Medical & Rx

2,897 \$13.00
2,897 \$2.25
1,351 \$1.50
2,897 \$3.90
2,897 \$2.00
2,897 \$1.50
43,200 \$0.50
2,897 \$2.35
2,464 \$22.84
433 \$57.55
2,897 \$1.54

\$675,333.12
\$299,029.80
\$53,536.56
\$1,027,899.48

\$1,942,917.48

\$10,728,865.68
\$0.00
\$0.00

\$398,004.60
\$0.00

\$11,126,870.28
\$1,500,000.00
\$12,626,870.28

\$14,569,787.76

ICON
CORRECT CENSUS DATA

Administration Fees
 Claim - Med
 Service Fees
 Claim - Dental
 PPO Fee
 UR- FEE
 COBRA/HIPPA

ICON Board Packet

Spec: Medical Only

ICON SUBMISSION

Agg: Dental, Medical & Rx

2,897	\$12.50	\$434,550.00	2,897	\$12.50	\$434,550.00
2,897	\$2.35	\$81,695.40	2,897	\$0.00	\$0.00
1,351	\$2.00	\$32,424.00	1,351	\$2.00	\$32,424.00
2,464	\$3.75	\$110,880.00	2,897	\$3.75	\$130,365.00
2,464	\$2.20	\$65,049.60	2,897	\$2.20	\$76,480.80
2,464	\$2.10	\$62,092.80	2,897	\$2.10	\$73,004.40
		\$786,691.80			\$746,824.20
43,200	\$1.35	\$58,320.00	43,200	\$1.35	\$58,320.00
2,464	\$2.20	\$65,049.60	2,897	\$2.20	\$76,480.80
		\$123,369.60			\$134,800.80
		\$910,061.40			\$881,625.00

Stop-Loss Premium
 Spec: EO
 EF
 AGG

2,464	\$22.56	\$667,054.08	2,464	\$22.56	\$667,054.08
433	\$30.57	\$158,841.72	433	\$53.13	\$276,063.48
2,464	\$1.10	\$32,524.80	2,897	\$1.10	\$38,240.40
		\$858,420.60			\$981,357.96

TOTAL FIXED COST

\$1,768,482.00

CLAIMS MEDICAL
 EO
 EF
 RX

2,464	\$333.30	\$9,855,014.40	2,897	\$308.52	\$10,725,389.28
433	\$499.95	\$2,597,740.20	433	\$462.78	\$2,404,604.88
3,049	\$0.00	\$0.00	3,049	\$0.00	\$0.00

DENTAL EO
 EF

1351	\$0.00	\$0.00	1351	\$24.78	\$401,733.36
512	\$0.00	\$0.00	512	\$37.17	\$228,372.48

RUN OFF

		\$12,452,754.60			\$13,760,100.00
		\$1,500,000.00			\$1,500,000.00
		\$13,952,754.60			\$15,260,100.00

TOTAL PLAN COSTS

\$15,721,236.60

\$17,123,082.96

NOTICE OF MEETING
La Joya Independent School District
Board of Trustees
Regular Called Meeting
ADDENDUM
Central Administration - Board Room
Wednesday, July 14, 2004
6:30 P.M.

At anytime during the course of this meeting, the Board may retire to Executive Session under Texas Government Code, Section 551.071 (2) to confer with its legal counsel on any subject matter in this agenda in which the duty of the school district's attorney to the school district's Board of Trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. At anytime during the course of this meeting, the Board of Trustees may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code.

AT THIS MEETING THE BOARD OF TRUSTEES MAY DELIBERATE ON AND TAKE ANY ACTION DEEMED APPROPRIATE BY THE BOARD OF TRUSTEES ON THE FOLLOWING SUBJECTS:

- VIII. E. Human Resources
1. Approval of Third Party Administrator and Stop-Loss Carrier for Employee Health Plan
 2. Approval of Consideration and Action on Establishing the Working Days for Elementary and Middle School Principals and Staff for 2004-2005
- F. Into Executive Session
- Deliberation on Employment of Professional, Classified & Auxiliary Personnel (Texas Government Code Sec. 551.074)
 - Consideration and Action on Assignment/Reassignment of Lindolfo Zamora
 - Deliberation on Appointment/Employment of Middle School Athletic Coordinator(s)
 - Consultation with Legal Counsel Regarding Legal Implications of Reassignment/Assignment of Lindolfo Zamora Texas Government Code § 551.071
- G. Out of Executive Session
- H. Personnel
1. Employment of Professional Personnel
 - Consideration and Action on Assignment/Reassignment of Lindolfo Zamora
 - Deliberation on Appointment/Employment of Middle School Athletic Coordinator(s)
 2. Employment of Classified Staff
 - Para-Professional Personnel
 - Employment of Auxiliary Personnel
 3. Staff Resignation(s)
 - Professional Personnel
 - Para-Professional Personnel
 - Auxiliary Personnel
- I. Adjournment

Filomena Leo

Mrs. Filomena Leo
Superintendent of Schools

Posted: July 9, 2004
By: Irma @ 4:30 p.m.