

**INSURANCE TASK FORCE MEETING**  
**April 9, 2009**

Facilitators: Shelley Halstead, Sara Kohlhauff

**Who's missing:** Shandra Backens, Steve Bowman, Ron Frazer, Marty Mesch

**Work Schedule**  
**9:25 AM – 12:25 PM**

**Issues continued from 3/12/09**

- Major medical health insurance: 14.041, 14.042, 14.03 Talc; 13.041, 13.042, 13.043 Spalc – Add 1402 Talc and 13.02 Spalc. This is to be a language change.
- Life insurance: 14.06 Talc; 13.06 Spalc

**Interests continued from 3/12/09**

- Manageability
- Productivity

**Story continued from 3/12/09**

- Articles 14.04 Talc/13.04 Spalc
- Do not have 927 anymore so language needs to be cleaned up
- Language for HMO in MOU
- Have tentatively agreed to make the effective date the 1<sup>st</sup> of the month following a 45 day waiting period
- Language change will be worked on by Susan & Donna and brought back to ITF

**Budget Update**

- Senate version: 1% decrease
- House version: 1% increase
- They used pieces of revenue that have not been voted on or agreed upon yet
- Advice is to plan for a significant shortfall – a budget can be passed and cut later, i.e., budget cut \$29M at the beginning of this year and an additional 12M mid-year

**Eligibility Story – 14.011 Talc; 13.011 Spalc**

- Some companies with high turnover:
  1. have a longer period before new employees become eligible (6 months)
  2. offer a different plan or only pay a portion (i.e., 50%) for a period of time
  3. Medical spending accounts to pay health premiums (new flex plan type), employer makes a contribution, not for group health insurance
- Under 1400 annual contract teachers - \$6,372 benefits = approximately \$8,900,000
- Savings could be created by offering annual contract teachers another option
- Lose about 30% of new teachers within 1<sup>st</sup> three years
- Offering a credit for outside health insurance would allow the person to obtain own coverage, perhaps at a lesser cost than District insurance
- Mostly younger people would fall into this category. They are presumably healthier so taking them out of the District Plan could be detrimental
- Common to offer a different plan or option to new employees for a “trial” period (i.e., 2 years) in private sector

### **Eligibility Story – 14.011 Talc; 13.011 Spalc (continued)**

- Having a timeframe of 2 – 3 years before eligible for full plan takes away an incentive for employees to work for the District
- How would the insurance fund/reserve fund be impacted?
- Would need to examine the impact a year at a time
- Impacting the reserve impacts interest income
- About \$1M comes from interest and another \$1M comes from people declining insurance (in the health insurance plan fund)
- 1400 only represents annual contract teachers, does not include the # of support staff affected
- What if people are given a credit towards insurance and then don't get insurance? Could negatively impact District
- Give people a \$ amount (i.e., half benefit bank or 1/3 benefit bank) could:
  1. Apply towards District plan
  2. Apply towards individual plan
  3. Put in a medical spending plan
- # of staff in 1<sup>st</sup> 2 years of employment as of 2/6/09:

C:	379	SPALC
N:	19	Tech/Supervisory
I:	843	Instructional
A:	<u>11</u>	Administrative
	1,252	Total
- # of staff in 1<sup>st</sup> 3 years

C:	782	SPALC
N:	52	Tech/Super.
I:	1,449	Instructional
A:	<u>26</u>	Administrators
	2,309	Total
- # of teacher on annual contract in 1<sup>st</sup> 4 years is 1,452
- Numbers will change as we fact attrition or growth

### **Benefit Bank Story – 14.02 Talc; 13.02 Spalc**

- Current contract contribution \$6,372
- By plan year not fiscal year
- Benefit bank set in this contract (April 1<sup>st</sup> – March 31<sup>st</sup>)
- In contract negotiation – amounts can change
- People who made healthcare decisions made them on current contract
- Biggest hits from migration are over
- This summer will be informative – economy might affect claims and might not
- Only plan covered 118 (2010-2011) w/current benefit bank amount

### **Article 14.042; 14.043 Talc; 13.042; 13.043 Spalc**

- Language changes:
  1. 14.041; 13.041: replaced with new plan info
  2. 14.042; 14.043; 13.042; 13.043:
    - changes in language
    - may mimic MOU or may be shortened

### **Options to Decline – 14.05 Talc; 13.05 Spalc**

- Currently if employee declines health insurance, District contribution goes to trust fund

### **Options to Decline – 14.05 Talc; 13.05 Spalc (continued)**

- All folks who decline equals close to \$1M – funds plan they don't participate in
- Language changes
- Employee gets \$600 of benefit bank \$ to spend on dental – vision – cancer
- If not spent – back to fund
- Because of current economic situation, District examining options to save operational \$ so as to continue to provide a good level of service
- State does not have tax base it needs
- Until we see economic recovery (District), we are not out of the woods
- May see veterans back on District plans if veterans' insurance benefits affected by changes to VA

### **Life Insurance – 14.06 Talc; 13.06 Spalc (Story)**

- Some people only carry life insurance through District because of choice or financial constraints
- Per person - \$65.76 yearly for \$20,000 worth of insurance ≈\$650,000 District figure (approx.)
- District rate is higher than any other school district – retirees drive up rate
- \$20,000 compared to other districts is not very high

### **Options**

- Eligibility
  1. All eligible employees of 2 years or less be given a \$ credit toward purchase of outside health insurance
  2. Status quo
  3. All eligible employees (2 years or less) will get a benefit different from one they currently have
  4. Current eligible School District employees be grand-fathered in
  5. All eligible employees of 3 years or less be given a \$ credit toward the purchase of outside health insurance
  6. Give people a choice of flex plans for \$ credit
  7. 1<sup>st</sup> year - \$1,000  
2<sup>nd</sup> year - \$2,000  
3<sup>rd</sup> year - \$3,000  
4<sup>th</sup> year – on District plan or lose benefits  
\*Example of staggered benefits for eligible employees
  8. Pull out 2 or 3 straw designs (A, B, D, E) and examine them/research them and report back to ITF
  9. Examine options 1, 5 & 7 with and without option 4 and report back to ITF

### **Straw Design - Eligibility**

- A. #7 and #4
- B. #1
- C. Status quo
- D. #1 and #4
- E. #7

Note: It was decided to change the start time of the 4/22/09 ITF Meeting to 2:00 PM & conduct normal business first, then go to the Interest Based Meeting.

**Check Out - 12:25 PM**