

Questions and Concern

- FEA money – how does this work? [Explanation of Revenue Sharing Model]
- Usage has gone up – has there ever been a break down on cost of care? How much of it is the cost of health care and how much is usage?
- Any comparative data with other districts? Is our usage higher than other districts?
- Calling into question the all-for-one model – healthy people are paying for sick people
- None of our other options look good, what are our current options?
- Retirees – how much are they costing us?
- What are revenues looking like?
- Does it affect everyone or everyone on the plan?

Other Information

- Other districts are getting hit with increases
- Usage is not necessarily related to healthy choices
- Could put something in place to make higher users pay more money
- \$200 off each paycheck (if it were block) – This would affect everyone, even if you opt out of our healthcare

Written Questions/Comments

- Has FEA/VITA looked at “stop loss” coverage for high cost situations (maybe even with separate insurance companies)?
- Higher prescription drug co-pays/coverage through mail-in @ much lower rates?
- Open enrollment starts in February and plan changes begin in March. What happens to people already receiving care (ex: for long term illness) if our plan changes drastically? What happens if a woman is due to give birth in late March? Would she need to change her doctor and/or hospital?
- Is there any talk of taking from the admin pool?
- How often do we negotiate with insurance companies?
- Please include on the survey a question about how many people would be willing to switch to Kaiser
- Does a plan change constitute a “life change” (in other words, if we change our plan, could a member switch to his or her spouse’s plan, even if said spouse’s plan was not in open enrollment)?

CALENDAR

December Site Visits: Background and Problem, Member Feedback

Early January Site Visits: Detailed Presentation of Options before Survey

Mid January Membership Survey: Guides H&W Committee Approaches

Rep Meeting: Propose Ballot for Approval

Late January Membership Vote on Health Changes

February Benefits Open Enrollment

Notes from H&W Committee – HHS Site Meeting Wednesday, December 12, 2012

Number of Attendees: > 36 FEA members

(Jason's Presentation – See slides posted on web site)

Blue sheet in mailbox – from a fellow member at Lynbrook – proposes that members who have non-FEA spouses on the plan should pay (total premium % number of adults on plan), which would amount to about \$12,000 increase from members with spouses covered.

What about limiting coverage of non-FEA spouses who have other coverage options?

Jason: We're looking into the possibilities.

Have you gotten the numbers this year yet for the [revenue share] protocol, in terms of the tax revenue? Revenue streams, property tax.

Jason: Property taxes increased slightly, but Fair Share from the state is taking back a large chunk. Some property tax assessments may or may not be included in revenue share calculation depending on businesses contesting assessments. Takes a few years for revenue to come up.

What are the Kaiser numbers? How is this working? Could we go to just Kaiser since it costs less?

Jason: If we went all-Kaiser, more-expensive members who are currently on Anthem would move over, increasing our Kaiser costs.

Ben: Concern about lack of Kaiser availability in certain areas where our members live (e.g., Santa Cruz).

In a past district, Kaiser was "free" and you bought up to other options. Could we do something like this? Could we setup an HSA?

Jason: If we create a disparity in pricing between plans, members would flow over from one plan to Kaiser. We are considering HDHP/HSA, but these have very large deductibles. Healthy people might have some savings, but not for those using medical care.

On the blue sheet, you pointed out a flaw, which is that spouses would fall off the plan. Would we still save money because fewer people on the plan?

Jason: Just redistributes the money between unit members.

Essentially, every year we revisit it. Isn't it time now to revisit the protocol? We haven't had a raise in five years. Every time you come to us with a benefit cut, we're losing salaries. District office is filling vacancies, Superintendent is getting a raise.

Jason: As far as asking for more money. Administrators gave us \$1 million to close hole last time. Some of the options, we could increase class sizes, lay off teachers. But until revenues climb and our costs are flat, we probably won't see raises. Other districts have shed people, but we've taken the route of maintaining our group, but that's putting people out in the street.

Should we revisit how the pie is distributed? Should the pie be reallocated since enrollment is increasing?

Jason: CSEA is on hard times, won't get any money from them. Administrators already gave us money. We could start that battle. Fair share is taking a huge chunk, \$8 million. Prop 30 passed, Leg Democrats have a supermajority, outlook looks positive for Fair Share going away, but to be determined by Gov. Brown and Legislature in the coming budget. We don't know when it's going away, or how fast.

Other questions submitted on cards:

How about furlough days to offset this deficit?

Does it matter that we have so many married couples in the district? Does this cost us more?

Notes from H&W Committee – CHS Site Meeting Tuesday, December 11th, 2012

(Jason's Presentation – See slides posted on web site)

Have we considered merging our health plan with other nearby districts?

Jason: We would give up significant control over our health benefits in doing so, probably not a good option.

What's going on with the flyer in our mailboxes today? I don't understand.

Jason: A proposal from a member at LHS, that all adults on the health plan would pay the same. Functionally, would increase spouse contribution by about 1000%, to about \$12,000, or \$1200 per paycheck. Would likely cause a number of spouses to drop off the plan, which would make the implied "salary increase" smaller.

Seems like it's not a good idea to join a larger group, so maybe we need to tweak spouse contribution, plan structure, how much of a hit to take? Try to retain flexibility we have now as a small group?

Jason: Seems right. Bad timing because the horizon for revenue looks good, so we need to get from here to there.

Can we look at costs we have this year and target those costs?

Jason: We know there were a lot of doctors' visits, though prescriptions were really high too.

Ben: We could use a wellness plan if we had some money to put behind incentives.

Are our spouse contributions competitive with the industry?

Jason: We are checking with VITA today.

I heard we can never go back once we make changes. Is that true?

Jason: Likely, we could not undo certain plan changes like deductibles.

Could we lower network access and then restore it later?

Ben: Good question, need to check with VITA.

Our plan is ancient; it's not offered anymore, and we could probably never get them back. But we need to weigh salary impact versus the benefits we're getting now.

How does our health insurance plan compare to other districts?

Jason: The district is probably capping its contribution at, say, \$9,000. Then you have an employee contribution for coverage level.

How much would the hit to salary be if we just paid for the increase?

Jason: Would need to come out of salary schedule cells, if we took it as block (would have to decide block vs. percent), would be about \$2000 per year, or \$200 per month on ten-month pay schedule.

Should we have a contribution for covering children on the plan?

Jason: Our past philosophy has been to not charge for children. Also, "bang for the buck" wasn't very good when we considered it.

Jon Fey: Absolutely we have the ability to put such a plan change into place.

Must the health increase be paid for through salary schedule reduction, or could we raise the possibility of furlough days?

Jason: We could negotiate that, but politically is tricky, how will community view us taking days off to pay for our health coverage?

**Notes from H&W Committee – LHS Site Meeting
Monday, December 10th, 2012: 12:45pm – 1:15pm**

Number of Attendees: 33 FEA members

(Jason's Presentation – See slides posted on web site)

Why are we only trying to solve this problem internally, instead of pushing for something like furloughs?

Jason: I'll get back on this.

A question in the survey was, "What if we eliminated health benefits and went salary-only", how much would our salary increase?

Jason: a change in philosophy. Roughly \$7 million, divided by number of members, roughly \$14,736.

Jon Stark: we have red ink problems, above and beyond the health care cost increase

Please explain the benefits to the individual FEA member of switching to CVT, California's Valued Trust.

Jason: Could lower costs for some, increase costs for other.

Proposal to ban non-FEA spouses who are covered by an alternate insurance.

Jon Stark: Can we legally do that under the contract? Under PPACA.

Can we see salary encroachment data from further back? 1995 – 2005? Back before 2010.

Jason: I can find that data.

Should we re-evaluate our philosophy based on the shorter tenure of teachers? Possibility that teachers tend to stay in the district for a shorter amount of time.

Jon Stark: Since 2008, retirement rate has dropped. Drop-out rate has also dropped.

Have you looked into the fact that CVT starts in October instead of January?

Jason: We have an open question on that.

How is our compensation divided? What portion goes to salary and healthcare?

Jason: We pay for our healthcare, and then what's left goes to salary schedule. Was good when revenue was increasing, we were able to increase our salaries.

If we went with cheaper benefits, would we get more salary?

Depends on the member – "cheaper benefits" would likely have greater out-of-pocket costs, so heavy users would probably pay more, while light users might pay less/have increased net salary.

Are our healthcare benefits taxed?

Premium costs paid on our behalf are exempt from federal income tax. We do pay California premium tax (relatively low level right now).

Do we over-use our health benefits?

Jason: We are heavy users of our health care plan. Doctors are sometimes over-prescribing.

What is the current FEA deficit?

Jon Stark: I hope to have numbers for the revenue share calculation for past school year wrapped and audited by end of this week.

Jason: Passage of Prop 30 is trending better, hopefully January budget from Gov. Brown may improve the situation. How long is Fair Share going to stay in play? Will the amount of Fair Share decrease?

What types of changes to our healthcare plan will trigger a change of status for our spouses and allow them to enroll in their corporate plan?

Ben: checking with VITA

Can Anthem/Kaiser quote our premium as a rate for member, vs. member + spouse, vs. member + children?

Jason: We don't have risk tiering right now.

Jon Stark: Insufficiently large risk pool to separate risk pools by tiered coverage. Our rates are composite, and we don't have risk tiered numbers.

Ben: We can ask VITA.

I think that our situation is similar to the "fiscal cliff" the country is facing, we need to face this on two fronts: 1. Cut costs (cheaper insurance), 2. Increase class sizes (raise to 33?)

Free up money by increasing class sizes.

Jon Stark: We've used the same class size ratios since we instituted revenue share. If class sizes were increased, the Board would have to look at program cuts in order to reduce the staffing.

Notes from H&W Committee – Offsite Site Meeting Thursday, December 13, 2012

Number of Attendees: 4 FEA members, Jason, Ben

(Jason's Presentation – See slides posted on web site)

Question about Revenue share – what is the 66%?

Jason: District revenue, pay off the top costs (Special Ed, buses, legal, electrical, etc.); then distribute remaining to groups: 19% CSEA (Classified), 15% FMA (Administrators), 66% FEA (Teachers).

What is Fair Share?

Jason: When the State says, Basic Aid Districts have to pay back some of local revenue to state. If this goes away we will be in much better shape. Hopefully with Democrats in Legislature and Governor Brown, we will see Fair Share going away.

District-wide meeting at CHS, January 14th, 3:30pm

What happens with dependents?

Jason: Question has come up, past surveys of membership have indicated desire to keep children covered at no contribution cost. To cover the additional cost, contributions would have to be very high. Tiered plan will come up as well, but concerns about serious financial pressure on parts of the membership.

What happens if we stay with status quo?

Increased cost to membership; would average out around \$2000 per member per year if we distributed the decrease by block (no numbers yet for percentage).

When do negotiations start?

Jason: Continual, if revenues increase, automatic increase adjustments.

What happens if we stay with status quo?

Jason: We would see about \$200/month (if block selected) per month salary decrease, probably starting in April.

What's happening with the general revenue situation?

Jason: Depends on where the Legislature falls with Fair Share. We got through last year, we need to cover about a \$4 million deficit for this year. Polly has made a conscious effort to keep everything in place. Can't guarantee no salary decrease, but more optimistic now than last year.

If there's going to be more furlough days (more cuts to be considered), would rather do at the beginning or end of year.

Jason: Feedback noted, we would have to discuss impact on community and scheduling. Polly would like to avoid furlough days if possible. Healthcare is something we need to deal with as a unit, the district seems like it is wanting to help us with our other revenue issues.

Would employees on Kaiser also have to pay the extra \$2000 (presuming block)?

Jason: We've always paid for the entire cost of both plans together. If we create a disparity in contributions between Anthem and Kaiser, more members would flow over to Kaiser.

Why so many problems with Anthem – Lucille Packard, Walgreens?

Jason: Anthem is arguing for lower reimbursements with medical providers. As a unit, we want Anthem to win those arguments. Anthem is a huge juggernaut, they do use their leverage on their health providers. When they are in a contract dispute, that is going to be disruptive to our coverage.

Member comment:

At the beginning of the year, Anthem was not working with Walgreens, and it was cheaper to pay out of pocket for certain prescriptions.