

## COMPARISON #1 IN SCHOOL DISTRICT HEALTH INSURANCE

### Health insurance payments for teachers in Kenai, Juneau, Mat-Su, Anchorage, and Fairbanks School Districts\*

#### **Options in KPBSD Health Care**

The Kenai Peninsula Borough School District (KPBSD) provides health insurance to its employees through a self-insured model with two options: Traditional Plan or a High Deductible Plan (HDHP).

Each plan's total costs for medical, dental, and vision claims, along with administrative and stop loss expenses, are split between the District and the plan participants according to a formula set forth in the negotiated agreement between KPBSD and KPEA.

#### **Health Care and Bargaining in KPBSD**

##### **Public Education Health Trust (PEHT) cost for KPBSD**

During 2018 bargaining, at the request of the KPEA and KPESA, premium quotes were obtained from the PEHT (formerly known as the NEA-Alaska Health Trust.)

- KPBSD provided PEHT with requested health care claims and other data. The PEHT consultant, AON Risk Services, provided premium quotes to KPBSD on October 25, 2018. The proposed PEHT rates included "a load of 45% to the medical rates." This reflects the high utilization of medical services by current KPBSD plan participants.
- To switch to PEHT, the only option for KPBSD participation would have been a 4-tier rate structure. Instead of the same monthly premium (composite rate) for each employee, the monthly premium would be differentiated: single employee; employee + spouse; employee + child(ren); and employee + spouse + child(ren).

After receiving this quote and 4-tier rate information from AON Risk Services, neither the District, KPEA, or KPESA proposed health insurance through the PEHT.

#### **COMPARE contributions between KPBSD, Juneau, MSBSD, ASD, and Fairbanks\***

*The KPBSD contribution cost to provide health insurance to KPEA members is compared to Juneau Education Association (teachers), Matanuska-Susitna Education Association (MSEA) members, Anchorage Education Association (AEA) members, and Fairbanks Education Association (FEA).*

## KENAI PENINSULA BOROUGH SCHOOL DISTRICT

### **KPBSD's Traditional Plan**

As of November 30, 2018, KPBSD is paying \$1923.49/month or \$23,081.88/year for its Traditional Plan.

### **KPBSD's High Deductible Health Plan (HDHP)**

As of November 30, 2018, KPBSD is paying \$1,770.47/month or \$21,245.64/year for its High Deductible Plan.

**KPBSD has not proposed a hard cap in FY19.** It is only proposing that the current cost sharing formula in the FY18 KPEA and KPESA negotiated agreements continue. It hopes that the Health Care Program Committee will exercise its authority and consider additional health care cost reduction measures.

## **JUNEAU SCHOOL DISTRICT AND JUNEAU EDUCATION ASSOCIATION**

In the FY19 Negotiated Agreement between the Juneau School District and the Juneau Education Association (teachers), the District pays a hard cap of \$1,569 per member per month. That equates to \$18,828 per member per year. That amount is \$4,253.88 less than the \$23,081.88 that KPBSD pays per member per year. **If KPBSD paid the same as Juneau, it would be paying \$1,284,671.76 less per year for the 302 teachers in the Traditional Plan.** That amount could be spent on program needs, salaries, PTR reductions, among other things.

The Juneau hard cap of \$18,828 per member per year is \$2,412.66 less per member per year than what KPBSD pays for its HDHP. **If KPBSD paid the same as Juneau, it would be paying \$752,749.92 less per year for the 312 teachers in the HDHP.** That amount could be spent on program needs, salaries, PTR reductions, among other things.

The Juneau School District offers its teachers a “Super Global Maximum Out-of-Pocket, per Calendar Year Plan” of \$7,350 Per Covered Person and \$14,700 Per Family Unit, for “Preferred Provider & Facilities.”

## **MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT (MSBSD)**

The FY19 Negotiated Agreement between MSBSD and MSEA, states, “The District’s share of the group health plans shall be capped at \$1744 pmpm.” (Per Member Per Month). **That equates to \$20,928/year.** This is called a hard cap. It means that after that amount is paid by MSBSD, 100% of health insurance plan costs exceeding that amount are paid by the MSEA participants.

- **KPBSD’s Traditional Plan**

**As of November 30, 2018, KPBSD is paying \$1923.49/month or \$23,081.88/year for its Traditional Plan.** That amount is \$2,153.88 more per teacher than the \$20,928/year that MSBSD pays.

If KPBSD only paid what MSBSD pays, it would pay a lesser amount calculated by multiplying \$2,153.88 by the 302 teachers in the Traditional Plan. That lesser amount is \$650,471.76/year. That amount could be spent on program needs, salaries, PTR reductions, among other things.

- **KPBSD’s High Deductible Health Plan**

**As of November 30, 2018, KPBSD is paying \$1,770.47/month or \$21,245.64/year for its High Deductible Plan.** That amount is \$317.64 more per teacher than the \$20,928/year that MSBSD pays. MSBSD’s most equivalent high deductible plan offered to MSEA members is the Trust’s Plan F with deductibles of \$1,500 individual/ \$3,000 family, and out-of-pocket limits, after deductibles are paid, of \$3,000 individuals/\$6,000 family. Plan F also requires additional inpatient hospital co-pays of \$500 per admission, capped at two per individual each plan year.

## **ANCHORAGE SCHOOL DISTRICT (ASD) AND AEA MEMBERS**

**Anchorage School District’s FY19 agreement sets forth a hard cap for the District’s cost at \$1,645/month per teacher participant, plus a one-time \$1.9 million payment into an AEA reserve fund. The \$1.9 million equates to approximately \$50/month per AEA teacher.**

In FY20 and FY21, Anchorage School District will pay a hard cap of \$1,695/per participant per month with no further reserve fund payment. That payment equates to \$20,340/year. In FY19, the KPBSD is paying \$2,741.88/year/teacher more in FY19 for its Traditional Plan. **If KPBSD paid the same as Anchorage, it would be paying \$828,047.76 less for the 302 teachers in the Traditional Plan.** That amount could be spent on program needs, salaries, PTR reductions, among other things.

Anchorage School District's \$20,340/year cap in FY20 and FY21 is \$905.64 more/year/teacher than what KPBSD is paying in FY19 for its High Deductible Health Plan (HDHP). **If KPBSD paid the same as Anchorage, it would be paying \$282,559.68 less for the 312 teachers in the HDHP.** That amount could be spent on program needs, salaries, PTR reductions, among other things.

### **FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT AND (FEA) MEMBERS**

Pursuant to a formula set forth in the FY19 Negotiated Agreement between the Fairbanks North Star Borough School District and Fairbanks Education Association (FEA), the District pays \$1,604.74 per member per month for health insurance. That equates to \$19,256.88 per member per year. That amount is \$3,825.00 less than the \$23,081.88 that KPBSD pays per member per year. **If KPBSD paid the same as Fairbanks, it would be paying \$1,155,150 less per year for the 302 teachers in the Traditional Plan.** That amount could be spent on program needs, salaries, PTR reductions, among other things.

The \$19,256.88 that Fairbanks pays per member per year is \$1,988.76 less per member per year than what KPBSD pays for its HDHP. **If KPBSD paid the same as Fairbanks, it would be paying \$620,493.12 less per year for the 312 teachers in the HDHP.** That amount could be spent on program needs, salaries, PTR reductions, among other things.

*\*This document is the first in a series that compares the KPBSD health insurance costs to the costs of Mat-Su, Anchorage, Juneau, and Fairbanks, four other large Alaska School Districts.*

- Anchorage School District (ASD) and Anchorage Education Association (AEA) members
- Fairbanks North Star Borough School District and Fairbanks Education Association (FEA)
- Juneau School District (JSD) and Juneau Education Association (teachers)
- Kenai Peninsula Borough School District and Kenai Peninsula Education Association (KPAA)
- Matanuska-Susitna Borough School District's (MSBSD) and Matanuska-Susitna Education Association (MSEA) members