

Joint Proposal: KPEA, KPESA, and KPAA

Part of KPEA & KPESA Packages to be presented in full 1/20/26

**Not included in proposal language for CBA, but if the District were to propose to Add Non-PPO Physician Penalty flat 60% (not subject to OOP max) at the next HCPC meeting, the Assns agree to ask their representatives to approve it.*

KPEA: 210 HEALTH CARE

KPESA: 27 HEALTH CARE

~~The District health care program is self-funded. Program costs are solely a product of administrative expenses and actual claims experience as reported in the District's Comprehensive Annual Financial Report.~~

1. Health Care Plan Committee (HCPC):

A Health Care ~~Program~~ **Plan** Committee (HCPC) shall be composed of four (4) representatives selected by the Kenai Peninsula Education Association, three (3) representatives selected by the Kenai Peninsula Education Support Association, ~~one (1)~~ **two (2)** representatives selected by the Kenai Peninsula Administrator Association, and three (3) current employee representatives selected by the Superintendent. **All voting representatives must be either elected representatives of their respective Association or paying participants of the health care plan.** ~~The Health Care Committee shall select a chairperson from its membership. The Plan Administrator and Benefits Manager are non-voting advisors to the committee. The HCPC shall select a chairperson from its committee of voting members.~~

The District shall provide two (2) hours of secretarial support for each meeting to serve as a non-voting note taker.

A quorum for the meetings shall require no fewer than nine (9) committee members. The HCPC will conduct a formal vote on any matter that could impact the cost or benefits of the health care program or on any matter that would require a change in the summary plan description. Formal votes shall require an eighty percent (80%) vote of the total voting committee members to pass.

The committee shall annually review by-laws in September of each year unless the committee deems that an alternate time would be better. The committee will meet monthly unless this is changed by the committee members in accordance with the committee's by-laws.

The HCPC shall be empowered to determine health care benefits different from benefits in the plan in place on January 1, 2024~~5~~**5**. The committee will determine and control the health care program for all District employees covered by the program during the term of this agreement including but not limited to the following: **benefits and coverage provided, cost containment measures, preferred provider programs, co-payment provisions, evaluating other health insurance programs, and implementing any wellness measures it deems beneficial to employees and the health care program.** **Year-to-date fees associated with Brokers and Third-Party Administration shall be shared with the committee at each meeting.**

The District shall issue a Request for Proposal (RFP) for health care insurance providers at the direction of the HCPC. The HCPC will evaluate the need for future RFPs annually. The District shall take all necessary and reasonable steps required by the quoting agency to

ensure fair and transparent access to quotes from any quoting agency. Any proposals submitted shall be reviewed by the HCPC, which may request that the insurance providers present the proposals directly to the HCPC. The District shall not be required to adopt changes made by the HCPC which would result in violations of established laws or regulations.

The HCPC shall be advisory to matters related to Broker selection, Third (3rd) Party Administration and Stop-Loss insurance.

The District agrees to work with the HCPC to provide reasonable time for meetings and provide adequate support, including an expert health care consultant for plan design. Administrative leave will be provided for all participants.

2. General Conditions:

Benefits are afforded to the employee, spouse **or domestic partner,** and all eligible dependents.

As of November 7, 2016, all employees who work thirty (30) or more hours per week or at least .75 FTE are eligible for year-round health benefits and are required, as a condition of employment, to participate in the KPBSD health plan. Any employee who as of November 7, 2016, has been working between twenty (20) and thirty (30) hours per week or between .50 and .75 FTE, and has previously been receiving health benefits, shall be grand parented as eligible for health benefits for the remaining length of time they are employed by the District. All such affected employees shall have a one-time option to opt out of health benefit coverage before their start of employment for the 2017- 2018 school year.

Members Opt-Out Incentive: Employees who have alternative health insurance coverage meeting the minimum ACA requirements may elect to waive their entitlement to District provided health insurance coverage. **Those opting out because they have acceptable, alternate, non-District coverage shall receive one hundred eighty-five dollars (\$185) for each month they opt out of coverage, to be paid at the end of each fiscal year.** ~~Alternative health insurance coverage shall not include District provided coverage which the member is entitled to by reason of the employee's status as a spouse or dependent of a District employee who is covered by the District's health insurance plan.~~

A flexible benefit account program, under the provision of Section 125 of the Internal Revenue Service Code, will continue.

Dental and vision benefits shall be provided separately from medical and prescription benefits. Employees shall have the option to elect not to receive dental and vision coverage. The cost of the dental and vision benefits shall be included in the calculation of the employer and employee contribution amounts. The employer and employee contributions will be the same for an employee who receives dental and vision coverage as it is for an employee who elects not to received dental and vision coverage.

In the event employee premiums are projected to increase by more than ten percent (10%) from one year to the next, the parties (KPBSD, KPEA, KPESA, and KPAA) shall meet to discuss and, if either party deems necessary, re-negotiate the terms of this article.

3. **Self-Funded Health Plan Costs**

The District health care program is currently self-funded. Program costs are solely a product of administrative expenses and actual claims experience as reported in the District's Comprehensive Annual Financial Report.

Total District dollar share of health plan costs is **calculated** based on the negotiated District percentage as applied **to actual** plan costs. The District will make contributions to the health care program for each **participant** on a 12-month basis.

Spousal/Dependent Pooling: Employees who are married to or are a domestic partner of another KPBSD employee, or who are a dependent child under age 26 of another KPBSD employee, may choose to waive their own District-provided health insurance and be covered together under a single policy with the appropriate tier.

~~Eighty-five percent (85%)~~ **Ninety-two and a half percent (92.5%)** of the health care costs are paid by the District. ~~Fifteen percent (15%)~~ **Seven and a half percent (7.5%)** of the health care costs are paid by the employees.

High Deductible Health Plan (85/15) (92.5%/7.5%)		
	<u>HRA Plan</u>	<u>HSA Plan</u>
Deductible	\$1,500 / Individual \$3,000 / Family	\$1,700 / Individual \$3,400 / Family
Out of Pocket <u>Maximum</u> (Not including deductible <u>shall apply</u>)	\$2,000 / Individual \$4,000 / Family	\$2,000 / Individual \$4,000 / Family
HRA or HSA Contribution	\$800/ Year <u>Annual contributions, per covered employee, shall be equal to the annual individual deductible, up to allowable IRS limits.</u>	\$800/ Year <u>Annual contributions, per covered employee, shall be equal to the annual individual deductible, up to allowable IRS limits.</u>

Employees have the option of either a Health Reimbursement Arrangement (HRA) or a Health Savings Account (HSA).

~~Annually the District shall contribute one thousand dollars (\$1000) to each employee's HRA or HSA.~~

~~Effective January 1, 2023~~ **The HDHP will offer four healthcare plan tiers. The tiers will be: Employee Only, Employee and Spouse, Employee and Children, and Employee and Family.**

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~~Annually,~~ **The District shall contribute make an annual contribution, per covered employee, equal to the annual individual deductible, one thousand dollars (\$1000) to each employee's HRA or HSA, up to allowable IRS limits. Such contributions shall be made in two installments, half at the start of the fiscal year, and half in January. When two or more employees are covered under the same policy, the policy-holder shall receive an annual contribution equal to the family deductible.**

Selection of employee tier **for the following calendar year** will be made during the November 15 – December 15, 2022 Open Enrollment period.

For illustrative purposes only, if the four tier coverage was implemented for FY22, the projected four tier rates would have been:

Tier	Employee — monthly 12-month Cost	Employee — monthly 9-month Cost
Employee Only	\$173.27 *	\$231.03 *
Employee + Spouse	\$381.20 *	\$508.27 *
Employee + Children	\$329.22 *	\$438.96 *
Employee + Family	\$554.47 *	\$739.30 *

~~*These monthly premium amounts will be adjusted according to the most up to date information provided by our brokers.~~ **Annual adjustments to monthly premiums for the following calendar year will be determined by a subcommittee comprised of KPEA, KPESA, and KPAA HCPC representatives. This decision shall be based on actual costs the prior year, and calculations and projections from the District's brokers. Adjustments shall be announced prior to the annual open enrollment period and go into effect on January 1 of the next calendar year.** The most current information is available at <https://www.kpbsd.k12.ak.us/employees.aspx?id=5232>.

~~The District will issue a Request for Proposal (RFP) for health care insurance to private and public insurance providers for change effective January 2021. The need for future RFPs will be reviewed annually.~~

~~The health care subcommittee comprised of KPEA, KPESA, and KPAA HCPC representatives, shall determine the employee contribution amount.~~

Employee Health Care Reserve Account: A separate ~~The existing~~ employee health care reserve account shall be established and maintained. ~~The initial amount in this account as of July 1, 2012 was \$1,246,835.~~ Any interest gained on this account shall be retained in this account. **Seven hundred fifty thousand dollars (\$750,000)** of the employee health care reserve account shall be

set aside for use at year end for payment of the employee portion of program costs that exceed employee deposits. If the employee health care reserve falls below \$750,000, an amount needed to replenish the fund to \$750,000 will be calculated by the sub-committee and added to the employee's annual rate in the following year **prior to the open enrollment period**. Any amount in the employee health care reserve exceeding the \$750,000 balance will be used to offset future employee costs as determined by the sub-committee.

The subcommittee of Association health care committee representatives (KPEA, KPESA, and KPAA) will have the authority to address the usage of any amount remaining above the \$750,000 requirement stated above. These monies can be used to **pay down the employee share of the health care employee contribution, reduce employee premiums for the following year, or can be placed may remain** in the Employee Health Care Reserve account to pay down future costs or overages.

District Health Care Reserve Account: Upon completion of the FY22 annual audit, if the District's healthcare reserve account has an amount greater than three million two hundred and fifty thousand dollars (\$3,250,000), and the Employees' healthcare reserve account has an amount greater than one million dollars (\$1,000,000) then a premium credit of five hundred dollars (\$500) for each employee **participating in the Health Plan** will be used to offset the employee's monthly premium until the five hundred dollars (\$500) is depleted. The premium credit of five hundred dollars (\$500) will be split 50/50 between the District's healthcare reserve and the Employees' healthcare reserve accounts. This credit will be applied one time on January 1, 2023.

~~Sub Committee The Association health care committee representatives (KPEA, KPESA, and KPAA) will have the authority to address the usage of any amount remaining above the \$750,000 requirement stated above. These monies can be used to pay down the employee share of the health care employee contribution or can be placed in the Employee Health Care Reserve account to pay down future costs or overages.~~

~~Benefits are afforded to the employee, spouse and all eligible dependents.~~

~~As of November 7, 2016, all employees who work thirty (30) or more hours per week or at least .75 FTE are eligible for year round health benefits and are required, as a condition of employment, to participate in the KPBSD health plan. Any employee who as of November 7, 2016, has been working between twenty (20) and thirty (30) hours per week or between .50 and .75 FTE, and has previously been receiving health benefits, shall be grand parented as eligible for health benefits for the remaining length of time they are employed by the District. All such affected employees shall have a one time option to opt out of health benefit coverage before their start of employment for the 2017-2018 school year.~~

*Guidelines involving "qualifying event" and "pre-existing conditions" will be followed in accordance to the health plan document, which is available at: <https://www.kpbsd.k12.ak.us/employees.aspx?id=5232>. <https://employees.kpbsd.org/health-care-plan>.

The District shall maintain a "reward" system to protect the plan from inaccurate charges by Service Providers. The District and employee shall evenly divide any monetary benefits resulting from the correction of such charges. Errors made by the plan administrator are ineligible for this

reward.

~~A flexible benefit account program, under the provision of Section 125 of the Internal Revenue Service Code, will continue.~~

~~Dental and vision benefits shall be provided separately from medical and prescription benefits. Employees shall have the option to elect not to receive dental and vision coverage. The cost of the dental and vision benefits shall be included in the calculation of the employer and employee contribution amounts. The employer and employee contributions will be the same for an employee who receives dental and vision coverage as it is for an employee who elects not to receive dental and vision coverage.~~

4. Implementation Timeline

Due to the logistics of implementing these changes retroactively for FY26, the following will apply:

- **Premium Changes: Upon ratification, the HCPC sub-committee will meet to determine new premium amounts for the remainder of calendar year 2026, based on broker recommendation, which will apply immediately to new employees and any employees qualifying for a special enrollment period, effective immediately. For existing employees, a special open enrollment period will be available in May 2026, for coverage to start on July 1, 2026. Existing employees that were participants in the healthcare plan during FY26 will also receive a one-time payment in June 2026, representing a credit for the average difference between the previous (15%) and new (7.5%) premium rates, based on the following amounts, depending on tier and coverage during FY26. No later than May 31, 2026, employees will notify HR of their preference that this credit either:**
 - a. **be deposited to their HRA or HSA for future qualified expenses (pre-tax).**
 - b. **be paid out with their June paycheck (subject to taxes).**

Tier	\$/month (9-month basis)	FY26 premium payments	Total payment amount
Employee Only	\$147	9	\$1,320
Employee + Spouse	\$323	9	\$2,904
Employee + Dependents	\$279	9	\$2,508
Employee + Family	\$469	9	\$4,225

- **HRA/HSA Contributions: For existing employees, annual contribution amounts will change starting with FY27. For FY26, a one-time “catch up” contribution of either**

five hundred (\$500) or seven hundred (\$700) dollars, as appropriate for current participants, will be made in June 2026 for existing employees. New employees hired after ratification of this agreement will receive a contribution based on the new agreement, pro-rated per current practice.

- **Opt-Out Incentives shall begin immediately. For any employee who opted out for any month(s) of FY26, a one-time payment shall be made in June 2026, equivalent to one hundred eighty-five dollars (\$185) per month for each month coverage was waived.**
- **Spousal/Dependent Pooling shall be available during the May 2026 special open enrollment period, to start on July 1, 2026. Combined HRA/HSA contributions will start at that time.**

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Association Healthcare Proposal #3

Financial Components	Cost	Notes
Add Domestic Partner Coverage	\$ 204,240	costed by District 10/21/25, 10-person estimate, by brokers
HCPC Secretarial Support	\$ 600	costed by District 10/21/25, stated that it could not be part of existing role/wages
Opt Out Payment -\$185/month x 12 months	\$ 310,800	calculated using 140 opt-outs, # used for FY26 budget per District
85%/15% split to 92.5%/7.5% split	\$ 2,840,148	calculated proportionally to 95/5 proposal \$ Costed by District 10/21/25, by brokers
OOP max to include deductible	\$ 644,100	costed by District 10/21/25, by brokers
Increase HRA/HSA contribution to individual deductible	\$ 469,200	calculated based on #s of HRA/HSA participants in Broker quotes
total	\$ 4,469,088	
unused HRA balances	\$ (71,002)	FY25 amount - from District 10/21/25
Removal of two high-cost dependents	\$ (2,700,000)	2 lasered stop loss costs, report thru 7/31/25
Allow Double-covered opt outs	\$ (1,935,000)	Costed by District 10/21/25 * 9 months
Add Non-PPO Physician Penalty flat 60% (not subject to OOP max) - in January HCPC mtg	\$ (489,091)	Costed by District 10/21/25
total	\$ (5,195,093)	
difference	\$ (726,005)	

Assn's Third Healthcare proposal		
Financial Components	Cost	Notes
Add Domestic Partner Coverage	\$ 204,240	costed by District 10/21/25, 10-person estimate, by brokers
HCPC Secretarial Support	\$ 600	costed by District 10/21/25, stated that it could not be part of existing role/wages
Opt Out Payment -\$185/month x 12 months	\$ 310,800	calculated using 140 opt-outs, # used for FY26 budget per District
85%/15% split to 92.5%/7.5% split	\$ 2,840,148	calculated proportionally to 95/5 proposal \$ Costed by District 10/21/25, by brokers
OOP max to include deductible	\$ 644,100	costed by District 10/21/25, by brokers
Increase HRA/HSA contribution to individual deductible	\$ 469,200	calculated based on #s of HRA/HSA participants in Broker quotes
total	\$ 4,469,088	
unused HRA balances	\$ (71,002)	FY25 amount - from District 10/21/25
Removal of two high-cost dependents	\$ (2,700,000)	2 lasered stop loss costs, report thru 7/31/25
Spousal/Dependent Pooling	\$ (1,935,000)	Costed by District 10/21/25 * 9 months
Add Non-PPO Physician Penalty flat 60% (not subject to OOP max) - in January HCPC mtg	\$ (489,091)	Costed by District 10/21/25
total	\$ (5,195,093)	
difference	\$ (726,005)	

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HEALTH CARE COST OUT

DISTRICT OFFER ON 10/21/2025 (INITIAL)	
Proposed Benefit Changes	Cost
Increase HRA/HSA Contribution	
Employee Only Increase from \$1,000 to \$4,400	
Employee + Spouse Increase from \$1000 to \$6300	
Employee + Children Increase from \$1000 to \$6300	
Employee + Family Increase from \$1000 to \$6300	\$3,860,400
Transcarent Medical Leave	\$7,126
Premium Reduction - 8.16% Projected	See Below
Proposed Cost Saving Measures	Cost
Increase Deductible for both plans: \$3300/\$6600 DED - \$2000/\$4000 OOP	(\$2,671,892)
Add Non-PPO Physician Penalty flat 60% (not subject to OOP max)	(\$489,091)
Decrease Dental Basic Care Benefit from 100% to 80%	(\$275,000)
Allow "Double Covered" opt outs - all family members may enroll on one family policy	(\$215,000)
Remove HRA 4th QTR Deductible Rollover	(\$154,600)
Limit Rx Retail Fill limit to 31 days (Mail order to remain at 100 days supply)	(\$50,000)
Limit Massage Therapy to 12 Visits per CY (with add'l visits approved with medical necessity review)	TBD
TOTAL DISTRICT OFFER	\$11,943

Projected Premiums						
Rates set by sub-committee 8/29/25		Projected Rates for District Proposal		Savings		
Monthly Premium - 9 Months		Monthly Premium - 9 Months		Month	Year	Percent
Tier 1	\$293.38	Tier 1	\$269.44	\$23.94	\$215.46	8.16%
Tier 2	\$645.44	Tier 2	\$592.77	\$52.67	\$474.03	8.16%
Tier 3	\$557.42	Tier 3	\$511.93	\$45.49	\$409.41	8.16%
Tier 4	\$938.82	Tier 4	\$862.20	\$76.62	\$689.58	8.16%