

**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)~~ **two (2)** 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%)~~ **a seventy percent (70%)** 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~~. 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, **Broker and consultant selection, Third (3rd) Party Administration, Stop-Loss insurance,** 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 KPSD health plan. Any employee who as of November 7, 2016, hasd 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 **remain** 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 **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 other acceptable coverage shall receive six hundred fifty dollars (\$650)/month for the nine (9) months premiums would otherwise be withheld, and the remainder of the employer contribution shall be locally pooled. 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 5% from one year to the next, the parties (KPSD, 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

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 calculated plan costs. The District will make contributions to the health care program for each participant employee on a 12-month basis.

Local Pooling: In one calendar year, amounts equivalent to the District contributions (premium share and HSA/HRA contributions) for employees not participating in the health plan program (less their opt-out payments), any rebates received by the District from healthcare providers, institutions, or pharmaceutical companies, and any unused HRA balances from employees separating from the District shall be locally pooled and used to reduce premiums for the following calendar year.

Spousal/Dependent Pooling: Employees from the same immediate family that are eligible for coverage under the same plan (spouses, domestic partners, dependents aged 18-26, etc.) may be covered under the same plan, and shall have the District contributions pooled to reduce the employee premiums. Each employee shall still receive an individual HSA/HRA contribution.

Eighty five percent (85%) Ninety-five percent (95%) of the health care costs are paid by the District. Fifteen percent (15%) Five percent (5%) of the health care costs are paid by the employees.

High Deductible Health Plan
(85/15)-(95/5)

Deductible	\$1,500 / Individual \$3,000 / Family
Out of Pocket <u>Maximum</u> (<u>Not including</u> deductible <u>shall apply</u>)	\$2,000 / Individual \$4,000 / Family
HRA or HSA Contribution	\$800/ Year <u>Annual contributions shall be equal to the annual deductible</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.

Annually, the District shall contribute make a contribution equal to the plan deductible for the employee's selected tier one thousand dollars (\$1000) to each employee's HRA or HSA.

Joint Proposal: KPEA, KPESA, and KPAA

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 calculations and projections from the District's brokers, accounting for the locally pooled District contributions from the current calendar year. 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 grandfathered 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>.

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. Fully-Insured Provider Health Plan

Should the HCPC elect to accept a proposal from an insurance provider, premium rates shall be set by the provider and accepted by the HCPC. Ninety-five percent (95%) of the health care premiums shall be paid by the District. Five percent (5%) of the health care premiums shall be paid by the employees.

Local Pooling: In one calendar year, amounts equivalent to the District contributions (premium share and HSA/HRA contributions) for employees not participating in the health plan program (less their opt-out payments), any rebates received by the District from healthcare providers, institutions, or pharmaceutical companies, and any unused HRA balances from employees separating from the District shall be locally pooled and used to reduce premiums for the following calendar year.

Spousal/Dependent Pooling: Employees from the same immediate family that are eligible for coverage under the same plan (spouses, domestic partners, dependents aged up to 26, etc.) may be covered under the same plan and shall have the District contributions pooled to reduce the employee premiums.

Should the HCPC elect to accept a proposal from an insurance provider that includes a high-deductible health plan, eligible employees shall have the option of either a Health Reimbursement Arrangement (HRA) or a Health Savings Account (HSA), with an annual District contribution equal to the annual deductible of the plan design. In the case of spousal/dependent pooling, each eligible employee shall receive an individual HSA/HRA contribution.

Should the HCPC select a plan that would discontinue the current HRA or HSA options, the HCPC shall define a grace period of at least six (6) months to allow for employee use of any existing HRA balance(s).

Should there be terms related to the implementation of such a plan from an insurance provider or the discontinuation of the current self-insured plan that are not addressed in this agreement, the parties (KPBSD, KPEA, KPESA, and KPAA) shall meet to negotiate them in consultation with the HCPC.