

May 3, 2012

Everett School District Employees:

One of the hottest topics in the 2012 legislative session was K-12 Health Care Benefits. The legislature had much debate and discussion right down to the end of the special session. Many of you have had questions as to its implications and asked questions such as “What does this mean for me?” Since [the](#) Everett [School](#) Employees Benefit Trust is structured differently than all but a few school districts, many of the issues and concerns regarding K-12 benefits and rate structures did not apply to us but were issues throughout the state for employees [in other](#) ~~and~~ districts.

The following is a summary of four key goals of the legislation, and a description of anticipated impacts on the Benefit Trust and our employees.

Key Legislative Goals

1. Improve transparency of health benefit plan claims and financial data.

We believe school districts will have access to the financial data (claims history and expenses) of health insurance providers. This will happen through reporting by schools districts and their providers. The Legislature and Health Care Authority were unable to collect data from all the school districts, and thus were not able to base their policy decisions on a complete picture to determine whether or not consolidating K-12 health care would be more cost effective. This information will be of value to the Trust in examining current providers, [negotiating new rates and coverage levels](#).

2. Create greater affordability for full family coverage.

Since its inception the Benefit Trust has placed a strong value in providing coverage to support families as well as employees. In a number of districts, [employees bear the full cost of](#) coverage for family members ~~is paid at a full premium value~~. The Trust is in compliance with this provision except [possibly for a ??small adjustment that will need to be made to the Group Health plan rate structure](#).

3. Promote healthcare innovations and cost savings, and significantly reduce administrative costs

The Benefit Trust’s Wellness Plan is considered to be a model. (It was nationally recognized in March ~~withas one of three school districts to receive the School Employee Wellness Program~~ — award.) The Health Care Authority and Legislature are well aware of the Trust’s innovative approach.

4. Provide greater parity in state allocations for state employee and K-12 health benefits.

We are unclear as to what this means and are waiting for clarification.

Commented [sw1]: Probably OK to say this in the context of this letter, although access to the data won’t really give us much in the way of negotiating power with the WEA; it will allow us to assess on an ongoing basis that the WEA is the most cost effective approach for ESEBT

Commented [sw2]: OK to describe as small; best approach here actually may be to adjust the premium tier weighting on the GHC plan to align with the tier weighting on the WEA plans

Commented [sw3]: Maybe close this section with a stronger statement that the legislation will not reduce the cost of family coverage on the Trust plans just to make sure it’s clear that you are already doing the right thing as it relates to this goal?

As with any new legislation, there are many regulations still being written and details developed. Keep in mind that this legislation is designed to gather more information for the legislature to make a more informed decision regarding the cost effectiveness of the current health care delivery model. In the meantime, there are some changes, but for the most part it appears that they will have little impact on the Benefit Trust and eligible employees. The legislative action requires a significant amount of data collection by school districts and benefit providers. In 2015, reports will be submitted to the Governor, Legislature and joint committees which must include a review of multiple years of data to determine if it would be more cost effective to have the state provide medical benefits and recommendations for legislative action. Also it is important to remember, while the state examines K-12 health care, we will also experience changes due to the enactment of the federal health care law.

As the implementation of this legislation moves forward, the Trust will continue to keep you apprised of issues that may impact our employees and the Trust.

Sincerely,

The Trustees of the Everett Public Schools Employees Benefit Trust