

Everett School Employees Benefit Trust
Monday, September 12, 2011
5:00-6:12 p.m.
Minutes

Attendance

David Jones
Molly Ringo
Melanie Curtice
John Williams
Linda Blankenship

Recorder

Kellee Newcomb

Discussion Regarding the Health Care Authorities' (HCA) K-12 Public School Employee Health Benefits Report Project

The Everett School Employee Benefit Trust made a request for a meeting to find out more about the HCA's K-12 Public School Employee Health Benefits Report. John Williams, Director of the Division of Public Employees Benefits with the Washington Health Care Authority, attended the meeting along with Linda Blankenship, Administrative Assistant, to provide information on the purpose of the project, how it originated, what the report would include, the timeline and who would be involved with the project. Based on information provided by the State Auditor's Office Performance Review of K-12 Employee Health Benefits which included the HayGroup report completed in January 2011, the Legislature's intent is to explore opportunities to improve the administration, transparency and equity of a health benefits program delivered to approximately 100,000 K-12 public school employees and their dependents. The report will deliver a number of proposed options for achieving these goals.

David Jones provided history and background information on the Everett School Employee Benefit Trust (ESEBT). He also provided a copy of a letter that the Trustees sent to Legislators in April on behalf of Everett Public School employees. They discussed the uniqueness of the ESEBT being one of only two benefit trusts in the State of Washington, how the Trust is run and the benefit options the Trust has been able to offer employees including life insurance, long-term care and disability, medical and dental plans, short-term disability, tobacco cessation, weight management and Carena Urgent Care. David stated the Trust feels that the employees of Everett Public Schools see the Trust as an immense advantage in providing health benefits while using the same money provided by the state. He stated that the Trust is also unique in that it manages the benefits of all benefit-eligible employees in the District and provides a Wellness program which is developing employee's sense of shared responsibility for managing health care costs. The Trust feels that there is not another model out there that can provide employees with the same benefit options as the Trust can, and if the state chooses to go to a consolidated benefit plan it would mean a loss of benefits for the employees of Everett Public Schools.

John commented that the information provided was very helpful. He stated that one of the big issues for the state is the inequity of benefits that is being offered. There are 295 districts across the state that are doing their own thing with regard to health benefits, and the inequities were documented in the HayGroup Report catching the attention of the Legislature. The challenge

for his committee will be trying to understand the current systems across the state and providing a description of them for the report.

John stated that he will be contacting the ESEBT and all other public school districts next week with a public information request to provide data that they will include in their report. He will also be contacting the insurance carriers for summary data (not claims data) to include in the report. Data provided by school districts will be analyzed by Milliman.

The report will include options for a consolidated benefits program at the aggregate level, including mandatory and voluntary approaches. It will include projected pros and cons for employees, school districts, and the state resulting from the transition from the current system to the proposed consolidated state-sponsored program, as well as the pros and cons regarding the potential integration with the state's PEBB program. The report will also include a program implementation strategy indentifying the process, timeline and budget the HCA will need to undertake start-up activities to successfully implement necessary management, operations, information systems, etc. for program start-up as early as the 2013-14 school year. John stated that he did not see how PEBB could be a replacement for existing coverage provided by school districts, since by law PEBB can not cover employees who work less than a .5 FTE. John felt that the state would be required to create a program similar to PEBB that would function alongside PEBB and only serve K-12 state employees.

John also stated that the legislature has come to realize that there are not large cost savings to be found by centralizing health care coverage for K-12 employees. At present their interest is in responding to complaints from classified K-12 groups that their health care costs are higher than those of K-12 certificated employees, due to differences in bargaining agreements. He said that in some locations there can be as many as six different district contribution levels, depending on job classification. The legislature is interested in establishing equity in coverage. In addition, the legislature is hearing concerns about the large cost differential in many school districts between the cost of single coverage and coverage for spouses and families. David stated that traditionally the Trust has maintained a philosophy of sharing coverage costs among these three coverage options, rather than only subsidize individual coverage, and that in Everett Public Schools the Trust provides the same cost of coverage to certificated and classified employee groups.

Melanie asked if the ESEBT might be considered for grandfathering if the state chose to go with a consolidated benefits program. John indicated they are looking at Oregon's model and that there may be an option for opt out. He stated they are interested in identifying school district benefit programs that are working well and protecting them if they are truly better than a state consolidated program would be.

John provided the timeline for the HCA's report that will be presented to the Legislature on December 15, 2011. David, Molly and Melanie offered the Trust's help and expertise in any way that would be beneficial to the process. Molly shared the information learned from the recent age trend data report provided by Mercer. The data may be an unexpected cost resulting from the loss of early retirement options and should be something to factor in and note regarding

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how long employees are continuing to work into retirement age, and the direct impact that trend has on health care costs in our state.

David thanked John and Linda for their willingness to come to Everett to hear about the Everett School Employee Benefit Trust. He stated the Trust is willing to help in any way it can. He also thanked John for adding Sean White to the Advisory Committee.

Sincerely,

David Jones
Chairperson

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