

F.A.I.R.
(FAIR AND AFFORDABLE INSURANCE
REFORM)

PSE/SEIU 1948

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HOW WILL IT AFFECT

- Employees
- Negotiations
- School Districts

WHY IS IT NECESSARY?

- Employee premium share per month
 - 0 – many employees
 - \$800 - \$1,550 many employees
- State Funding
 - 2010-11 School Year - \$768
 - 2011-12 School Year - \$768
 - 2012-13 School Year - \$768
 - 2013-14 School Year & 2014-15 - ???

WHY IS IT NECESSARY?

- Premium Inflation
 - 6-10% per year
- Employees who are “price sensitive” (classified employees) moving down to higher deductible, copay plans
- However many of these same “price sensitive” employees don’t insure or are considering not insuring themselves, their spouses, or children

STATE EMPLOYEE INSURANCE PLAN

- Medical, dental, vision, group life and group long-term-disability premium share

Plan	Subscriber Only	Subscriber & Spouse*	Subscriber & Children	Full Family
Group Health CDHP	\$26.00	\$62.00	\$46.00	\$82.00
Group Health Classic	\$101.00	\$212.00	\$177.00	\$288.00
Group Health Value	\$52.00	\$114.00	\$91.00	\$153.00
Kaiser Permanente CDHP	\$24.00	\$58.00	\$42.00	\$76.00
Kaiser Permanente Classic	\$89.00	\$188.00	\$156.00	\$255.00
Uniform Medical Plan (UMP Classic)	\$82.00	\$174.00	\$144.00	\$236.00
Uniform Medical Plan CDHP	\$27.00	\$64.00	\$47.00	\$84.00

CONSOLIDATION

- All K 12 employees in the same insurance pool
 - Oregon Education Association (OEA) led the effort to do this in 2008
 - Saved \$125 million from 2008-2011
 - In 2011, resulted in 6% reduction in insurance premiums
 - Negotiated lower premiums through competitive procurement for single large consolidated risk pool
 - Cut brokers out of business
 - Used savings to improve insurance benefits, avoid education cuts

WASHINGTON STATE CONSOLIDATION

- Effective January 1, 2014, SEBB (School employee benefit board)
 - Negotiates with insurance carriers for medical, dental, and vision plans. Group life and long term disability will come later.
 - Sets employee premium costs – Health Care Authority (HCA) report recommends:
 - Employee coverage - 85% of premium paid by employer, 15% paid by employee
 - Employee/spouse, employee/child, employee/family – 65% paid by employer, 35% paid by employee

IMPACT ON EMPLOYEE

- Plan year change to January through December
- Enroll electronically (where possible)
- Fewer, but more uniform benefit plans available without loss of current provider networks
- Employees can waive insurance if they have insurance from another source
 - If no other insurance, must sign up
- Current insurance carriers and their insurance plans will in all likelihood continue if they provide affordable premiums in a competitive environment

IMPACT ON EMPLOYEE

- Employee premium payment will be known when sign up (no more waiting for the pool to be calculated)
- Based upon current modeling employee medical, dental, vision premium share would be:
 - Employee only average cost of \$127
 - Employee and spouse average \$292
 - Employee and children average \$191
 - Employee and family average \$330
- Employee premium payment for richer plans

IMPACT ON NEGOTIATIONS

- No longer negotiate which carriers offer plans to our members
 - With few exceptions, we haven't done this for years
- No longer negotiate how much employee receives per full time equivalent (FTE) - \$768
 - With few exceptions, we follow state funding
 - However pro-ration continues for less than FTE
- No longer negotiate bargaining unit insurance pools

IMPACT ON NEGOTIATIONS - PART 2

- Negotiate which plans are available
 - For instance, if there are 7 medical insurance plans, we could choose any number of them for a bargaining unit
- Negotiate retiree carveout
- Negotiate secondary plans
 - Group life and group long term disability – until Board approves state wide plans – then a choice of those approved plans
- Negotiate how many hours employee must work to be eligible for insurance
 - Has an impact on employer contribution

IMPACT ON NEGOTIATIONS – PART 3

- Salary (short term disability)
- Cancer (employee paid)
- Section 125 plans
- VEBA (voluntary employees' beneficiary association) or other HRA (health reimbursement account) contributions
 - However, employer contributions will be allowed only if they are not used for premium share, copays, deductibles

EXAMPLE #1 – EMPLOYEE ONLY COVERAGE – ALL DOLLAR AMOUNTS ARE EXPLANATORY, NOT ACTUAL

- Average from slide 9 was \$127
- Plan A higher copay/deduction
 - Employee pays \$50, employer pays \$720
- Plan B benchmark plan
 - Employee pays \$100, employer pays \$720
- Plan C lower copay/deduction
 - Employee pays \$150, employer pays \$720

EXAMPLE #2 – EMPLOYEE AND SPOUSE COVERAGE – ALL DOLLAR AMOUNTS ARE EXPLANATORY, NOT ACTUAL

- Average from slide 9 - \$292
- Plan A higher copay/deduction
 - Employee pays \$250, employer pays \$600
- Plan B benchmark plan
 - Employee pays \$300, employer pays \$600
- Plan C lower copay/deduction
 - Employee pays \$350, employer pays \$600

EXAMPLE #3 – EMPLOYEE AND CHILD COVERAGE – ALL DOLLAR AMOUNTS ARE EXPLANATORY, NOT ACTUAL

- Average from slide 9 was \$191
- Plan A higher copay/deduction
 - Employee pays \$150, employer pays \$400
- Plan B benchmark plan
 - Employee pays \$200, employer pays \$400
- Plan C lower copay/deduction
 - Employee pays \$250, employer pays \$400

EXAMPLE #4 – EMPLOYEE AND FAMILY COVERAGE – ALL DOLLAR AMOUNTS ARE EXPLANATORY, NOT ACTUAL

- Average from slide 9 was \$330
- Plan A higher copay/deduction
 - Employee pays \$300, employer pays \$700
- Plan B benchmark plan -
 - Employee pays \$350, employer pays \$700
- Plan C lower copay/deduction
 - Employee pays \$400, employer pays \$700

EXAMPLE #5 – EMPLOYEE AND FAMILY COVERAGE – ALL DOLLAR AMOUNTS ARE EXPLANATORY, NOT ACTUAL

- Showing the effect of proration:
- Assuming you were a 4 hour employee...
- Plan A higher copay/deduction
 - Employee pays ~~\$300~~ 650, employer pays ~~\$700~~ 350
- Plan B benchmark plan
 - Employee pays ~~\$350~~ 700, employer pays ~~\$700~~ 350
- Plan C lower copay/deduction
 - Employee pays ~~\$400~~ 750, employer pays ~~\$700~~ 350

POLICY TOWARDS FAMILIES MUST CHANGE

- Without action this legislative session, more of our members and their families will lose their insurance coverage for
 - Themselves
 - Their spouse
 - Their children
- How many years must this go on before action is taken?