***Collective Bargaining Class: NOTES***

**Sunday February 28, 2010: notes for Dr. Joan Hughes**

**Insurance**: administrators know that a poor insurance or inferior health insurance will cost more money and ANGST. The superintendent should want a good health plan because it is usually administrators’ plan.

**The fiscal year begins July 1:** significant because to get a bid you need a census or what we need, and renewals for July 1 come in March. It does not come in October when we start negotiating. Also, these bids are negotiable. Insurance companies are FOR PROFIT companies.

After a renewal we get a claims exp. Admin. Medical inflation, margin means -profit 1.75% to 3% a year.

Dr. Hughes gave us a power point: about cost renewal. Article IV insurance program.

Master contract: board of education and insurance carrier has the actual contracts. It is carried out and renewed annually. The goal is to LOCK the benefits in the contract.

Section I. A. available at a level that is equal to level of covered services avail. Under the medical plan that was begun on July 1.

b. **Drug Coverage: here it is separate** because sometimes the insurance companies blame the drugs for the drastic increases so you can separate the two to save administrative fees. And find how much is the two incidents.

C. changes will not take place until July 1.

**Two types of coverage.**

1. **Fully insured plan**: insurance company holds the risk and guarantee premiums at a fixed or set rate for 1 year.

(The company takes a look at the last year and decide how much to charge for the next year. Actuaries actually figure this out. Because if you have an inexpensive district then we do not get a rebate. The insurance company gets to keep the money even though we had a good year. So we should look at this monies to negotiate with the insurance company to say to them hey you didn’t lose money so do not AT LEAST increase our premiums if we had a good year.

On fully insured plans: state mandates minimums apply:

We can also bring complaints to state commissioner:

**II. Self Insured plan:**

It may look to same as the other with a card etc. but different in that we have an insurance carrier providing **ASO administrative services only**). So we would only rent their network, and we would have to pay the **ACTUAL CLAIMS.**

So if we are relatively healthy then this is good because we are not obliged to pay the insurance companies premiums, we would only have to pay the actual medical costs. BUT the catastrophe would bankrupt the school so to offset the problems with **STOP LOSS INSURANCE** with individual coverage at a set rate on individual incidents.

Another process it called an **AGGREGATE STOP LOSS**: at 120% at Cost.

So after 120 of the actual costs my additional coverage’s would “KICK IN”

The self insured plan was good until 9/11/01: the rates went up 35% so it stopped being a good plan.

So self insurance means we have to negotiate the state mandates apply: to insure that the plan is comprehensive plan.

**A third plan: is RUN OUT Claims following the end of the plan.**

So: from July 1 2009-to July 30 2010.

So now we have July 1, 2009 to July 1 2010:

Now June 30th **self insurance plans** will still be kicking in form the old plan that is why it is difficult to change your type of plan. So how do you account for this change? I have to allow for a budget line item monies for this transaction.

If I go to self insured from the fully insured plan then I will need a surplus to protect me from a catastrophe in the near future until I can put into effect the provisions for protection.

(Should I give a survey to determine whether I should change to a self-insured program:

I could request Benefit plan renewal information: claims experience information: with includes month by month claims experience matching experience used to develop the other renewals. Most current twelve months claims experience, plan design changes during 09-10 renewal period.

Claims go up 1.5% per year for a good PPO plan which is better than a 0% increase in a bad insurance plan).

Dental PLAN

LONG TERM DISABILITY

LIFE INSURANCE

RA PLAN: ALLOWS INDIVIDUALS TO TAKE OUT IN PRE-TAX RETIREMENT, PREMIUM ONLY FOR INSURANCE AND TWO OTHER SECTIONS FOR SPECIFIC PURPOSES OF PRE-SPENDINGS FOR REINBURSABLE, ANOTHER FOR ADULT CARE SPENDING FOR THOSE THAT CANNOT TAKE CARE OF THEMSELVES AND BABYSITTING. THE NEGATIVE IS WHAT YOU DO NOT SPEND YOU D NOT GET BACK.

GO TO APPENDIX E. PAGE 44: PPO OPTION: TWO DIFFERENT TYPES OF PLANS.

1. PPO PLAN OPTION: PREFERRED PROVIDER ORGANIZATION
2. IN NETWORK : INCENTIVES SUCH AS CO-PAYS
3. OUT OF NETWORK: DEDUCTABLES AND COINSURANCE
4. HAS: HEALTH SAVINGS ACCOUNT

HIGH DEDUCTIBLE CONSUMER DRIVEN PLAN (BRAIN CHILD OF BUSH ADMINISTRATION BEFORE THEY WENT OUT OF BUSINESS). SO IT IS CALENDAR YEAR JULY 1: 1500-3000 I AM RESPONSIBLE FOR 3000 AND THEN THE INSURANCE COVERS IT 100% THEREAFTER. I LIKE THIS PLAN IF I AM YOUNG AND HEALTHY.

BOARDS PAY 50, 60, 70% DEDUCTABLES IN SAVINGS ACCOUNT WHICH IS CARRIED OVER.

THE DARRIEN SCHOOL DISTRICT HAD AN OPTION OF ONE OF THESE TWO PLANS.

COMPARING SALARIES TO INSURANCE:

SALARIES 31,934,364 FOR 448.87 WHICH IS 1% IS 319, 344

FOR INSURANCE 4,858,477 FOR 400 TEACHERS 1% 48, 584

TO CALCULATE:

1% INSURANCE IS NOT EQUAL TO 1% SALARY

INSTEAD OF 319% YOU GET 48, IS NOT A GOOD DEAL.

TO SAVE MONEY YOU COULD CHANGE INSURANCE OR SALARY

BOARD WILL SAY INCREASE COPAY HOSPITAL ADMISSIONS OF 100.

COST SHIFTS NOT A SAVINGS.

WAIVER AMOUNT IS NOT SIGNIFICANT: BUT WE ARE NOT GETTING IT FROM THE BOARD.

1% TO THE SALARY IS CRITICAL; BECAUSE CHANGES IN SCHOOL DAYS INCUDE A BIG CHANGE. BE CAREFUL. REMEMBER THAT THE SALARY DRIVES EVERY ARTICLE IN THE CONTRACT. \

SALARY IS 187, 934, and 364 FOR 448 FEACHERS.

THE THIRD YEAR SALARY OF THE CONTRACT IS THE BASE FOR MY NEXT CONTRACT NEGOTIATION. A FIGURE THAT MATCHES THIS UP.

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6 roles in the negotiation procedures

1. Spokesperson
2. Fiscal foreman calculations
3. Process foreman or issues foreman what has been agreed to and watching the process as to whether we are going according to plan and to document what happened.
4. Language foreman: understand the language and change it to your benefit
5. Working condition foreman: impacting the work day: curriculum development day, sick leave, and it cost money.
6. Insurance foreman: this is in play need to understand what was said earlier.

We might have other types such as coaches: elementary secondary, buses, lunches, elementary prep. Time, now we must concentrate on six.

Administrator Team: Sam, Matthew, Agripina, Anthony

Teachers: Rory, Rosalee, Omero, Audrey,