

MINUTES OF THE HEALTH BENEFITS COMMITTEE MEETING

HELENA SCHOOL DISTRICT NO. 1, LEWIS AND CLARK COUNTY

May 30, 2024

3:45 PM

The regular meeting of the Health Benefits Committee meeting was called to order in the Superintendent's Conference Room and online via TEAMS at 4:03 PM.

ATTENDANCE - *Present* unless otherwise noted.

John Burke – Chair

Keri Mizell – Vice Chair

Bridget Butler

Marti Kuntz

Julie McGuire

Janelle Mickelson

Shannon McNamee

Elizabeth Grev

Kay Satre

Rich Franco

Emily Rodway

Mark McGuire

Beth Heiser

Ross Gustafson

INTRODUCTIONS – (Rich) Welcome to the Health Benefits Committee Meeting 5/30/24. This is the time for comment on public matters that are not on the agenda. Public matters do not include any pending legal matters, private personnel issues or private student issues. Please do not attempt to address such issues at this time or you will be ruled out of order. The Committee cannot enter into a discussion during General Public comment.

Alright, I don't see any public in the meeting so we will go ahead and begin going through our Agenda.

GUESTS – Robb Latrielle – Allegiance

ACTION ITEMS: -

Approval of Premium Rates:

1st – Shannon McNamee

2nd – John Burke

All in Favor

Approval of Adding EE + Child/EE + Children same with Family Plans:


1st – Shannon McNamee

2nd – Bridget Butler

All in Favor

SUBCOMMITTEE REPORTS

 Finance/Benefit Sub-committee: – None

 Wellness – None

 Appeals – None

 Communications – None

ITEMS FOR ACTION:

- Rich – So, the ratios, as a reminder, the National standard ratios for EE + Family is 3.1 and we are currently at 2.06, so we increased to bring it closer to where it should be which increases the cost. Then

we looked at breaking out the EE + Child(ren) and Family + Child(ren) we looked at the ratios for those. We decided to close the gaps to make it closer to the standards to bridge the gap. We have a 47.2% gap between the Premium and Standard Plan. The Standard Plan should be only around a 10% - 12% gap so we closed it to 20% which still saves the Standard Plan, or now Option 2 members money. This helps alleviate stress on the Premium plan members that have been supplementing the cost of the Standard Plan individuals so it aligns more fairly and closer to standards. If you look at the HSD Rates from Alliant, they have the recommended costs on "Status Quo" and what our Option for what we requested. Their amounts are a little higher than we are recommending because we aren't going to close the gaps all the way and go to the national standards all the way. We are trying to help members without completely going in all the way which would've costed employees a lot more. As a reminder, we are trying to balance things for each side of the plan. This year we are running ok, but we lost \$1.3 million in Premiums due to all the switching to the Standard Plan. Had we not had that, we could've not passed on a few percent to the employees because of that. Bridget - I see the biggest population of the Standard is employee only, and they don't have as big of increase as the family plans. Rich - Yep, it's due to the ratios and closing the gaps, unfortunately the bigger amount sees the bigger difference. We do have about 932 eligible for health insurance, it all depends on who's coming and going. If you look on our health plan, we have anywhere from 1870 up to 1900 on the health plan as a total. It's been a pretty sustainable health plan, unfortunately the past couple of years have been rough. However, in doing these changes they are to keep our plan financial sustainable and keep the risk for the members even. Bridget - I just want to talk about something I've been thinking about. I know we need to keep the plan solvent, but the increases on the bottom plan are immense. I've done research looking at other plan costs, talking to people and my concern is retention. There are some people that insure their whole family and after all this comes out she will only have about \$500 in her check, so why bother. That's the lowest, but there's others that will impact. I've been trying to rack my brain on how to work with these numbers without impacting the checks. Rich - I get where you are coming from. There are other options their spouses and dependents could go onto if they want to look for cheaper options with less coverage. We have only about 60 Retirees on our health plan because our costs are little high paying out of pocket for more just employee. But, for our coverage is pretty good and that's why we have Retirees paying that amount because they can't find this kind of coverage for any cheaper out in the marketplace or anywhere else. Bridget - But some people don't have a choice. Rich - Yes they do have a choice, there's the marketplace, Medicaid if they financially can't afford these amounts then I'd imagine they could get supplemental help. Bridget - I looked at marketplace and it's more expensive. Rich - right, which is why it's a good deal even with our costs to have as good of a plan as we have. There are other coverage options that are cheaper that could help. I have new hires that tell me they come on for the insurance and whatever they make is gravy since they are covering themselves and their kiddos or even just themselves. If you look at Bozeman, they are paying \$461/month for single coverage equivalent to our Option 2 coverage. I don't want to get to that spot obviously, I want our single health insurance coverage by the District so employees aren't burdened with that cost. We have awesome quirks to our plan such as the Narrow Network Program, Accident/Injury Benefit, hearing aid coverage where most plans don't have coverage. We have a lot more than just our base \$2,000 deductible, 70/30 plan. To go back to the good ol' days of Mr. Razor and all, we have always wanted to cover our "employee" and make it affordable for the family and dependents as well. Though, our primary goal is the employee. I will be paying more myself, but if you look at our benefit contribution it wouldn't make it feasible for me to find a plan that would be as good as ours for our cost or cheaper. Kay - After looking at this, the deductible goes up and the max out of pocket they are all going up considerably. I'm wondering about what is our discussion about moving from 47.2% to 20% gap closure, it seems to me that we could do less? What if we close it to 30%? Rich - Ok, 2 things... these changes are not big, these are small changes, Alliant recommended bigger changes, if we push that gap back up then we are helping them for right now but they will see a bigger impact again the following year. Emily - I agree that if we did it less then we'd see less in our fund because we'd have even more jump to the Option 2 plan. Ross - When we talk about closing the gap, that's the gap in the premiums collected. How do we gauge the gap in benefits then? I would say there is not a 47% gap in the benefits and it's unbalanced. Kay - I agree, I

just think jumping from 47% to 20% is a lot. If you look at the family plan, the cost is a lot higher next year than this year. Rich – Right, but that’s different because we changed our plan and ratios. You aren’t comparing the same thing. You’re comparing the Family + Children when our current cost is typically just with 1 child. It goes up a bunch. What I’m saying is that it seems like it’s a lot. I’m going to pay \$220 more extra vs. the Standard Plan I will pay an additional \$500/month. Rich – It hasn’t gone up as much as you think because our equity 83% plan value for Option 2 and Option 1 to 86%, there’s only a 3% gap between the 2 plans. To Ross’s point, the employees have been paying soooo much less for similar benefits. That’s very unbalanced and not sustainable and unrealistic. Let’s be real here, the only reason people were on the Premium Plan to begin with is because the benefit dollars paid for it. Now they switch to save money. There hasn’t been 1 person that hasn’t switched to the Standard Plan that didn’t like their choice. They actually got money back, which isn’t fair to those paying the higher premiums and they got very similar benefits. If we don’t close the gaps then we will lose more money next year with more people switching to the Option 2. Kay - You don’t have a concern that people won’t drop off and we will lose that premium dollars? Emily – It’s not better out there, so they won’t want to leave because it will cost more. Rich – Right, even if you lose a spouse or dependent it might be better for the employee finding better costs because they actually have to shop, where before it was always the easier choice. Kay – I’m not questioning the long-term decision, we did talk about not clobbering people with the cost and to me looking at the changes and the increases it feels like we are. Rich – Let’s say we look at 30%. That’s not going to change anything next year with the exception of us having to do a bigger gap closure again. As someone said last meeting, why partially rip the band aid off, put it back on and then rip it again next year? Emily – It’s been partially ripped off already, but it would cost my family a lot more, but maybe not because I might be switching to the Standard but that will be choice I make because of the cost. But I know what’s out there I can’t find better out there and my husband works for the State so we might have our child go on his insurance, but it makes me feel good that we have these options in our plans and those options are freedom where other plans don’t do that. Rich – Yeah, I talked with a gal today that’s using the AI benefit and it is saving her a ton of money and she’s on the Standard Plan. Ross – So where do we get the 10 to 13% recommendation gap between the 2 plans? Rich – Alliant wanted to close the gap due to the benefits. Ross – It’s because of the benefit package, they should align and the Standard Plan would still be supplemented next year. Rich – Right. John – The hard part is we’ve always done the same percentage as normal so it’s definitely different allocating the percentage increase due to the gap closure. Bridget – Why is Missoula so low, they have an excellent plan. Rich – It isn’t as good as it looks on paper. As I talked with Allegiance in Missoula, the thing is we have a lot of cool embedded things in our plan that others don’t have. Such as Baha and hearing aid coverage, the NNP through St. Peter’s, Hinge health, Livongo, things other plans don’t have. Our overall value is much better. Bridget – their highest premiums is 1200 and the District pays over 600 of that. Rich – So the 1200 deductible is higher than Option 1, and we could mirror match it to reduce cost but then we’d lose a lot of benefits to reduce it. Bridget – I feel like we’re bombarding the small group, there’s Teachers that it really impacts. Shannon – You say their plan is better but they’re paying 600 of it. Bridget – No, for the family is 500. Shannon – so apple to apples it’s cheaper. Rich – So, when people leave our District they always come to me to find insurance and cheaper coverage. Honestly, they definitely look and do the best to find what they need but they can’t find our coverage for our cost. Our coverage doesn’t exist since it’s pretty much a Platinum plan. We’ve always said spouses are more expensive than employees in the insurance world, you would like to keep employees and healthy, and thus leaving the plan lower expensed for better premiums. The 47% gap came from all the years of flat rates across the board. When we gave 5% to all plan designs, when we gave 10% to all, when the Standard Plan is a lot lower the 10% increase is cheaper than the Premium Plan, we need to definitely be more aware of that going forward. I know this is going to be a hard decision for you all with all the inflation and the District costs, but this is definitely the right move to make things more equal across the board for better balance. For example, if we had 80+ switch to the Option 2 Plan from Option 1, that won’t reduce our income by 1.3 million as it did this year. Once again, had we not lost that revenue from the switching, we would’ve been able to take on more of the cost as a plan. This also helps with the RFP process next year, the flexibility and possibility of having

better coverage at the same price or possibly cheaper. John – On the Dental is it better for the straight option having dental instead of multiple options? Rich – Well, the cost for those to just have preventative dental was close to the same as regular dental, thus leaving the cost difference not an advantage to our employees to offer that plan. John – What is the family ratio? Rich – 2.16 for employee + family before we broke it out. Bridget – what was it before? Rich – right now it's 2.06 and national average is 3.1. John – yeah we're not even close. Emily – while this is painful it's a bit of compromise when we're looking at costs and national averages. This also keeps us solvent without putting us in a bind next year. Rich – right, it definitely keeps us solvent and the employees have more options and they also can switch between plans without mandating any year commitment. This is done with 80% accuracy in the module which is more conservative than the 70% we usually use. So this is definitely going to be more accurate. And to be honest, we will eventually just have Option 2 as our main plan since that's the common Gold plan now. The Option 2 is the main plan for a lot of places. There's a teacher friend of mine that pays for an HSA plan in Missouri and pays for more than what we would pay here on Option 1. So, across the board we are still in a great spot. I think the goal is to try and alleviate stress on the plan and employees. So we are needing to find a middle-ground. Just because our Option 2 has a 2000 deductible and 6000 max out of pocket with our NNP and other options employees are still only paying about 17% value so the District Plan still carries a bigger load of it. We could look at an HDHP so there is an HSA option, but the problem is you wouldn't get the NNP or any other programs. Ross – but wouldn't that decrease income on our side since it'd be lower premiums? Rich – It would, which is why having a Gold and Silver plan option would be more ideal. John – I think we need to look at if we like the structure of do we like the breakout with child and children instead of dependents? Rich – I think that's a good place to start. Shannon – Until they become 18 we pay for the fully grown humans. Rich – Yeah, up to 26 they can be insured. John – I'm told it's fairly common to break it out child and children. Rich – Yes very common. John – Some charge per child right? Rich – yes. Bridget – does it benefit us? Ross – it makes it more equitable. If you have 1 child and Shannon has 7 or 8 then it would balance more. Rich – That's the goal. The other thing is there are people that have all their kids on our insurance because it doesn't matter since the cost is the same for 1 or 8 kids. This way, those that have other insurance wouldn't be on ours since it's not needed. With that said, do you guys want to break it out? Shannon – I move to break it out child and children. Bridget – I 2nd. Rich – All in favor? Everyone – Aye. Rich – Any opposed? No since all were in favor. Ok, now the rates. Any motions? This is with the closing the gap down to 20% and the ratios going up a little towards the national averages. Keep in mind, doing it now will reduce any big jumps next year. John – In theory. Rich – no, I believe it will reduce that chance because we are closing the ratios. This has been tough since 2019 for not just us for everyone across the state of Montana. Basically, you're voting on the rates which is 7% medical, 4% dental, 1% vision trend, closing the gap 20% on the premiums and increasing the ratios on EE + Child to 1.25, 1.35 EE + Children, EE + Family Child 2.16 and 2.26 for EE + Children. That's what you would be voting on. Which is why these costs seem all over the board. But this is all based on live data with national averages and recommendations by our Benefit Consultant Alliant. Ross – 80% confident. Rich – Yes, I feel better than that even since last year it was 70%. Ross – How much have we dipped into Unreserves? Rich – We went from 1.2 million to start the year, got it up to 2.8 million and now about 1.9 million. John – Which gives us a little bit. Emily – Higher than we started right? Rich – Yeah, but we have the tough last few months coming up which will probably eat away about \$500k. Shannon – it's still solvent. Rich – absolutely. Ross – which is why we looked at the 80% accuracy model instead of the normal 70% since we don't have a big rainy-day fund in case something happens. Which is why we need to be more accurate. Shannon – I move that we move those changes you mentioned. John – I 2nd. Rich – All in favor? Everyone – Aye. Rich – Anyone opposed? Nope since everyone was all in favor. Ok, well I thank you for all the tough work and everything you guys have done this year. I appreciate you all and all your work. I call this meeting adjourned.

Next meeting: 8/29/24

Meeting adjourned: 5:08 PM