

CPEEHCC 11th Annual Conference

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A few facts about our healthcare system

- The U.S. Health care system is:
- Fragmented
- Costly
- Inefficient
- Quality is uneven




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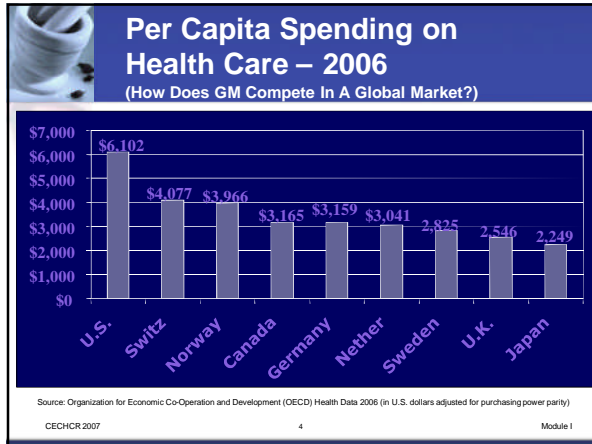


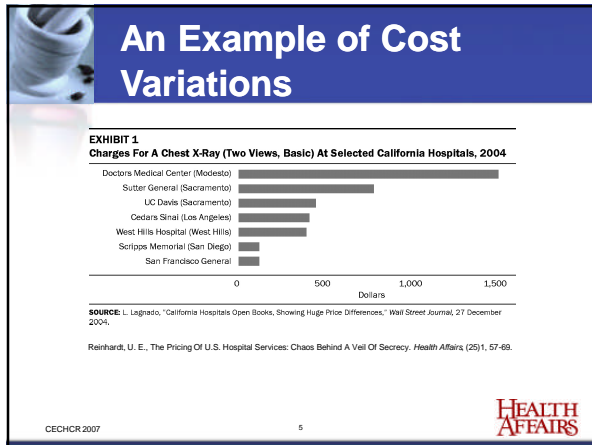
Fragmentation

- School purchasers
- Insurance companies
- Providers of medical care
- Many do not communicate well



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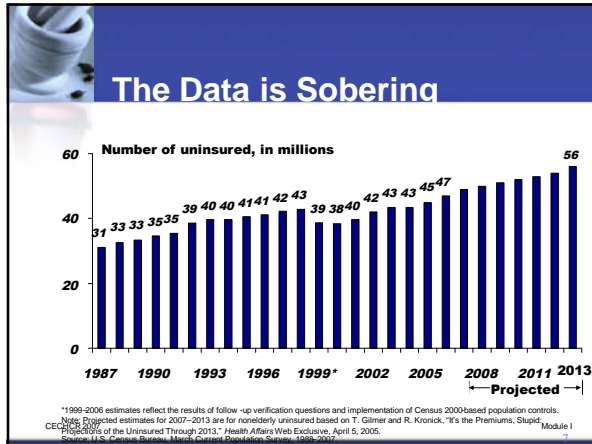


What Explains Variation?

"The amount and cost of hospital treatment in a community have more to do with the number of physicians there, their medical specialties and the procedures they prefer than with the health of the residents."

Wennberg, J. and Gittelsohn, A. *Scientific American*, 1982

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■ We are all one pink slip away from being uninsured!

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What we have to look forward to

- **International Foundation of Employee Benefits Plans 07-16-08**
- **“Shifting Costs to Dependents:** As employers struggle with making their health care budget dollars stretch further in an environment of continued high costs, some are beginning to cost-shift a portion of their **dependent subsidy** dollars to employees. This is taking many forms, whether through increased payroll contributions for dependent health care coverage or by applying surcharges to encourage dependent spouses to take coverage under their own employer’s plans.”

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What we have to look forward to

- The Wall Street Journal
- July 16, 2008
- Retiree Benefits Take Another Hit
- By Vanessa Fuhrmans and Theo Francis
-
- “General Motors Corp.’s move to **eliminate retiree health benefits** for salaried workers is a **sobering signal** to the rest of the U.S. work force: Even those who are in or near retirement shouldn’t count on keeping the company coverage they have built up”.


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We need to take our power back!

**We start with functional Health Benefit
Or
Bargaining Committees**


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Health Benefits Committees

- Advantages:
 - Interaction among district management, unions and healthcare professionals
 - Opportunity to ascertain where \$\$ are being spent
 - Get familiar with insurance plans
 - Get to know the “players”
 - Getting everyone on the same page
 - Group expertise

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Health Benefits Committees

- Pitfalls:
 - Brokers/consultants can take over leadership of a committee, and push their own agendas.
 - The parties receive only partial information
 - Can be considered a precedent for bargaining for either labor or management
 - Agreement in kind without input from the bargaining teams


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Health Benefits Committees:

Essential Elements



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Build Trust and Commonality

- Identity of interest
- Clarity of vision
- Honesty of intent
- Oneness of purpose

...Eugene Debs


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Have a Clear Plan

- What is the long and short-term agenda?
- How does it fit our vision and interests?
- Do we have a work plan?


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Maintain Transparency of Information

- All information and any recommendations go to both parties.
- Insist union and management have access to professionals.


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Keep Clear Lines of Governance

- Management/labor make their own appointments to the committees.
- Brokers/consultants do not “run” the meeting.
- If disputes arise, have a plan to resolve them.
- Management/labor should alternate chairperson’s position.
- Always attend.
- Ask questions.


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Ensure Union and Management Representation

- Union membership (selected by the units)
 - Certificated union executive board member/officer
 - Classified union executive board member/officer
 - Certificated bargaining team member
 - Classified bargaining team member


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Ensure Union and Management Representation (continued)

- District membership (selected by district)
 - Chief human resources administrator
 - Chief business officer
 - Certificated administrator bargaining team member
 - Classified administrator bargaining team member


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Clarify Roles and Responsibilities

- Union executive board members
 - Advocate for units
 - Communicate to respective boards
- Union bargaining team members
 - Understand the process and information
 - Communicate to respective bargaining teams

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Clarify Roles and Responsibilities (continued)

- District administrators
 - Advocate for the district
 - Communicate to superintendent and board
- District bargaining team members
 - Understand the process and information
 - Communicate to respective bargaining teams


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Health Benefits Committees:

Fiduciary, Ethical, and other Responsibilities




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Who is a Fiduciary?

- A fiduciary regarding health benefits is anyone who participates in decision-making regarding:
 - Health plan benefits
 - Selection of plan consultants
 - Selection of health care providers
 - Other decisions affecting the quality and costs of health care benefits


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Fiduciary Responsibilities

- Act in a prudent manner.
- Act in good faith.
- Act in the best interests of the organization and its beneficiaries.
- Refrain from engaging in any activities that conflicts with the interests of the organization and its beneficiaries.
- Make reasonable inquiry regarding relevant facts.


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Ethical Responsibilities

- The committee has a responsibility to create a fair bidding system.
- No broker/consultant who has an interest in the outcome should be involved in the selection process of the benefit program.
- Any committee member who derives a financial or professional benefit must abstain from voting.


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Other Responsibilities

- Minimize negative enrollment consequences through open enrollment procedures.
- Develop a plan that incorporates wellness programs.
- Establish clear goals and guidelines.
- Create a good communications strategy.
- Review the financial status of benefits programs for financial and fiscal stability.
- Monitor the benefits plans to assure high quality.
- Coordinate with other insurance pools, if needed.


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Other Responsibilities (continued)

- The committee has a responsibility to know:
 - Any changes in laws and regulations affecting insurance plans
 - The needs of district staff
 - Competitive conditions
 - District priorities and constraints

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Questions for Discussion

- Has your committee formally reviewed its fiduciary responsibilities?
- Were there any points presented today that you found surprising or alarming?
- Which points do you think are the most important?
- How can you ensure that you and other committee members are fulfilling your fiduciary responsibilities?


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Health Benefits Committees:

Working Effectively with Brokers and Consultants




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Overview of Brokers/Consultants

- Advisors to the health and welfare plan:
 - Funding mechanisms
 - Negotiating rates for premiums
 - How plans operate
 - Plan design issues


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Commission Arrangements

- What happens in a commissioned arrangement?
- Is the broker/consultant paid a commission, retainer, or fee for a particular job?
- If a premium goes up, does the commission go up?
- Has the district entered into an agreement already? If so, what is the current fee agreement (fixed dollar or %)?


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Questions to Consider

- What experience does your firm have with collective bargaining?
- What advice do you give on plan design (i.e., are they pushing HSAs)?
- Are any other products tied into your proposal?
- Does your firm receive any overrides from the products placed?
- What experience does your firm have monitoring performance and quality?
- What other school districts retain your firm for services?

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Key Points

- Brokers/consultants should be paid a set fee for work, within the scope of the submitted proposal.
- Working together labor and management should consider these questions and judge for themselves:
 - Are they selling a product or service?
 - Are they working for labor and management to achieve the goals and objectives of both parties?
 - What have other districts and union leaders experienced with the firm? (Check any references they provide.)

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Tools for Contracting with Brokers and Consultants

- Broker/Consultant Selection Process
- Requests for Proposals
- Consulting Agreements

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THANK YOU

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