

# **Health Care Presentation**

**Vacaville Teachers Association  
Representative Council  
January 8, 2013**

# Health Care Information

- By contract, District provides \$4.25 million to apply to VTA members' health expenses during contract year.
  - Any one-time monies discovered as a result of an extensive VTA audit of the previous year expense records are added or deducted from the above amount.
  - The \$150 per month medical in-lieu option for VTA members is not part of the \$4.25 million health cap.
  - For a variety of reasons, many members alter their medical coverage throughout the school year, thus changing the yearly impact on the cap.
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- After the VTA members' health care costs are covered, any additional cap monies are applied to help reduce the health care costs of non-VTA members ( +1 & +2 plans).
  - 27% of eligible VTA members are enrolled in +1 and +2 plans.
  - Factors impacting member contributions for health care:
    - rise in health care costs
    - number of members using medical plans
    - number of members opting for the in-lieu option.
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- Over the 14 years we have had the group health cap, the health care industry's plan costs have increased somewhere between 3.5% to 23% each year.
  - During those 14 years, 7 times member contributions have increased, 3 times they went down, and 4 times remained the same.
  - Most dramatic changes: (using K+2 member contributions)
    - Jan. 2003 to Jan. 2004 (from \$32.58 to \$395.08)
    - Jan. 2009 to Jan. 2010 (from \$750.29 to \$526.17)
    - Jan. 2010 to Jan. 2011 (from \$526.17 to \$756.19)
    - Jan. 2012 to Jan. 2013 (from \$753.77 to \$992.36)
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# What is going on in nearby Districts?

- Most Districts have an “individual member cap.”
  - District might pay for dental and/or vision and provide a flat dollar amount to cover medical.

Example: Fairfield

- District pays for same dental & vision coverage as we have.
- District provides \$650 monthly to each member for their CalPers medical plan cost.

Monthly cost of Kaiser + 2 plan: \$1,738.44

District contribution: - \$ 650.00

**Member contribution : \$1,088.44**



Example: Napa

- District pays for dental & vision.
- District provides \$436 monthly to each member for their CalPers medical plan cost.

Monthly cost of Kaiser + 2 plan: \$1,738.44

District contribution: - \$ 436.00

**Member contribution: \$1,302.44**

Travis District pays for dental & vision and provides an individual cap of \$400 monthly to apply to a non-CalPers health plan. Traditionally, Travis members' family contributions are between \$100 - \$200 more than Napa.



## **Why are the other Districts' individual caps so low?**

Their individual caps have been the same for many years. They have chosen to apply available negotiated monies to their salary schedules. Their members either are on their spouses' plans or they have shopped for their own individual health care.

## Try something else????

**What if we distributed the \$4.25 million as an individual cap?**

After paying for each members' dental & vision costs, a VTA member's contribution for a Kaiser +2 plan would be \$1,008.87.

**Why don't we find something cheaper and leave CalPers?**

- Most alternative plan costs are very similar for similar coverage. (like different gas stations... most charge about the same price)
- Many alternative plans are more restrictive in meeting members needs. (i.e. a regional plan like Western Health Advantage...)



## On the horizon????

What are the implications of Obama Care on us?

- All of the impacts are not immediately known.
- Health industry raised its rates by an additional 4% to 7% to anticipate its impact for 2013.
- The State has yet to designate an insurance exchange or establish the necessary plan(s) at this time. CalPers is apparently interested in being the State exchange/system manager and would probably have to establish a variety of new plan options.
- Keeping updated on long term ramifications is important.
  - \* Health insurance companies subject to increasing excise tax beginning 2014.
  - \* “Cadillac plan” excise tax in 2018.

The End