

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #284 (2004-2005)

May 23, 2005

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: AWARD/RENEWAL OF HEALTH INSURANCE CONTRACTS
AND CHANGE OF PROVIDER

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to enter into a contract with Aetna for group medical, dental and COBRA administration for the 2005-2006 fiscal year, and renew the contract with Vision Service Plan (VSP) for group vision care insurance.

PERTINENT FACTS:

The Health Benefit Task Force, which is comprised of representatives of all the affected employee groups, has been meeting to review the health insurance coverage for 2005-2006. They examined the renewal proposal from Premera Blue Cross, a competitive bid from Aetna, and other options. The Aetna bid was \$1.3 million less than the Premera Blue Cross renewal and the Task Force recommended the selection of Aetna as the District's Health Plan provider. The consensus of the group was to continue the District's contract with Vision Service Plan (VSP) for group vision care coverage. The vision plan through VSP increased 3.5%. The combined overall increase for the 2005-2006 plan year is 13.80%. Due to implementation time constraints, the open enrollment period for the 2005-2006 plan year must begin on May 23rd and extend through June 17th.

There will continue to be two medical plan options offered to employees for the 2005-2006 plan year. In addition to the recommendation to change carriers, the Health Benefit Task Force proposed a variety of plan design changes to reduce costs to the participants. These changes include increasing the medical and prescription drug deductibles as well as the emergency room co-pays on both the Low and Standard Options.

The deductibles for the Low Option increase from \$1000 per individual/\$3000 per family to \$1500 per individual/\$4500 per family. The deductibles for the Standard Option will change from \$200 per individual/\$600 per family to \$500 per individual/ \$1500 per family. The total monthly cost to the District for the Low and Standard Options are \$650.00 and \$1033.75 respectively. The District's monthly contribution for employee groups has been increased to \$650 for 2005-2006. At the \$650.00 employer contribution level, the Low Option plan will not require a monthly contribution from the employee and the Standard Option will cost the employee \$ 383.75 a month.

The District provides coverage for all regular full-time employees, their dependents and certain retirees. Members of the Anchorage Council of Education (ACE), Totem Association of Educational Support Personnel, Maintenance and Warehouse Employees represented by Teamsters Local 959, Anchorage Principals Association (APA), Food Service workers represented by Teamsters Local 959 and Exempt employees are covered under the plan. The groups not covered by the District plan are as follows: Teachers represented by the Anchorage Education Association, Bus Drivers and Attendants represented by Teamsters Local 959 and Custodians represented by Public Employees Local 71.

Another class of coverage is for District retirees who retired prior to July 1, 1990. Retirees who retired between July 1, 1974 and July 1, 1977 (122 people as of April 1, 2005), are covered at District expense. The monthly renewal cost to the District for the 2005-2006 premiums will be \$605.95 per person. Those employees who retired between July 1, 1977 and July 1, 1990 and elected District benefits (11 people as of April 1, 2005) are covered at their own expense. The number of retirees covered under the plan continues to decrease because this coverage option is no longer available to individuals retiring from the District.

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