

MSBO School Finance Committee

Meeting February 17, 2017

Meeting Minutes:

Called to order by president, Jason Helson 9:30 a.m.

Welcome and introductions

Legislative Update – Jennifer Smith, MASB

Highlights from Governor Snyder's proposed budget

- Foundation allowance to increase between \$50 and \$100 per pupil using 2x formula. New minimum foundation allowance would be \$7,611.
- Per-pupil added payment for High School pupils. Proposed an extra \$50 per high school pupil to recognize higher costs of educating high school students. Jennifer cautioned could be a sticking point with some legislators.
- CTE – Increase in funding for equipment upgrades in CTE programs.
- At Risk funding increase of \$150M with broaden pupil eligibility.
- ISD Early Literacy Coaches – Proposed doubling the funding for early literacy coaches due to higher than anticipated costs.
- Cyber Schools Foundation Allowance reduction – proposed 20% reduction in foundation allowance for Cyber Schools.
- Shared Time Programs – proposal would cap amount of funding available for pupils in shared-time programs at \$60 million a reduction of \$55 million from estimated 2016-17 level.

Affordable Care Act and Health Insurance Updates – Doug Derks, Arthur J. Gallagher & Co


Doug gave an interesting presentation on these subjects power point outline is attached.

Bob Dwan gave brief MSBO update


- Important upcoming dates
 - MSBO Annual Conference – May 2 -4 , Amway Grand, Grand Rapids – Early Bird registration is available through the end of February new registration system seems to be working much better.
 - MSBO developing new Business Manager Academy program, details on this new exciting program should be coming out shortly.

Meeting adjourned 11:30 a.m.


Next meeting Friday, March 17, 2017 location to be determined, MELG building will not be available, possibly at the University Club Bob will let us know.



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS



Affordable Care Act and
Health Insurance Updates



PRESENTED TO MICHIGAN SCHOOL BOARD COMMITTEE BY DOUG DERKS, FEBRUARY 17,

Agenda

- ACA, Where are we today?
- ACA, Where will we be tomorrow?
- Health Insurance in Michigan Schools today?
- Health Insurance in Michigan Schools tomorrow?
- Discussion

ACA, Where are we today?

- Plan Requirements
 - Pre-existing conditions, dependents to 26, etc...
- Individual Mandate
 - Exchanges
- Employer Mandate
 - 30 Hour/Affordability Penalties
- Taxes/Fees
- Reporting Requirements
 - 1095's, etc...

ACA, Where will we be tomorrow? Repeal? Replace?

- Plan Requirements
 - Pre-existing conditions, dependents to 26, etc...
- Individual Mandate
 - Exchanges
- Employer Mandate
 - 30 Hour/Affordability Penalties
- Taxes/Fees
- Reporting Requirements
 - 1095's, etc...

Increases reduced under ACA

Health Insurance in Michigan Schools today

- PA106: Requires Benefit Bidding at least every three years
 - Medical, Dental, Vision
- PA 152: Limits Public Entity Insurance Costs
 - Annual mandated Caps or 80/20
- PA 54: Caps Insurance Costs at Time of Contract Expiration
- Majority of MEA groups serviced by MESSA
 - Generally, a maximum of two medical plans (BCBSM)
 - Dental/Delta, Vision/VSP, Life/LTD/Cigna
- AFT and some MEA groups
 - Fully Insured or Self Funded Medical with:
 - BCBSM, Priority Health, HAP, Aetna/Cofinity, WMHIP
 - Various Ancillary Carriers

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™

Health Insurance in Michigan Schools tomorrow?

- PA106: Requires Benefit Bidding at least every three years
 - Medical, Dental, Vision
- PA 152: Limits Public Entity Insurance Costs
 - Annual mandated Caps or 80/20
- PA 54: Caps Insurance Costs at Time of Contract Expiration
- MESSA has verbally shared the possibility of a 6 month rate increase.
- Union Leaders are the drivers of change as they seek to understand.

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™

If there is a 6 Month MESSA Rate Increase:

- Is a January increase for 6 months or 12 months?
- Is the rate change optional?
- Does PA 152 increase occur both in July and January? If so, there is an added cost to the employer 6 months earlier?
- Does this change the employer's medical plan year impacting:
 - Negotiations
 - Open enrollment
 - FSA contributions
 - Section 125 plan
- How will MESSA complete Rate Development calculations for districts?
- What claims data will be used to establish rates in July/January?
- Does PA 152 increase occur both in July and January? If so, there is an added cost to the employer 6 months earlier?

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™ 7

Health Insurance in Michigan Schools tomorrow

- Process Driven by Staff Exploring:
 - Plan Structures (Replicating current and providing more options)
 - Carriers
 - Fully Insured/Self Funded
 - PPO, POS, HMO
- Plan Options:
 - Amount of Deductibles
 - HDHP's
 - Coinsurance Levels
 - Rx Card copays (2 tier, 3 tier, 5 tier)
- Who is Covered:
 - Dependents
 - Spouses (Often denied coverage if available at their place of employment or a surcharge added)

As Employee premium cost sharing increases, considering changes in Programs/Carriers/Plans will occur more regularly.

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™

What are other organizations doing with Dental?

- Matching current benefit levels with other carriers

Important Considerations: % payment of reasonable and customary

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™

What are other organizations doing with Life/LTD?

- Matching current benefit levels with other carriers

Important Considerations: Voluntary differences, Medical Premium Benefit,

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™

What are other organizations doing with Vision?

- Matching current benefit levels with other carriers

Important Considerations: Network Differences

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™

Thank You!

Gallagher Benefit Services, Inc. is pleased to partner with you today in this presentation and to work with districts all across the state to provide strategic solutions for your employees.

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™