

September 16th 2019

KPEA and KPESA tentative agreement with KPBSD

The Kenai Peninsula Education Association and the Kenai Peninsula Educational Support Association tentatively agree to the Kenai Peninsula Borough School District's September 16th Proposal with the following change:

Health Insurance:

- An increase to the HRA/HSA annual District contribution payment of fifty dollars (\$50) to eight-hundred dollars (\$800) annually.
- The HDHP-HRA and the HDHP-HSA shall use a single blended rate for both of the plans.

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September 16, 2019

KPBSD Package Proposal to KPEA and KPESA

The District accepts the KPEA/KPESA May 13, 2019 proposal for an 85/15 percent split of the existing High Deductible Health Plan with NO CAP as the sole plan design. At the request of KPEA/KPESA the District is agreeable to providing employees the choice between the current HDHP/HRA and a modified HDHP/HSA option. The District also offers additional health insurance contributions beyond those of the May 13, 2019, KPEA/KPESA proposal. This proposal includes all previous TAs that modify existing language, with proposal applicability to those employed on the date of ratification. This complete proposal is detailed below.

Duration:

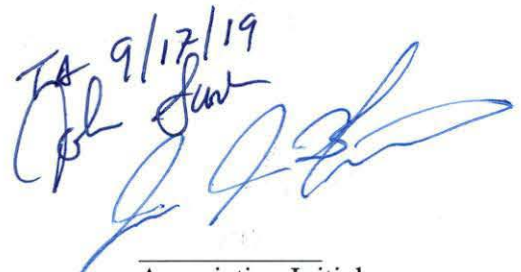
- A change to the duration so the agreement is effective from July 1, 2018, until June 30, 2021.

Pay Increases:

- Salary schedule increases in the amount of half of one percent (0.5%) in FY19 retroactive to July 1, 2018.
Salary schedule increases in the amount of one percent (1.0%) in FY20 effective July 1, 2019.
 - The parties have expressed concerns related to the FY20 one-time money outside of the funding formula. Should KPBSD receive those monies in FY20, the salary schedule increases in the amount of two percent (2.0%) in FY21.
 - Should the one-time money be eliminated or diminished in FY20, the FY21 salary schedule increase shall be reduced proportionately.



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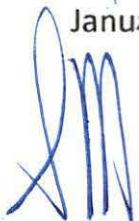


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- KPEA employees at the C+90/M-T not receiving a step increase will receive an additional 0.5% in FY19, 1.0% in FY20, and 2.0% in FY21 based on the same year's salary in the C+90/M-T.
- KPESA employees not receiving a step increase will receive an additional 0.5% in FY19, 1.0% in FY20, and 2.0% in FY21 based on the same year's salary in that column.

Health Insurance:

- Effective January 1, 2020, the KPBSD self-insured plan changes as follows:
- The District agrees to the elimination of the health care cap. (Effective July 1, 2019)
- The high deductible health plan (HRA or HSA) is the only plan offered to employees beyond the effective ratification date of this proposal.
- Eighty-five percent (85%) of the health care costs are paid by the District.
- Fifteen percent (15%) of the health care costs are paid by the employees.
- The District confirms the power and authority of the HCPC to adopt mandatory generic programs and mandatory disease management programs, among other things.
- **In addition**, for FY20, the District will replenish the Employee Health Care Reserve Account for all employees to \$750,000. This equates to a District contribution of \$668,748.17, equaling \$618.07 per employee plan member for the year. This means that employees will not have to pay the reserve repayment of \$68.67 per month (over 9 months in FY20).
- **In addition**, for July 2019 through December 2019, the District will be responsible for 85% of the traditional and HDHP health care plans and the employees will be responsible for 15% of the traditional and HDHP. These contributions will be based on the broker's recommended rates for those plans as of August 27, 2019. The rates were based on claims through June of 2019. Please see attached health care transition illustration.
- **RFP:** The District will issue a Request for Proposal (RFP) for health care insurance to private and public insurance providers for change effective January 2021. The need for future RFPs will be reviewed annually.



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KPESA Specific Proposals:

- Acceptance of the May 8, 2019, Board Counter Proposal on Article 37 Extracurricular Programs.
- Acceptance of the May 8, 2019, KPBSD proposal increasing the shift differential in Article 17, Section A to the amounts of 40 cents per hour for swing shift and 60 cents per hour for graveyard shift.

KPBSD Signature

KPEA Signature

KPESA Signature



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May 13 2019

4:30 PM

KPEA and KPESA proposal to KPBSD

The current agreement continues for FY19-21 except for all previous TAs that modify existing language. The Associations propose implementing a modification of the Advisory Arbitrator's Report as follows,

Duration:

A change to the duration so the agreement is effective from July 1, 2018 until June 30, 2021

Pay Increases:

Salary schedule increases in the amount of half of one percent (0.5%) in FY19 retroactive to July 1, 2018.

Salary schedule increases in the amount of one percent (1.0%) in FY20 effective July 1, 2019

Salary schedule increases in the amount of two percent (2.0%) in FY21 effective July 1, 2020

KPEA employees at the C+90/M-T not receiving a step increase will receive an additional 0.5% in FY19, 1.0% in FY20, and 2.0% in FY21 based on the same year's salary in the C+90/M-T

KPESA employees not receiving a step increase will receive an additional 0.5% in FY19, 1.0% in FY20, and 2.0% in FY21 based on the same year's salary in that column.

Health Insurance:

Effective July 1, 2019 the KPBSD self-insured plan changes as follows:

The high deductible health plan is the only plan offered to employees

Elimination of the health care cap

85% ~~Ninety percent (90%)~~ of the health care costs are paid by the District

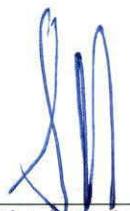
15% ~~Ten percent (10%)~~ of the health care costs are paid by the employees


The HCPC shall have the power and authority to adopt mandatory generic programs and mandatory disease management programs.

KPESA specific proposals:

Acceptance of the May 8, 2019 Board Counter Proposal on Article 37 Extracurricular Programs



Acceptance of the May 8, 2019 KPBSD proposal increasing the shift differential in Article 17, section A to the amounts of 40 cents per hour for swing shift and 60 cents per hour for graveyard shift.


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Kenai Peninsula Borough School District		
9 16 19 Offer to KPEA and KPESA 85 15 No Cap		
KPBSD Cap Related Information		85/15 No Cap
	HRA	HSA
	HDHP 85/15	HDHP 85/15
District	\$ 2,116.44	\$ 2,073.19
Employee	\$ 373.49	\$ 365.86
Monthly Total	\$ 2,489.93	\$ 2,439.05
100% Migration 50% to HRA and 50% to HSA		
Monthly District Cost For All Employees	\$ 1,136,528.28	\$ 1,113,303.03
Monthly Employee Cost For All Employees	\$ 200,564.13	\$ 196,466.82
Yearly District Cost For All Employees	\$ 13,638,339.36	\$ 13,359,636.36
Yearly Employee Cost For All Employees	\$ 2,406,769.56	\$ 2,357,601.84
Yearly Cost	\$ 4,481.88	\$ 4,390.32
12 Month Co-Pay	\$ 373.49	\$ 365.86
9 Month Co-Pay	\$ 497.99	\$ 487.81


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Dave Jones

From: Hebert, Curtis <curtis.hebert@marshmc.com>
Sent: Monday, September 16, 2019 3:21 PM
To: Dave Jones
Cc: Meyhoff, Jennifer; Culbertson, Nicole
Subject: FW: KPBSD - HDHP Request
Attachments: Copy of KPBSD FY20 Projection June19 HRA 1.5k-HSA 1.5k.pdf
Importance: High

Hello Dave,

Here is what I received from our actuary. This items indented below are the comments that the actuary provided.

HSA:

In Network: \$1500/\$3000 (non-embedded) Deductible, 20% coinsurance in network, \$2000/\$4000 OOP Max. 100% preventative coverage, Rx \$5/25/\$50/\$100 after deductible. All other benefits subject to deductible and coinsurance.

OON: 40% coinsurance instead of 20%, except for ER visits which stay at 20%. All benefits subject to deductible/coinsurance.

HRA: Same as HSA plan above, except: deductibles are embedded and Rx copays apply before the deductible.

Overall I'm getting about a 3% difference in plan design between these two plans (roughly 8 – 11% excepted savings from the current Traditional plan, 0 – 3% from the current HDHP), though the \$750 fund eats into some of that savings for the current Traditional plan enrollees.

Please let me know if you have any questions!

Curt Hebert | Vice President
Marsh & McLennan Agency
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Anchorage, AK 99501
(907) 257-6318



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Kenai Peninsula Borough School District
2019/20 Self-Funded Projected Rates

MEDICAL/RX	Enrollment	FY19 Rates	FY20 Projected Rates
Traditional Plan			HRA
Employee Only	536	\$2,421.49	\$2,489.93
Monthly Total	536	\$1,297,919	\$1,334,602
Annual Total		\$15,575,024	\$16,015,225
PEPM		\$2,421.49	\$2,489.93
% Increase			2.8%
HDHP			HSA
Employee Only	536	\$2,078.47	\$2,439.05
Monthly Total	536	\$1,114,060	\$1,307,333
Annual Total		\$13,368,719	\$15,687,997
PEPM		\$2,078.47	\$2,439.05
% Increase			17.3%
Monthly Total	1,072	\$2,411,979	\$2,641,935
Annual Total		\$28,943,743	\$31,703,222
PEPM		\$2,249.98	\$2,464.49
% Increase			9.5%

Note: The Projected rates above are for as HDHP/HSA and HSHP/HRA. The individual deductible for both HDHP options is \$1,500 and the out-of-pocket limit is \$2,000. Under the HDHP/HSA option, prescription drug coverage is subject to the deductible and copayments would apply after the deductible is satisfied.

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Kenai Peninsula Borough School District
2019/20 Self-Funded Projected Rates

MEDICAL/RX	HRA	HSA
2018/19 Current Rate	\$2,421.49	\$2,078.47
2019/20 Projected Rates		
100% Migration to HRA, 0% HSA	\$2,490.57	\$2,326.32
90% Migration to HRA, 10% HSA	\$2,490.32	\$2,440.60
80% Migration to HRA, 20% HSA	\$2,490.05	\$2,440.48
70% Migration to HRA, 30% HSA	\$2,490.49	\$2,438.61
60% Migration to HRA, 40% HSA	\$2,490.24	\$2,438.92
50% Migration to HRA, 50% HSA	\$2,489.93	\$2,439.05
40% Migration to HRA, 60% HSA	\$2,489.53	\$2,439.10
30% Migration to HRA, 70% HSA	\$2,488.96	\$2,439.10
20% Migration to HRA, 80% HSA	\$2,490.61	\$2,438.41
10% Migration to HRA, 90% HSA	\$2,490.47	\$2,438.43
0% Migration to HRA, 100% HSA	\$2,376.72	\$2,438.42

Note: The Projected rates above are for as HDHP/HSA and HSHP/HRA. The individual deductible for both HDHP options is \$1,500 and the out-of-pocket limit is \$2,000. Under the HDHP/HSA option, prescription drug coverage is subject to the deductible and copayments would apply after the deductible is satisfied.

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Kenai Peninsula Borough School District
Healthcare Transition Period July 2019 - December 2019

1) Estimate for Traditional and HDHP for July 2019 - December 2019
Broker Recommended Rates

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 2,277.50	\$ 1,739.20
Employee	<u>\$ 851.59</u>	<u>\$ 276.43</u>
Total	\$ 3,129.09	\$ 2,015.63

2) Costs at 85/15 split NO CAP for Traditional and HDHP for July 2019 - December 2019
Broker Recommended Rates


	<u>Traditional</u>	<u>HDHP</u>
District	\$ 2,659.73	\$ 1,713.29
Employee	<u>\$ 469.36</u>	<u>\$ 302.34</u>
Total	\$ 3,129.09	\$ 2,015.63


3) Contribution Difference between 1 and 2

	<u>Traditional</u>	<u>HDHP</u>
District	\$ 382.23	\$ (25.91)
Employee	<u>\$ (382.23)</u>	<u>\$ 25.91</u>
Total	\$ -	\$ -

4) District Transition Costs for KPEA/KPESA July 2019 - December 2019

	<u>Traditional</u>	<u>HDHP</u>
Count of KPEA/KPESA Employees	<u>487</u>	<u>496</u>
District - 6 months	<u>\$ 1,116,876.06</u>	<u>\$ (77,108.16)</u>
Total District Cost of Transition Period	<u><u>\$ 1,039,767.90</u></u>	


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