

**Escondido Union School District  
Special Board Workshop  
Insurance Communication Meeting**

October 25, 2011  
5:00 p.m.

**Mutual Understanding – Goal of Tonight**

- I. Introduction – Outline of Process
- II. Gallagher – Brief History
  - a. Self-insured, Challenges
  - b. Pooled Plan
  - c. Current Role in EUSD
- III. VEBA
  - a. Benefits...Disadvantages
  - b. Details of Districts
  - c. EUSD Conditions
  - d. Insurance Timeline/Annual Cycle
- IV. Health Insurance Committee
  - a. Role – Advisory
  - b. Insurance Issues – Internal Experts...
  - c. Plan Designs
  - d. Rate Structures
  - e. Recommendation Direction
  - f. Key 2010-2011 Insurance Committee Dates
- V. Proactive Insurance Considerations
  - a. American Health Care Reform Act
  - b. Single-payer Healthcare
- VI. Questions from Audience/Answers, Discussion



## Super Composite Rates

### Example 1.

	Participants		Cost	=	Total
Single	1	x	\$400	=	\$400
Two Party	2	x	\$800	=	\$1,600
Family	<u>7</u>	x	\$1,000	=	<u>\$7,000</u>
	10				<b>\$9,000/10= \$900</b>

### Example 2.

	Participants		Cost	=	Total
Single	7	x	\$400	=	\$2,800
Two Party	2	x	\$800	=	\$1,600
Family	<u>1</u>	x	\$1,000	=	<u>\$1,000</u>
	10				<b>\$5,400/10= \$540</b>

## What Happened to the Cap?

### 2011 Plan Year District Contribution

Benefitted Employees<sup>1</sup>:

CSEA	450
EEEEA	920
Administration	89
Board/Pers. Com	<u>5</u>

Total Benefitted 1,464 x \$10,000 = 14,640,000 Total 2011 Plan Year District Contribution

### 2012 Plan Year District Contribution

Additional Insurance Support:

\$400,000 - \$1.2 million (actual cost determined by employee plan selections/shifts)	1,200,000
One-time payment to assist with higher rates (distributed amongst benefitted emp.)	<u>1,200,000</u>
Possible Additional District Contribution (\$1.6 - \$2.4 million)	2,400,000
Plus CAP, 2011 Prior Year Contribution	<u>14,640,000</u>
Possible New District Total Contribution (\$16.24 - \$17.04 million)	17,040,000

Net Result = Higher TOTAL contribution than 2011 Plan Year "CAP," perhaps distributed differently:

Tiers: Employee only, Employee + One, Family

Plans: Kaiser, HMO, PPO

To be determined through Insurance Committee research and negotiations

Notes:

1. Excludes employees opting out; figures are as of the conclusion of open enrollment. Number of plan participants fluctuates throughout the year.

**Where Did the Money Come From?**

**Current Higher Fund Balance Factors:**

Actual Fund Balance higher than estimates (2.53%)

Final State Budget Adoption vs. May Revise (Increased revenue limit of \$4.2 million)

<b>2011-12 Beginning Fund Balance Info</b>	<b>Unrestricted</b>	<b>% of Fund Balance</b>	<b>Restricted</b>	<b>% of Fund Balance</b>	<b>Total</b>	<b>% of Fund Balance</b>
Actual Ending Fund Balance 2010-11	24,635,454		11,308,098 <sup>1</sup>		35,943,552	
Ending Cash Balance June 30, 2011	3,540,539	14%	5,250,267	46%	8,790,806	24%
<i>Note: Cash not received (deferrals)</i>	<i>22,207,537</i>		<i>5,225,553</i>		<i>27,433,090</i>	

**Board Priorities:**

1. Restore positions from budget reduction plan (custodians, library technicians, assistant principal, music teacher)
2. Plan fiscally for possible mid-year budget reductions (\$4 million)
3. Plan for restoration of furlough days in 2012-2013 (4 days = \$2 million)
4. Maintain 25:1 class size ratio for K-3
5. Stabilize health insurance rates and provide some health insurance relief (\$1.6 - \$2.4 million)

**With All Five Board Priorities and Mid-year Budget Reductions:**

Projected Ending Balance - Unrestricted (on books)           \$ 22.6 million<sup>2</sup>  
 Projected Ending Cash on Hand (16% of fund balance)<sup>3</sup>       \$ 3.6 million

**With All Five Board Priorities and No Mid-Year Budget Reductions:**

Projected Ending Balance - Unrestricted (on books)           \$ 26.4 million<sup>2</sup>  
 Projected Ending Cash on Hand (16% of fund balance)<sup>3</sup>       \$ 4.2 million

Note: In both scenarios above, the projected ending balances include a minimum of \$18 million in revenue limit owed, but not paid (not available) to the district by the state.

**Footnotes**

1. Restricted balance includes \$5.1 million Refunding Bonds balance (held by trustee, not available for EUSD use).
2. For ending balance calculations, an additional district contribution of \$800,000 was utilized (mid-point between \$400,000 - \$1.2 million for additional cost component).
3. Percent of fund balance for June 2012 expected to be 16% due to exhaustion of ARRA funds.  
 With mid-year cuts, could be less.