

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #284 (2005-2006)

May 8, 2006

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: RENEWAL OF DISTRICT HEALTH INSURANCE CONTRACTS

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to renew the contract with Aetna for group medical, dental and COBRA administration for the 2006-2007 fiscal year, and continue 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 discuss options for health insurance coverage for 2006-2007. The consensus of the group was to select the proposed renewal from Aetna. The vision plan through VSP is currently under a two-year rate guarantee through June 30, 2007. The combined overall increase for the 2006-2007 plan year is 13.66%. The open enrollment period for the 2006-2007 plan year will begin May 22nd and extend through June 16th.

There will continue to be two medical plan options offered to employees for the 2006-2007 plan year. These are the Low and Standard Options. Deductibles and benefits for both plans remain unchanged from last year. The deductibles for the Low Option are \$1500 per individual/\$4500 per family. The deductibles for the Standard Option are \$500 per individual/\$1500 per family. The total monthly cost for the Low and Standard Options are \$800.00 and \$1277.90 respectively. The District's monthly contribution for most employee groups for 2006-2007 has been increased to \$750.00.

The District plans to use its medical reserve accounts to fund an additional \$50.00 per eligible employee per month during the 2006-2007 plan year. At the \$750.00 employer contribution level, and with the additional offset of \$50.00 from the

medical reserves, the Low option plan will not require a monthly contribution from the employee and the Standard Option will cost the employee \$477.90 per 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: 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 June 30, 1977 (112 people as of April 17, 2006) are covered at District expense. The monthly renewal cost to the District for the 2006-2007 premiums will be \$670.84 per person. Those employees who retired between July 1, 1977 and June 30, 1990 and elected District benefits (6 people as of April 17, 2006) are covered at their own expense. The number of retirees covered under the Aetna Plan continues to decrease because this coverage option is no longer available to individuals retiring from the District.

Prepared by: Alden Thern, Director, Benefits

Approved by: Eric Tollefsen, Executive Director, Human Resources