



State of Rhode Island and Providence Plantations
DEPARTMENT OF EDUCATION
Shepard Building
255 Westminster Street
Providence, Rhode Island 02903-3400

Peter McWalters
Commissioner

EXECUTIVE SUMMARY – HEALTH CARE DATA COLLECTION

In October of 2007, the RI Department of Elementary & Secondary Education conducted a survey of all RI school districts to collect fiscal year 2008 information concerning health coverage offered to district employees and retirees. A 100% rate of return was achieved on this survey.

The detailed report provides an analysis by district statewide. Overall we found there are currently 22,915 employees covered by district health insurance plans. Of this, 17,128 are active employees and 5,787 are retired employees. In addition, 2,991 employees are receiving payments in lieu of taking health coverage. Of those taking the medical waiver payment, the majority, 2,934 are for active employees.

In fiscal year 2008, districts estimate that they will spend \$225.4 million on healthcare coverage for employees. Additionally, almost \$9.6 million will be spent providing medical waiver payments to employees who opt not to take the provided healthcare coverage.

The survey gathered data about specific plans and plan types. Statewide, family plans represent 61.1% of the total plans with individual plans at 38.9%.

Statewide data revealed that Blue Cross has a market share in school districts of 97.9% with United Healthcare representing 1.8%. Buy-backs and Plan 65, a Medicare supplement plan, account for the balance of plans. There are five school districts that offer United Healthcare coverage as an option in addition to their Blue Cross offerings. The data revealed that only one district had United Healthcare as an exclusive offering.

The Healthmate Coast-to-Coast plan is the most predominant product chosen with 81.5% of the total member contracts covered. Traditional Blue Cross Classic coverage follows with 10.8% of the member contracts. Only four districts provide Plan 65 coverage in addition to the standard plans offered.

Questions concerning employee contributions and how districts purchase and/or finance their health coverage were also part of the survey tool. Although employee contribution methods and values varied widely, overall the survey revealed that statewide school district employees contribute approximately 9.3% toward the total cost of health care with contributions estimated at \$21.1 million for fiscal year 2008. The percentage varies widely ranging from 0 to 50%.

Telephone (401) 222-4600 Fax (401) 222-6178 TTY 800-745-5555 Voice 800-745-6575

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The survey clearly showed that progress has been made in recent years with increased numbers of districts having some type of employee contribution toward healthcare in place. At the time of the survey, only one district remained that had no employee contribution.

The analysis covered a total of 45 school districts. Excluded were Davies & Deaf, both state-operated school districts and Times 2, NE Laborer's, and Textron/Chamber of Commerce Academy, all charters of districts.

The survey revealed that 40% of the districts (18 districts) are operating on a fully insured premium basis with their carrier. The remaining 60% (27 districts) are utilizing a variety of self-insurance models ranging from individually self-insured to participating in self-insurance groups.

There are two self-insurance groups in operation, WB Community Health representing 10 districts and the Governmental Health Group of RI (GHGRI) representing 8 districts. The remaining nine (9) districts are self-insured, either on their own or with their city/town.

Of the districts that are operating on a self-insured basis, either through a group or on their own, we found variance in the administrative rate/fee being charged by the carrier. The administrative rates/fees for self-insured districts ranged from \$37.17 per member per month to \$88.25 per member per month. For comparative purposes we offer the following information. The Office of Municipal Affairs has estimated that fully insured plans are currently paying approximately \$65.00 per member per month. The State's current administrative rate/fee as adjusted for the lack of pharmacy rebates to mirror what happens in districts is \$25.00 per member per month. From this survey we can see that districts are paying higher administrative rates/fees and additional savings may be available in this area through changes in purchasing.

For districts operating under a self-insurance model, the survey also queried the level of stop loss reinsurance purchased and the cost for that reinsurance. Coverage levels ranged from \$125,000 to \$300,000 on a claim basis. This is another area where purchasing changes may result in savings.

The final section of the survey addressed specific plan designs. Each group's specific plan design was analyzed against the current state plan design. A wide range of plan designs was revealed with the most significant differences found in areas such as co-payments and deductibles. The report details the most commonly used elements that can be selected to establish a limited number of health plans for all school district employees.

The information collected confirms that opportunities exist to achieve savings in the healthcare area through a variety of approaches.

RIDE would like to extend its sincere appreciation to the School Business Administrators and their staff for their efforts in completing the survey. This information will clearly help inform future decisions.