

TO: All KEA Members  
FROM: Mike Milka, Treasurer & 2016-17 Bargaining Team (Financials/KAMSC)  
DATE: August 3, 2016  
RE: Insurance Changes in Tentative Agreement

For those members unable to attend the General Membership meeting on Friday, August 5, I am writing on behalf of the Bargaining Team in order to provide clarity about one of the biggest changes in our Tentative Agreement for the 2016-17 schoolyear – namely, insurance.

Over the last 10 years, the Bargaining Team has made a series of deliberate changes to our health insurance in order to prevent the rising cost of insurance from undermining the purchasing power of your paycheck. This has included switching from SuperCare 1 to Choices II, and increasing the deductible over the last few years.

Each change in insurance has been made to “bend the curve” on its overall cost, as a portion of total employee costs, which also include salary, retirement, and FICA payments. The cost of healthcare is a universal concern, but no one can afford to be “insurance rich and cash poor”.

Each change has been coupled with a corresponding increase in your base pay, to offset any increase in your costs associated with paying for your insurance. When 2011 PA 152 mandated that school employees pay 20% of the health insurance premium, for instance, we made sure that all members received a pay raise in excess of that obligation. Unlike many other school districts across the state in recent years, we have been fortunate in avoiding a pay cut or freeze, by maintaining a balance between insurance costs and take-home pay.

The latest change, outlined in our tentative Agreement with the District for the upcoming schoolyear, includes a transition from MESSA Choices II to MESSA ABC Plan 1 – a high-deductible plan with a Health Savings Account. This year, we faced an 18% increase in our health insurance rates for Choices II. While the District’s projected revenue would have accommodated this increase in our bargaining unit costs, it would have left no salary increase for you to be able to pay the additional 18% in your health insurance contribution.

MESSA ABC Plan1 provides the same medical benefits as MESSA Choices II. The difference is that there is an up-front annual deductible of \$1300 (single) or \$2600 (2-person or family) that must be satisfied before insurance begins paying. To meet this deductible, each member choosing the ABC plan will also have a Health Savings Account, into which the District will deposit \$800 (single) or \$1600 (2-person or family) per year.

As PA 152 still requires that employees make a 20% contribution to all medical benefits, each member will also be required to contribute a matching \$200 or \$400, respectively. You may contribute any additional amount you believe you will need, up to a maximum total (employer + employee) of \$3350 or \$6750, per year. Unlike an FSA, any unused balance in an HSA may be carried over to the next year, and the balance may grow with additional annual contributions.

As long as there is a balance in your Health Savings Account, it is your money to keep and use, even after you leave employment with the District. (There is an exception for those who do not complete their annual contract obligations – see Article 22, Section B.) You will be issued a debit card tied to your Health Savings Account, from which you can make payments for all of your medical costs subject to the deductible or subsequent copayments, either at a doctor's office, hospital, or pharmacy.

This transition will be made in two steps: First, beginning on September 1, 2016, the deductible for Choices II will increase to \$500/1000. Any deductible that you have already paid this calendar year will be applied to the new deductible amount, for the remainder of the calendar year.

Second, during October, you will be asked to make a choice about continuing with MESSA Choices II or changing to MESSA ABC Plan1. Those choosing MESSA ABC Plan 1 will begin the new plan on January 1, 2017. The District will “seed” your Health Savings Account with \$800/1600, and you will begin making biweekly payroll deductions to contribute your share of \$200 or \$400, *at a minimum*. Those staying with Choices II will be required to pay the difference between the District's contribution to the MESSA ABC premium and the full cost of the Choices II premium. The biweekly premium contributions for both plans, effective January 1<sup>st</sup>, are listed in the Tentative Agreement.

The salary increase will ultimately depend on the number of members who enroll in the MESSA ABC plan. Since the savings realized in lower premiums will be offset by the District's contribution to each member's Health Savings Account, we cannot predict exactly what the effect on salary will be, except that it will be positive (an increase), and everyone will benefit regardless of which medical plan they choose. When the pay increase is finalized, it will be applied retroactively to the start of the school year.

Your Bargaining Team has put serious thought and care into this decision, and we believe it is the best financial plan of action. Our union is not alone in making this change within KPS this year; and we join four other districts around us – Portage, Gull Lake, Mattawan, and Parchment – who have also switched to MESSA ABC Plan 1 in the last two years. Prior to making your individual choice, there will be multiple informational meetings about the MESSA ABC plan in the Fall in order to answer your questions about how it will work and what your best option will be.

We hope that you will support our Tentative Agreement by voting YES.

On behalf of the rest of your Bargaining Team:

Amanda Miller- President/ Special Areas  
Anne Lewis- HS Representative  
Betsy McDermott – MS Representative  
Danielle Buehrle- Later Elem. Rep.  
Elaine Sayre- HS Representative  
Heather Reid- HS Representative  
Joel Osborne -Later Elem.

Jennifer Aniano -ALP Middle School  
Laura Payne – Early Elem.  
Sally Wagenaar- HS Representative  
Susan Benton – Counselor HS  
Tim Russ– MEA UD/ Chief Negotiator  
Noyle McPherson – Phoenix Alternative HS