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MEMO

To: The Legislative Fiscal Committee
From: The School Health Insurance Reform Team
Re: School Health Insurance Interim Study
Date: December 17, 2003

This Memo will update you concerning the activities of the School Health Insurance Reform Team. Senate File 386 was enacted in the 2003 Legislative Session to explore the health insurance opportunities for school district employees in Iowa. The Team was charged to do the following: Conduct a study to review the availability of affordable health insurance coverage for school districts and their employees, and methods to improve the efficiency and fairness of the health insurance marketplace for school districts and their employees. In addition, the study was to include a comparison of health insurance coverage that is offered to school district employees, to other public employees, and to employees in the private sector.

The study would examine the feasibility of the following: 1. Establishing a premium rating system based on the statewide health status, claims experience, and other demographic characteristics of school district employees; 2. Establishing basic or standard health benefit plans with benefit levels, cost-sharing levels, and limitations available to all school districts and their employees; 3. Establishing uniform coverage plans with benefit coverages that may be added to the basic or standard plans, at the option of a school district; 4. Establishing a school district health reinsurance program.

Representatives from a wide range of interests, expertise and backgrounds were appointed by the Commissioner to the Study Team. The nineteen members included school superintendents, collective bargaining organizations, insurance carriers, a variety of educational associations, insurance brokers, an attorney in private practice, a 28E school district health care plan, the community colleges and the area education associations.

Monthly meetings were held beginning in July at the Insurance Division offices. Dr. Glenn Pelecky, Chief Administrator of the Mississippi Bend Area Education Agency, was appointed Chairman of the Team. All meetings were opened to the public. A variety of presentations were made to the Team in an effort to provide information concerning health care costs and coverage in Iowa as well as other areas of the country. These presentations ranged from a private carrier study on the cost drivers of health care to a comparison of State of Iowa employees' health insurance program to a review of school district employee health care programs in other states to a review of the regulation of public self-funded entities in the state of Iowa.

Two subcommittees were formed to address the concerns about establishing a statewide school district health care plan. One subcommittee reviewed the coverage feasibility of a statewide plan including rates, coverage, reinsurance, and other factors. The other subcommittee reviewed the issue of collective bargaining, Iowa Code Chapter 20 and its implications on school health insurance.

The Team reviewed the information presented; prioritized specific issues to be pursued identified opportunities for further study and are in the process of seeking a consensus on a group of recommendations. A draft final report has been written and is currently being circulated to Team members for their review and consideration. The report will set for a series of Findings and Recommendations which will be submitted to the General Assembly by January 15, 2004.