



Board Proposal vs. MAREEA Proposal

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A Brief History of Employee Premium Sharing

Prior to May 21, 2010, there was no legislation that required public employees to contribute to their health insurance premiums. These contributions, if any, were negotiated between boards of education and local unions.

As of May 21, 2010, Chapter 2 required all employees to contribute a minimum of 1.5% of salary toward their health insurance premiums.

As of June 28, 2011, Chapter 78 required all employees to contribute 1.5% of salary or a percentage of premium based on the employee's salary. The higher of those two numbers was used to calculate an employee's premium sharing. If the District you worked in was part of the School Employee Health Benefits Plan (SEHBP), this premium sharing pertained to medical and prescription coverage. If the District you worked in was in a private plan, this premium sharing pertained to medical, prescription, dental and optical coverage.

Chapter 78 put in place a 4 tier phase in period for employees to contribute to their health insurance premiums for those employees who were employed at the time of the passage of the law. Employees would begin contributing at Tier 1, after the expiration of the current labor agreement, and each year would move up a tier until full implementation at Tier 4. All new employees hired after the implementation of the law, and without a negotiated agreement, were required to contribute at Tier 4. During this time, healthcare contributions were not negotiable.

The law also stated that after the 4 year implementation, and the expiration of the contract in which the full implementation occurred, health benefit contributions were negotiable. However, negotiations on these contributions would begin at the Tier 4 level.

Chapter 78

Chapter 78 put in place three different contribution tables based on the type of coverage the employee selects.

Single

Parent/Child or 2 Adults

Family

These contribution tables are in ascending order based upon salary and for the most part increase the percentage of premium sharing as the employee's salary increases in \$5,000 increments.

Note: The following charts reflect the phase-in of contribution levels for employees employed on the contribution's effective date who will pay $\frac{1}{4}$, $\frac{1}{2}$, $\frac{3}{4}$ and the full amount of the contribution rate during the phase-in years.

New employees hired on or after June 28, 2011, the effective date of Chapter 78, P.L. 2011, contribute at the highest percentage level (Year 4) — unless hired into a position covered by a Collective Negotiations Agreement that has not expired as of the employee's date of hire.

HEALTH BENEFITS CONTRIBUTION FOR SINGLE COVERAGE (PERCENTAGE OF PREMIUM)*

Salary Range	Four Year Phase-In <i>Use dates indicated or as otherwise determined by contract</i>			
	Year 1 July 2011 to June 2012	Year 2 July 2012 to June 2013	Year 3 July 2013 to June 2014	Year 4 July 2014 and after
less than 20,000	1.13%	2.25%	3.38%	4.50%
20,000-24,999.99	1.38%	2.75%	4.13%	5.50%
25,000-29,999.99	1.88%	3.75%	5.63%	7.50%
30,000-34,999.99	2.50%	5.00%	7.50%	10.00%
35,000-39,999.99	2.75%	5.50%	8.25%	11.00%
40,000-44,999.99	3.00%	6.00%	9.00%	12.00%
45,000-49,999.99	3.50%	7.00%	10.50%	14.00%
50,000-54,999.99	5.00%	10.00%	15.00%	20.00%
55,000-59,999.99	5.75%	11.50%	17.25%	23.00%
60,000-64,999.99	6.75%	13.50%	20.25%	27.00%
65,000-69,999.99	7.25%	14.50%	21.75%	29.00%
70,000-74,999.99	8.00%	16.00%	24.00%	32.00%
75,000-79,999.99	8.25%	16.50%	24.75%	33.00%
80,000-94,999.99	8.50%	17.00%	25.50%	34.00%
95,000 and over	8.75%	17.50%	26.25%	35.00%

* Member contribution is a minimum of 1.5% of base salary towards Health Benefits

**HEALTH BENEFITS CONTRIBUTION FOR
MEMBER/SPOUSE/PARTNER OR PARENT/CHILD COVERAGE
(PERCENTAGE OF PREMIUM)***

Salary Range	Four Year Phase-In <i>Use dates indicated or as otherwise determined by contract</i>			
	Year 1 July 2011 to June 2012	Year 2 July 2012 to June 2013	Year 3 July 2013 to June 2014	Year 4 July 2014 and after
less than 25,000	0.88%	1.75%	2.63%	3.50%
25,000-29,999.99	1.13%	2.25%	3.38%	4.50%
30,000-34,999.99	1.50%	3.00%	4.50%	6.00%
35,000-39,999.99	1.75%	3.50%	5.25%	7.00%
40,000-44,999.99	2.00%	4.00%	6.00%	8.00%
45,000-49,999.99	2.50%	5.00%	7.50%	10.00%
50,000-54,999.99	3.75%	7.50%	11.25%	15.00%
55,000-59,999.99	4.25%	8.50%	12.75%	17.00%
60,000-64,999.99	5.25%	10.50%	15.75%	21.00%
65,000-69,999.99	5.75%	11.50%	17.25%	23.00%
70,000-74,999.99	6.50%	13.00%	19.50%	26.00%
75,000-79,999.99	6.75%	13.50%	20.25%	27.00%
80,000-84,999.99	7.00%	14.00%	21.00%	28.00%
85,000-99,999.99	7.50%	15.00%	22.50%	30.00%
100,000 and over	8.75%	17.50%	26.25%	35.00%

*Member contribution is a minimum of 1.5% of base salary towards Health Benefits

HEALTH BENEFITS CONTRIBUTION FOR FAMILY COVERAGE (PERCENTAGE OF PREMIUM)*

Salary Range	Four Year Phase-In <i>Use dates indicated or as otherwise determined by contract</i>			
	Year 1 July 2011 to June 2012	Year 2 July 2012 to June 2013	Year 3 July 2013 to June 2014	Year 4 July 2014 and after
less than 25,000	0.75%	1.50%	2.25%	3.00%
25,000-29,999.99	1.00%	2.00%	3.00%	4.00%
30,000-34,999.99	1.25%	2.50%	3.75%	5.00%
35,000-39,999.99	1.50%	3.00%	4.50%	6.00%
40,000-44,999.99	1.75%	3.50%	5.25%	7.00%
45,000-49,999.99	2.25%	4.50%	6.75%	9.00%
50,000-54,999.99	3.00%	6.00%	9.00%	12.00%
55,000-59,999.99	3.50%	7.00%	10.50%	14.00%
60,000-64,999.99	4.25%	8.50%	12.75%	17.00%
65,000-69,999.99	4.75%	9.50%	14.25%	19.00%
70,000-74,999.99	5.50%	11.00%	16.50%	22.00%
75,000-79,999.99	5.75%	11.50%	17.25%	23.00%
80,000-84,999.99	6.00%	12.00%	18.00%	24.00%
85,000-89,999.99	6.50%	13.00%	19.50%	26.00%
90,000-94,999.99	7.00%	14.00%	21.00%	28.00%
95,000-99,999.99	7.25%	14.50%	21.75%	29.00%
100,000-109,999.99	8.00%	16.00%	24.00%	32.00%
110,000 and over	8.75%	17.50%	26.25%	35.00%

*Member contribution is a minimum of 1.5% of base salary towards Health Benefits

Formula for Calculating Premium Sharing

In the examples that follow we will take a look at the premium sharing for 2 employees at the top of the salary guide for each of the 4 bargaining units. These examples only pertain to the medical coverage. Prescription and dental are not included. Including prescription and dental coverage will increase the employee premium sharing and the percent of income spent on premium sharing.

12 Month Secretary at Step 14 with a Salary of \$50,350

Single:

Direct 10 Premium per month: \$786.79

Total Yearly Premium: \$9,441.48

Percentage of Premium Sharing: 20%

Yearly Employee Premium Sharing: **\$1,888.30**

Percent of Income Spent on Premium Sharing: 3.75%

Family:

Direct 10 Premium per month: \$2,249.79

Total Yearly Premium: \$26,997.48

Percentage of Premium Sharing: 12%

Yearly Employee Premium Sharing: **\$3,239.70**

Percent of Income Spent on Premium Sharing: 6.43%

Formula for Calculating Premium Sharing

In the examples that follow we will take a look at the premium sharing for 2 employees at the top of the salary guide for each of the 4 bargaining units. These examples only pertain to the medical coverage. Prescription and dental are not included. Including prescription and dental coverage will increase the employee premium sharing and the percent of income spent on premium sharing.

Bus Driver at Step 10 with a Salary of \$37,899

Single:

Direct 10 Premium per month: \$786.79

Total Yearly Premium: \$9,441.48

Percentage of Premium Sharing: 11%

Yearly Employee Premium Sharing: **\$1,038.51**

Percent of Income Spent on Premium Sharing: 2.74%

Family:

Direct 10 Premium per month: \$2,249.79

Total Yearly Premium: \$26,997.48

Percentage of Premium Sharing: 6%

Yearly Employee Premium Sharing: **\$1,619.85**

Percent of Income Spent on Premium Sharing: 4.27%

Formula for Calculating Premium Sharing

In the examples that follow we will take a look at the premium sharing for 2 employees at the top of the salary guide for each of the 4 bargaining units. These examples only pertain to the medical coverage. Prescription and dental are not included. Including prescription and dental coverage will increase the employee premium sharing and the percent of income spent on premium sharing.

Maintenance Employee at Step 15 with a Salary of \$69,100

Single:

Direct 10 Premium per month: \$786.79

Total Yearly Premium: \$9,441.48

Percentage of Premium Sharing: 29%

Yearly Employee Premium Sharing: **\$2,738.03**

Percent of Income Spent on Premium Sharing: 3.96%

Family:

Direct 10 Premium per month: \$2,249.79

Total Yearly Premium: \$26,997.48

Percentage of Premium Sharing: 19%

Yearly Employee Premium Sharing: **\$5,129.52**

Percent of Income Spent on Premium Sharing: 7.42%

Formula for Calculating Premium Sharing

In the examples that follow we will take a look at the premium sharing for 2 employees at the top of the salary guide for each of the 4 bargaining units. These examples only pertain to the medical coverage. Prescription and dental are not included. Including prescription and dental coverage will increase the employee premium sharing and the percent of income spent on premium sharing.

Teacher on the BA Guide at Step 11 with a Salary of \$82,950

Single:

Direct 10 Premium per month: \$786.79

Total Yearly Premium: \$9,441.48

Percentage of Premium Sharing: 34%

Yearly Employee Premium Sharing: **\$3,210.10**

Percent of Income Spent on Premium Sharing: 3.87%

Family:

Direct 10 Premium per month: \$2,249.79

Total Yearly Premium: \$26,997.48

Percentage of Premium Sharing: 24%

Yearly Employee Premium Sharing: **\$6,479.40**

Percent of Income Spent on Premium Sharing: 7.81%

The Current System is Unsustainable

Medical insurance premiums have been rising at a rate of 10% per year. Essentially, if nothing changes in the next ten years with Chapter 78, the following will be true for the employees listed on the previous slides.

Cost of Insurance Coverage in 2017-2018

Single Coverage Premium (Direct 10): \$9,441.48

Family Coverage Premium (Direct 10): \$26,997.48

12 Month Secretary Sharing: Single (**\$1,888.30**) Family (**\$3,239.70**)

Bus Driver Sharing: Single (**\$1,038.51**) Family (**\$1,619.85**)

Maintenance Employee Sharing: Single (**\$2,783.03**) Family (**\$5,129.52**)

Teacher on BA Guide Sharing: Single (**\$3,210.10**) Family (**\$6,479.40**)

Cost of Insurance Coverage in 2027-2028

Single Coverage Premium (Direct 10): \$18,882.96

Family Coverage Premium (Direct 10): \$53,994.96

12 Month Secretary Sharing: Single (**\$3,776.60**) Family (**\$6,479.40**)

Bus Driver Sharing: Single (**\$2,077.02**) Family (**\$3,239.70**)

Maintenance Employee Sharing: Single (**\$5,566.06**) Family (**\$10,259.04**)

Teacher on BA Guide Sharing: Single (**\$6,420.20**) Family (**\$12,958.80**)

As you can see, neither the employee nor the Board of Education will be able to afford these plans in 10 years.

Board Proposal

The Base Plan for the District moves from Direct 10 to Direct 15 and everyone still contributes at Tier 4. This means no one will be able to have Direct 10. There will be a savings to the employee in the premium sharing contributions due to the reduced premiums; however, the MAREA considers this to be Cost Shifting. Cost Shifting is when the savings that come back to you from the reduced contribution have to be saved and used to cover the difference in coverages between the Direct 10 and Direct 15 Plans.

MAREA Proposal

The Base Plan remains at Direct 10 for all employees who are currently in any bargaining unit at the time the new agreement is signed. Employees who wish to stay in Direct 10, Direct 15 or Direct 15/25 will continue to contribute at Tier 4. Employees who take Direct 20/30 or a lesser plan will contribute at Tier 3.

All employees hired after the signing of the new agreement will only be allowed to take Direct 20/30 or a lesser plan at Tier 3.

All employees will be offered a High Deductible Healthcare Plan, including prescription coverage. The District will pay the full deductible for all 3 years and employees will contribute at Tier 4, or the District will pay the full deductible for the first 2 years and pay ½ of the deductible in year 3 and employees will contribute at Tier 3. All deductibles paid by the district are to be put into a Health Savings Account (HSA) which belongs to the employee.

Board Proposal vs. MAREA Proposal

Savings to the Board of Education for All New Employees

The examples that follow assume the Board of Education hires 4 new employees (1 Family, 1 Parent Child, 1 Two Adults and 1 Single). The savings below demonstrate the savings to the Board of Education with the MAREA proposal versus its own proposal. The savings listed are computed over the life of the employee moving through the salary guide and assumes the Direct 15 renewal rate and the Direct 20/30 renewal rate will increase at the same rate, which has historically happened.

4 Teachers on the MA Guide: **\$16,574.26**

4 Teachers on the BA Guide: **\$23,528.59**

4 Bus Drivers: **\$43,008.88**

4 Maintenance Employees: **\$43,083.57**

4 Twelve Month Secretaries: **\$65,040.46**

4 Instructional Assistants: **\$71,323.50**

Total Savings as All 24 Employees Move to the Top of the Salary Guide: **\$262,559.26**

Board Proposal vs. MAREEA Proposal

Savings to the Board of Education for All New Employees

The examples that follow assume the Board of Education hires 4 new employees (1 Family, 1 Parent Child, 1 Two Adults and 1 Single). The savings below demonstrate the savings to the Board of Education with employees moving from the Direct 10 plan to the High Deductible Plan. The savings listed are computed over the life of the employee moving through the salary guide and assumes the Direct 10 renewal rate and the Benecard prescription rate and the High Deductible Health Plan with prescription renewal rate will increase at the same rate. The examples below also have a Tier 3 contribution rate with the District paying the full deductible for the first 2 years and ½ the deductible in third year.

4 Teachers on the MA Guide: **\$231,895.39**

4 Teachers on the BA Guide: **\$246,680.97**

4 Bus Drivers: **\$252,039.64**

4 Maintenance Employees: **\$359,623.36**

4 Twelve Month Secretaries: **\$389,020.46**

4 Instructional Assistants: **\$401,357.21**

Total Savings as All 24 Employees Move to the Top of the Salary Guide Prior to the Deductible Contribution: **\$1,880,617.03**

Why Won't the Board of Education Accept our Offer?

We Don't Know!

It is without dispute that the MAREA plan helps to control healthcare costs better than the Board of Education plan. Our plan is a win win for both sides. It gives current employees the option of staying in their current Direct 10, Direct 15 or Direct 15/25 plan at Tier 4 contributions or it allows them to move to a Direct 20/30 or lesser plan and contribute at Tier 3. The MAREA plan does not offer a plan higher than the Direct 20/30 plan to future employees. This was done because the MAREA recognizes the unsustainability of the Direct 10 and Direct 15 plans. In addition, the Board of Education's insurance broker admitted that the Direct 10 and Direct 15 plans would not be around in 3 to 5 years due to the costs of these plans for Districts and employees.

Differences Between the BOE Plan and MAREA Plan

- The MAREA plan keeps the Base Plan at Direct 10 and it allows members to keep their current coverage at Direct 10, Direct 15 or Direct 15/25 and contribute at Tier 4. The BOE plan moves the Base Plan to Direct 15 and requires employees to contribute at Tier 4.
- The MAREA plan provides employees with options to determine what the best level of coverage is for themselves and incentivizes employees who move to a Direct 20/30 or lesser plan by having them contribute at Tier 3. The BOE plan does not provide any incentive for employees to move to a lesser plan.
- The MAREA plan saves the BOE more money than its own plan and puts the District on the right path toward controlling healthcare costs for both parties involved. The BOE plan is a Band Aid that does nothing more than move employees to a lesser plan while shifting costs onto the backs of employees. It should also be noted that the Direct 15 premium for next year will be higher than the Direct 10 premium this year. This means the District will have done nothing to control healthcare costs.
- The MAREA plan is a win win for both sides. The BOE plan isn't even a win for itself since it will be paying more for healthcare next year than it is this year. Why would the MAREA agree to a plan that will cost employees more money next year and provide them with less of a benefit when we have proposed a better plan?