

Q & A on the Arbitrator's Award For School Employee Health Benefits

VSBIT Webinar
April 8, 2020

Q & A on the Arbitrator's Award For School Employee Health Benefits

- ▶ Commencement & Duration
- ▶ Eligibility Issues – FTE, Tiers of Coverage, Covered EEs
- ▶ Premium Contributions
- ▶ Out-of-Pocket Costs
- ▶ TPA Selection
- ▶ Incorporation into CBA's
- ▶ Cash-in-Lieu
- ▶ Grievances
- ▶ Domestic Partners
- ▶ Agreements Not Incorporated Into Arbitrator's Award

Agreements Not Incorporated Into the Arbitrator's Award

- ▶ **Employees Under Part-time Contract in Two or More Districts/Supervisory Unions:**
 - ▶ **Cost Sharing:** Employees who have part-time contracts with multiple school district employers, but who meet the minimum eligibility standards hereof on the basis of all such contracted for work, shall be eligible for health insurance coverage as follows: Each district will bear a proportional premium, OOP and administrative fees sharing responsibility equal to the part time percentage of the employee's contract. For example, if district "A" has a 60% employment contract/relationship with the school employee, District "A" will be responsible for 60% of the total district costs sharing responsibility set forth herein.

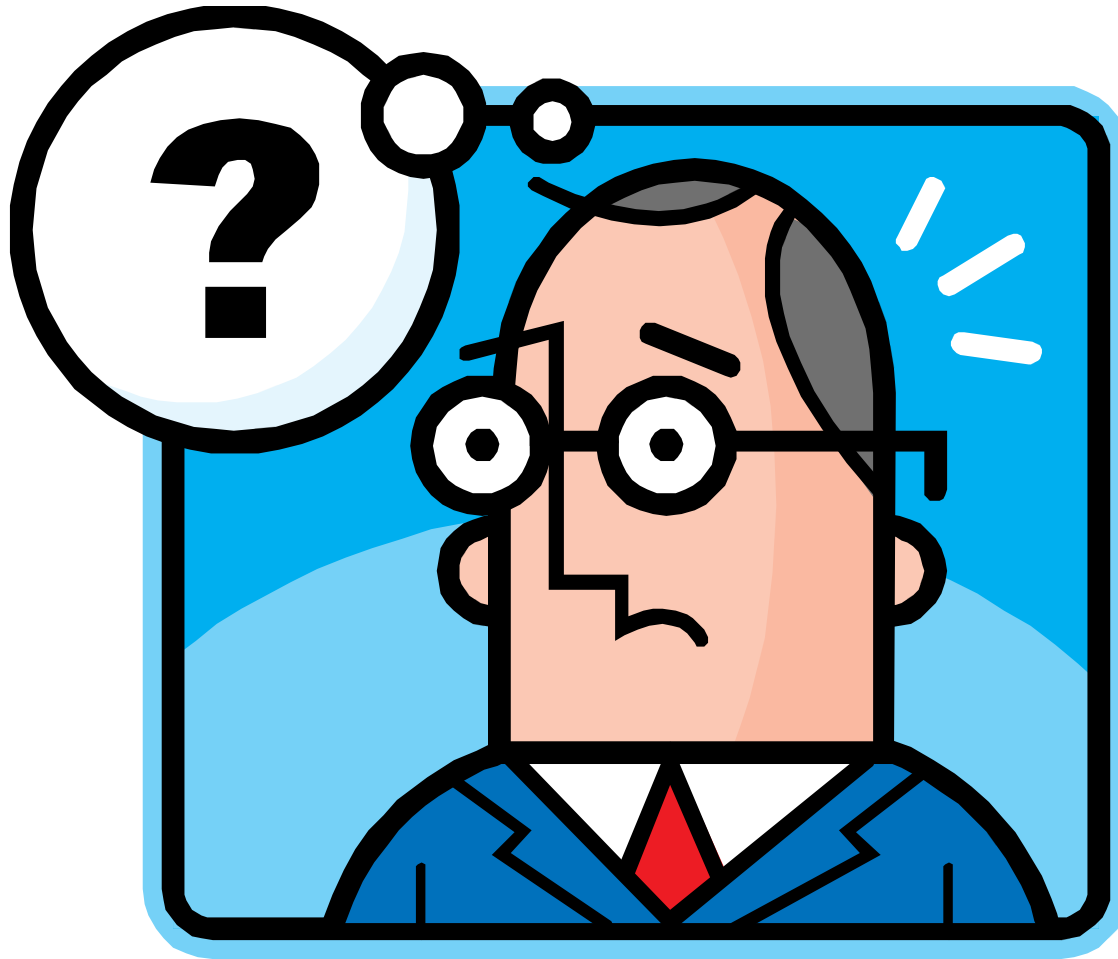
Agreements Not Incorporated Into the Arbitrator's Award

- ▶ **Employees Under Part-time Contract in Two or More Districts/Supervisory Unions:**
 - ▶ **Plan Administration for Multiple District Employee:**
For an Eligible Employee with Multiple Employers, administration of the employee's health insurance benefits will be the primary responsibility of the district with the largest contractual relationship. In the event two or more districts have identical contractual relationships with the employee, the district that first employed the employee will have responsibility of administering the employee's insurance benefits.

Agreements Not Incorporated Into the Arbitrator's Award

- ▶ **Employees Under Part-time Contract in Two or More Districts/Supervisory Unions:**
 - ▶ **Transfers Between Educational Employers:** If an Eligible Employee with Multiple Employers transfers between two school district employers during the course of any one calendar year the employee's coverage under the plan shall remain unchanged. However, the employer obligations shall be appropriately pro-rated between the two employers and the new employer shall take on applicable administrative responsibilities.

Questions?



Summary of the Statewide Benefit

- ▶ **Commencement:** As required by the arbitrator's award, the status quo prevailing in the various districts with respect to health care will remain in effect between July 1, 2020 and December 31, 2020. **Implementation of the statewide benefit shall go into effect with the new health plan year on January 1, 2021.**
- ▶ **Expiration:** The contract term expires on December 31, 2022.

Summary of the Statewide Benefit

- ▶ **Eligibility:** Public school employees who work on average a minimum of 17.5 hours/week during the school or calendar year will be eligible to receive health insurance coverage from their school district employers.
 - ▶ Employees who work less than full-time but a minimum of 17.5 hours/week during the school or calendar year shall be entitled to pro-rata health benefit contributions toward premiums. Employer contributions to OOP costs will be made in full and not pro-rated.
- ▶ **Full-Time Status:** Full-time status for determining proration will be based on the FTE or hourly requirements per work classifications as stipulated in local collective bargaining agreements. For employees not in an existing bargaining unit, full-time status will be as codified in individual contracts and/or existing school policies.

Summary of the Statewide Benefit

- ▶ **Tiers of Coverage:** All eligible employees shall be able to elect coverage for themselves, their spouses or other qualified dependents from any of the four tiers (single, two-person, parent/child, or family) and employers will be obligated to contribute the required premium share and OOP costs listed below for all tiers for all eligible employees.

Summary of the Statewide Benefit

▶ **Premium Contributions:**

- ▶ *Licensed Teachers and Administrators:* Status quo July 1 – Dec 31, 2020. Effective January 1, 2021, employers will contribute 80% of the premium cost of the Gold CDHP and the Silver CDHP plans. For employees choosing the Platinum or Gold plan, employers will contribute the equivalent of 80% of the Gold CDHP plan, while employees will contribute the remainder. The 80/20 split will be in place for the remainder of the agreement.
- ▶ *Support Staff:* Status quo July 1 – Dec 31, 2020. Effective January 1, 2021, no support staff shall contribute more than 20% towards premium share. For those paying less than 20%, status quo on premium share. From January 1, 2022 to December 31, 2022 the amount support staff contribute to premium share will increase by 2%, not to exceed 20%.

Summary of the Statewide Benefit

▶ **Out-of-Pocket Expenses:**

- ▶ *Licensed Teachers and Administrators:* Status quo July 1 – Dec 31, 2020. Employers will contribute \$2,100 for a single tier and \$4,200 for all other tiers. This contribution will be first dollar, and can be provided through an HRA only if employees enroll in the Platinum, Gold, or Gold CDHP plan. Employees who enroll in the Silver CDHP plan may choose to have the contribution made to an HRA or HSA; same employer contribution amounts apply.
- ▶ *Support Staff:* Status quo July 1 – Dec 31, 2020. Employers will contribute \$2,200 for a single tier and \$4,400 for all other tiers. This contribution will be first dollar, and will be provided through an HRA only if employees enroll in the Platinum, Gold, or Gold CDHP plan. Employees who enroll in the Silver CDHP plan may choose to have the contribution made to an HRA or HSA; same employer contribution amounts apply.

Summary of the Statewide Benefit

- ▶ Effective January 1, 2020, districts may not negotiate health care benefits and health care coverage, including health reimbursement arrangements and health savings accounts. Districts may negotiate stand-alone dental and vision benefits.
 - ▶ See legal counsel for questions regarding dental and vision benefits that are linked to an HRA per your CBA.
- ▶ This means that the “status quo” provisions regarding health care benefits that are in effect from July 1, 2020 – December 31, 2020 pursuant to the arbitrator’s award are the benefits outlined in your current agreements.

Summary of the Statewide Benefit

- ▶ **Third Party Administrator:** Employers will pay all administrative expenses charged by a TPA. Autopayment to providers will be the default payment method unless requested otherwise by employees. TPA(s) shall be able to provide debit cards to facilitate payments when auto-payment is not an option. Debit cards must be provided to employees prior to January 1st of each year of the agreement.
- ▶ **Incorporation into Local Bargaining Agreements:** Confer with your labor attorney about the best manner to incorporate and reference the statewide benefit in your local collective bargaining agreements. Review closely to ensure all health care-related language in the CBA is cleaned up.

Staff Who May Not Be Covered

- ▶ Act 11 states that the first agreement may allow for differing benefits for licensed teachers and administrators and municipal school employees.
- ▶ 21 V.S.A. §1722 explicitly excludes supervisory, confidential, and certified employees from the definition of municipal school employee. These individuals include, but are not limited to: food service directors, certified therapists, HR directors, and business managers.
- ▶ Act 11 is not clear how to treat these employees, and the Employer Commissioners will ask the Legislature to clarify their status under this agreement.
- ▶ Confer with legal counsel before making a determination, but consider providing the same benefit as is available to teachers and administrators, given their supervisory and/or confidential status.

Definition of “Full-Time Employee”

- ▶ Per the arbitrator’s award, employees are eligible to receive health insurance benefits if they work on average 17.5 hours per week
- ▶ Employees who work less than full time will have the employer contributions to premium prorated (OOP contributions are not prorated)
- ▶ The definition of full-time shall be what is in local CBAs or individual employee contracts
- ▶ If health care costs in your district will increase substantially, then one way to manage costs is to look at how the district defines full-time status in a CBA. If it is less than 37.5 hours/week, changing this should be a priority for the board
- ▶ Pro-ration calculations may vary by district’ consult with your legal counsel

Grievance Process

- ▶ Per the arbitrator's decision, grievances over the health care benefit must be handled locally, absent legislative action granting the Commission authority to hear grievances
- ▶ We recommend boards propose grievance language for health benefits that requires the Commission to hear all grievances related to the health insurance benefit; consult with legal counsel on specific language.
- ▶ Otherwise, what was supposed to be a common benefit across districts may evolve into 60+ different interpretations, wasting substantial time at the local level on an issue that is supposed to be handled at the state level

Cash-in-Lieu of Health Insurance

- ▶ The statewide benefit does not require districts to offer cash-in-lieu (CIL) of health benefits
- ▶ Per the arbitrator's decision, cash-in-lieu provisions continue to be locally bargained
- ▶ If your contract currently includes CIL, consider:
 - ▶ Eliminating the benefit
 - ▶ Limiting eligibility for cash-in-lieu only to those employees who are not receiving health care benefits through another Vermont school district via spouse or domestic partner
 - ▶ Otherwise, the Education Fund is paying twice for the same individual's health insurance benefit

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