

# AMSD Position on School Employee Health Insurance

**T**he Association of Metropolitan School Districts opposes the establishment of a mandatory statewide health insurance pool for school employees.

## AMSD BELIEVES

- Rising health insurance costs need to be controlled in a manner that preserves local control and allows locally elected school boards to work in partnership with their employees and communities.
- A standing statewide health insurance advisory committee, consisting of representatives from both labor and management, should be formed to continue a dialogue on this issue.
- The Governor and Legislature should create a separate statewide insurance pool for retired school personnel or allow school districts to pool retirees separately and charge appropriately for their costs.
- The enhanced Public Employee Insurance Program (PEIP) may represent an appropriate health insurance mechanism for school districts that have difficulty receiving competitive bids.

## BACKGROUND

The 2002 Minnesota Legislature created the School Employee Insurance Plan Study and Design Committee. The study, administered by the Department of Commerce, explored the feasibility and desirability of various pool arrangements for school district employees including the establishment of a mandatory statewide school employee health insurance program.

Over two years, the committee, consisting of members from management and labor, collected a large amount of data from school districts and health care providers alike.

While the final report by the committee's actuarial consultant showed overall financial savings from the creation of a mandatory pool for school employees, it is important to note that the committee split on their recommendations. The recommendations were essentially split between labor and management representatives, with labor favoring a mandatory statewide pool and management favoring a voluntary pool while recommending further study of a number of other cost saving initiatives.

Establishing a statewide mandate will create winners and losers among school districts, and does not address the fundamental realities driving health care costs:

-Health care insurance premiums have been rising primarily because underlying costs are rising. National data shows that during the period 1993-2003, premiums increased 7.3% annually, while the cost of services increased 7.2% annually.

Minnesota's school districts and taxpayers within our districts grapple with the same challenges with health care costs as other employers and families. AMSD is committed to policy that gives school districts the ability to work with their employees to implement cost containment measures and market reforms that meet their needs.



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