

Understanding Your Health Insurance

WHAT'S CURRENT SITUATION AND HOW IT GOT HERE



Educators,

Now that you have received the notice from THT regarding new plans and premiums, we wanted to take a minute to explain the Trusts' current situation and how it got to this place.

Monthly premiums have slightly increased this year for employees and dependents. Previously, over 9,000 employees paid no contribution to monthly premiums. However, even with this increase THT is still running a deficit. Why is that? As of this writing, the Clark County School District has not agreed in negotiations to increase premium contributions to the level that an actuary study has recommended for THT to be financial stable i.e. \$42 a month from CCSD per employee toward premiums. But this is not the first time this has happened. Since 2010, the Trust has never been adequately funded.

Previous THT Management's Failure

First, we want to acknowledge that the previous THT CEO let the deficit run on for too long without intervention, causing months of being behind on paying claims and incurring several million dollars in debt. When this was uncovered and accountability was demanded for explanations, the previous CEO resigned abruptly. The THT Board of Trustees, made up of educators, were making decisions based on what the CEO had requested. This will now be changed. The THT Board knows it has to be held accountable to members and recognizes that significant change has to occur. Educators' expertise is teaching, not running a \$200 million health plan. Hence, moving forward the THT Governing Board will have additional members on the Board who are not educators, but have healthcare understanding and financial expertise. We believe this will allow a balanced governance to ensure our educators have stable, quality, and accessible health insurance for themselves and their families.

Historical Context to Understand the Current Situation

As stated above, the Trust has not been adequately funded since 2010. In 2015, after almost six straight years of no contribution to premiums by CCSD, the district gave a onetime payment to the Trust. But they did not increase premium levels- it was just a onetime payment. In 2016 and 2017 negotiations, CCEA requested that CCSD increase their contribution to monthly premiums to levels that meet the increased cost of healthcare, but the District refused to increase their contribution. Adding another two years of no increases.

At this point CCEA was forced to take the district to arbitration in 2018. CCSD's agenda at the arbitration hearing was to get rid of the Trust and put all educators on the same health plan that support staff has been on with a for-profit insurance carrier. At the 2018 arbitration hearing, CCEA presented evidence that the Trust had never been properly funded by the district since 2010, despite the rising costs of healthcare for 18,000 educators and their families. The arbitrator ruled in our favor with the award ordering CCSD to increase the district's premium contributions. And despite that ruling CCSD still refused to honor it until a Court ordered the district to do so.

The next increase did not come until the 2019 legislative session. Governor Sisolak was elected and the legislature told the district they had to use the allocated money passed by the State to pay increases on premiums. If you remember, 2019 was also the year we had to threaten a strike in order for the district to pay the money that we won in the Legislative Session.

Now in 2020-2021 with a global pandemic, and health insurance being more important than ever, the Trust continues to experience an increase in medical claims that outpace incoming revenue. In fact, 10% of our population has serious medical conditions that cost the Trust over 60% of all medical claims. As of this writing, the District knows the THT's financial challenges and has yet again refused to increase their contribution towards educator monthly premiums.

What is even more disheartening is the fact that CCEA played the most significant role in the last Legislative Session to pass a tax on mining dedicated to education that will bring in over \$150 million a year; helped secure an additional \$200 million that the State will receive from the Federal government that CCSD can access, advocated; supported and helped pass the new Student Centered Funding Plan that benefits CCSD students as well as helped pass another \$500 million to be invested in the new funding plan. This clearly is not about money. It is about investing in educators' healthcare.

A Growing Disparity on Health Insurance Contributions Among Employees

Because of the situation THT is in now, CCSD would like educators and staff to believe it's because it is simply mismanaged and educators who have gone through the frustration of bills not being paid might easily agree to that assumption. However, the fact is in the last decade CCSD has historically not funded THT to the necessary levels in order to meet the growing costs of healthcare.

However that has not been the case with taking care of administrators. CCSD has ensured that the administrator's insurance has been funded adequately. In fact, CCSD contributes close to \$800 a month in premium contributions for administrators (Superintendent Jara and his administrative team get this). But CCSD only contributes about \$640 a month for teachers. That is close to \$160 more in monthly premiums to principals compared to educators. If the Trust received that additional \$160 per month, it would have another \$34.5 million in annual revenue and as a result, would not be in the position it is currently in. Isn't it time for the district to step up and provide the same to educators as they do to administrators? Ask the support staff. They receive even lower premium contributions from CCSD.

If CCSD ended the disparity and contributed \$160 more per month to all 18,000 educators, an additional \$34.5 million would go to Trust.

$$\mathbf{\$160 \times 12 \times 18,000 = \$34,560,000}$$

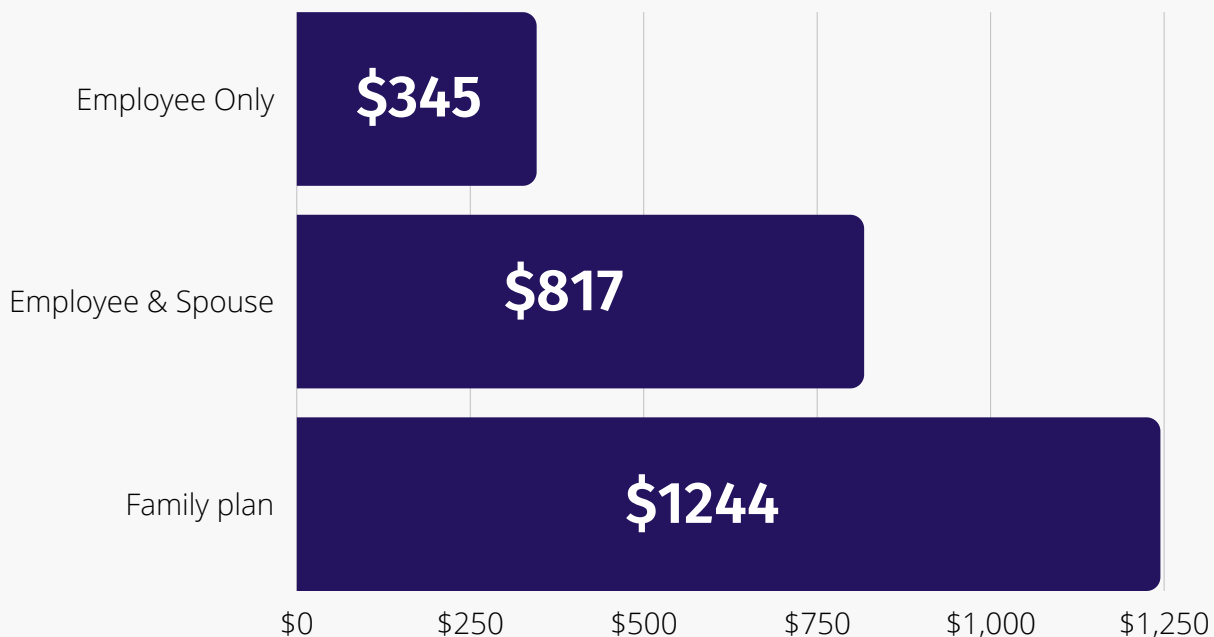


Why Not Just Get Another Health Plan?

Some have raised why not just get another health plan instead of THT. In fact why not just go to the Administrator's PPO plan? Two cold facts will determine the outcome of that thought if it was to occur.

First, **you get what you pay for**. In other words, the same issue would be facing educators if we simply changed plans. CCSD's refusal to invest in your healthcare at the same level they provide to administrators would leave educators paying a significant amount more for health care. In fact, if educators were to go on the administrators' PPO health plan, at the same rate CCSD contributes to educators toward monthly premiums (\$640/month), what would that leave an educator paying monthly for insurance? Over \$345 more out of pocket for employee only plan; over \$817 a month more for employee and spouse plan; and, over \$1244 a month more for family plan.

If educators joined the admin's PPO health plan at the same rate CCSD contributes towards premiums now (\$640) this is what you would pay per month:



Educator out-of-pocket cost

The second cold fact is what would be an alternative health insurance plan be if we didn't use THT for health insurance? Blue Cross, Cigna, Aetna, Mercer? Not an option. Currently, there is only one health insurance carrier that has a monopoly on the market in Southern Nevada making it impossible for those other carriers to compete both with costs and provider network. That health plan would be the same health plan that the administrators and support staff have; and the support staff plans are worse than the administrators' plan. CCSD would have educators go on the support staff before the administrators plan because they would not want to contribute more toward your health insurance. So for those who think a solution is to simply replace THT with another health plan, think again.

Moving Forward: Steps THT is Taking to the Road to Recovery

1. There will be a change in the THT's governing board to be made up of members with healthcare and financial expertise.
2. A new CEO has been hired that has extensive experience in healthcare, running several plans including formerly, the culinary health trust plan.
3. Cost reductions in THT administration has occurred.
4. THT is negotiating repayment plans with providers that THT fell behind on with payments.
5. Two new health plans have been designed that align better with the revenue that THT receives, while also providing healthcare to our population.
6. A new program to provide better medical management has been brought on, especially for those with high healthcare needs.
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The last thing to be done? It is time for CCSD to contribute more toward educators' monthly healthcare premiums.

