

HEALTH BENEFITS FOR BFT MEMBERS: THE QUESTION OF CALPERS



LEARNING GOALS:

- BFT members who participate in this presentation will understand the question of whether BUSD should switch to CalPERS for our health benefits—why we're considering it, the implications for our members, and the pro's and con's of a switch.
 - BFT Site Reps and members will feel able to have informed discussions with their colleagues.
 - BFT members will be able to advise BFT leadership how they should advocate with the other BUSD unions and District staff on the question of joining CalPERS.
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SOME GROUND RULES:

- #1: Don't shoot the messenger—this is a very complex and often emotional topic. Your Site Rep is here to help you be informed about an important issue.
 - #2: Please hold questions until the end of the presentation—if you have a question about an individual point, your answer may come on a later slide. Write it down on your slide organizer—if it doesn't get answered you will get a chance to ask it!
 - #3: Assume positive intent—all of us want Berkeley teachers to have affordable, effective health care. In order to do that we must work together!
 - #4: Speak **your** truth—as will be clear in this presentation, individual members' situations with regards to benefits vary dramatically depending on the work they do, where they are on the salary schedule, and their individual family dynamics.
 - #5: This is the START of a conversation—if you have big questions, comments, or concerns, make sure to write them down and your Site Rep will get back to you. Your Site Rep will have multiple opportunities to weigh in at Executive Board meetings.
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FRAMING THE DISCUSSION

- **REMINDER:** Our health care system is run by private corporations whose primary motivation is **profit**—this is the fundamental issue driving up health care costs.
 - The cost of health care is a national and regional issue—our situation in BUSD is not unique to us.
 - Health care premiums are higher in the Bay Area than they are anywhere else in California, and higher in Northern California than in Southern California generally. The reason for this is Sutter's dominance of the health care market—Kaiser just has to be cheaper than Sutter, it doesn't have to be cheap.
 - Rising health care costs have flattened wage increases all over the state—given the Bay Area's cost of living, this is a real problem for us.
 - The **big-picture** solution is single-payer health care, i.e. Medicare for all. See next slide for some information on BFT's involvement in big-picture work.
 - However, as this long-term work is done, BFT is also seeking shorter-term ideas to provide relief to our members.
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BFT'S BIG-PICTURE WORK

- Campaign for a Healthy California
 - Coalition fighting for both **immediate** measures to rein in the health care industry **AND** for single-payer in California.
 - CHC has had significant legislative and activism victories in 2015.
 - BFT retiree Sam Frankel represents BFT on the CHC Steering Committee.
 - Alameda County Health Care Task Force
 - BFT is part of a group of public-sector unions in Alameda County working with the Board of Supervisors to create a Task Force examining causes of local health care cost inflation and propose solutions.
 - Proposal is moving forward quickly; work started in January 2016.
 - The Task Force will involve public testimony on the causes and consequences of escalating health care costs. Look out for ways to get involved!
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WHAT IS SINGLE-PAYER HEALTH CARE?

- Single-payer health care, also known as “Medicare for All,” is a system in which, rather than having a multitude of private insurance companies, a single, government-funded entity is responsible for all health care financing.
 - In this scenario, similar to how Medicare functions, **all** Americans would have health insurance coverage. They would still be able to choose what companies and doctors **PROVIDE** their health care coverage, but financing and pricing would be controlled by the state or federal government.
 - Under single-payer, there would be a single, public entity responsible for setting pricing—this entity would be responsible for how well the system works and how efficient it is. This contrasts how the system works now: no one is responsible for how the system as a whole works, pricing is opaque and impossible to fully understand, and insurance companies use profit to drive their decision making, pricing, and premiums.
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HOW CALPERS COMES INTO THE PICTURE

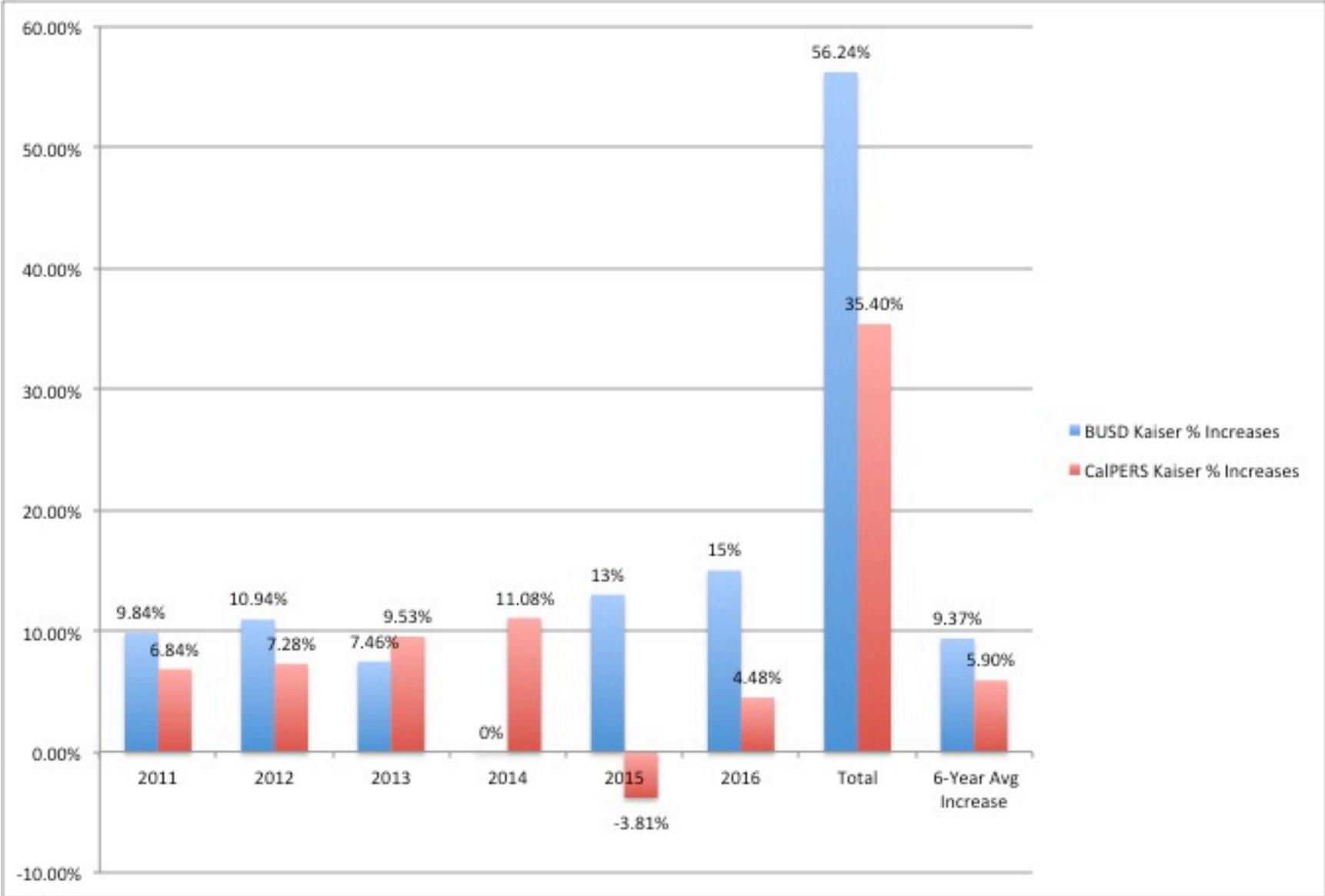
- A big part of the issue with Kaiser for us is that we're simply **too small** to have much leverage with them—we're bargaining for insurance alone as a district, representing roughly 1200 people. CalPERS, on the other hand, represents roughly 1.3 million people in the state of California—it's the second largest benefits purchasing pool in the United States.
 - Another part of the issue with Kaiser for us is that because we have such a high percentage of members on Kaiser, no other insurance companies will offer us business besides Health Net, which is already prohibitively expensive for almost all BUSD employees.
 - The next few slides will discuss the pro's and con's of joining CalPERS and provide information about the impact on the cost of health care to employees.
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PRO'S & CON'S OF CALPERS

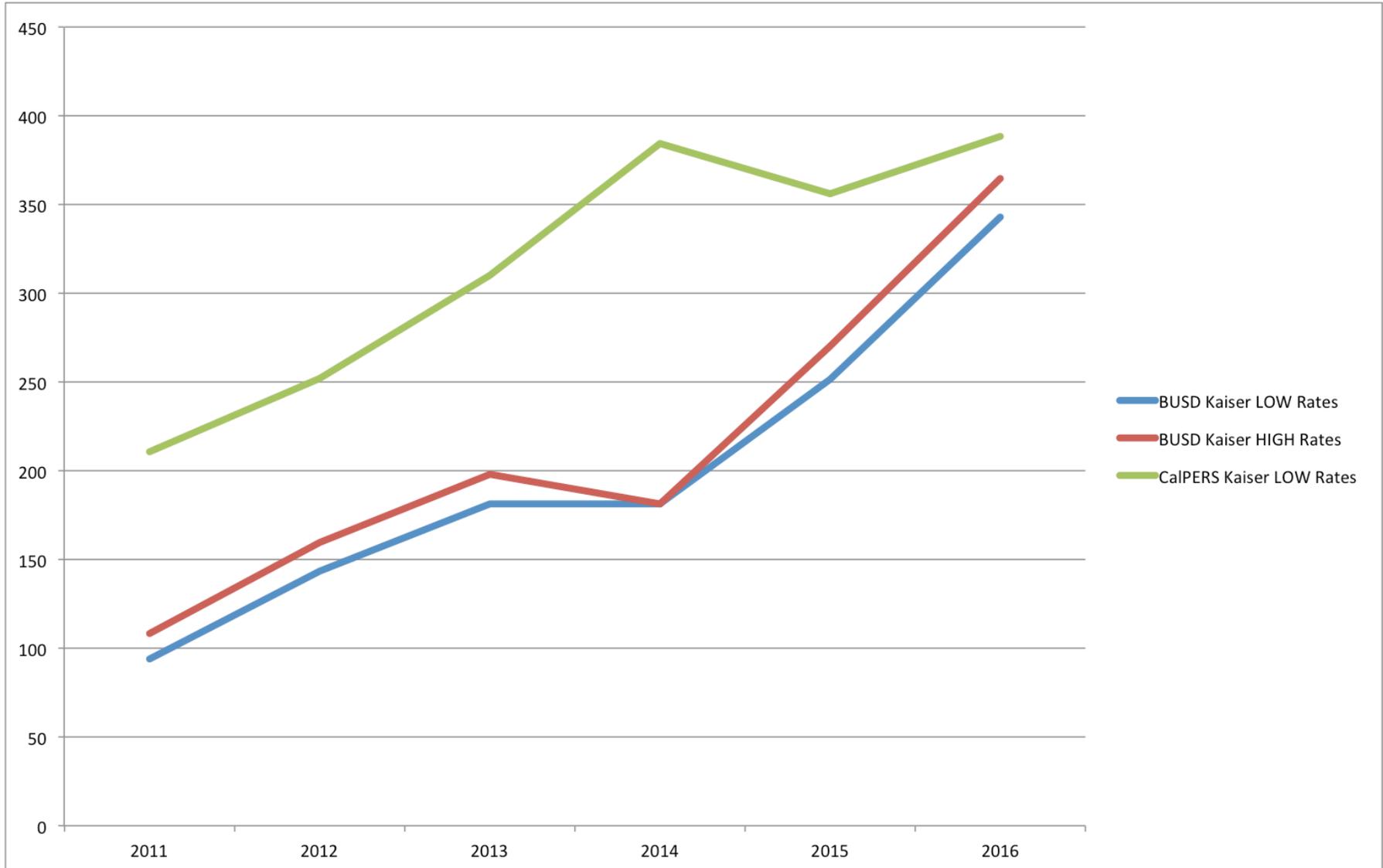
*NOTE: The next several slides will have detailed comparisons of BUSD Kaiser rates and CalPERS Kaiser rates over the last several years.

Advantages of CalPERS	Disadvantages of CalPERS
<ul style="list-style-type: none">• CalPERS rates are historically less volatile than BUSD; i.e. they go up most years but not as much as current BUSD rates.• Plan design in CalPERS plans is very similar to current BUSD plans.• Rates for non-Kaiser options will be lower than current BUSD Health Net rates.• Cash-in-lieu can continue for Independent Study and Adult School teachers.• Employees who get benefits through a partner can continue to do so—i.e. people are not required to buy benefits.• Retiree premiums can be automatically deducted from STRS and PERS monthly checks.	<ul style="list-style-type: none">• CalPERS only offers one narrow Health Net plan. People currently on H.N. might have to switch to Anthem Blue Cross, Blue Shield, or United HealthCare to keep their doctors.• Kaiser Wellness Initiative would end—no more “Thrive Across America.”• BUSD administrative costs might rise:<ul style="list-style-type: none">• Required to contribute something to benefits for life—currently ends at 65• BUSD must pay an administrative fee to CalPERS.• We would not have any control over plan design—decisions about copays and co-insurance would be totally out of our hands.• If we switch, everyone would need to re-enroll in health benefits.

KAISER PREMIUM INCREASES OVER LAST 6 YEARS



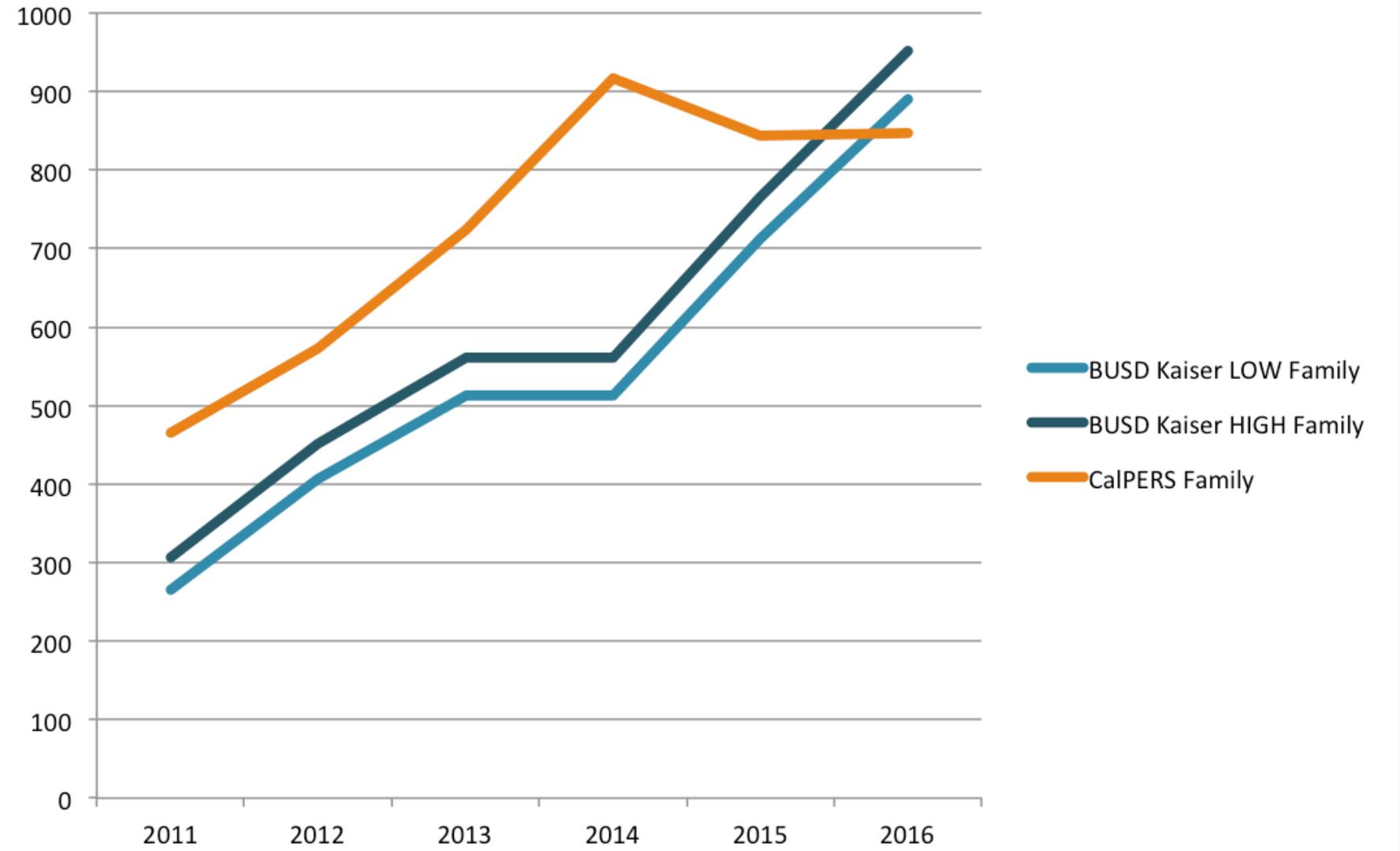
KAISER EMP ONLY MEMBER CONTRIBUTION **WITHOUT** 2016 HARD CAP INCREASE INCLUDED



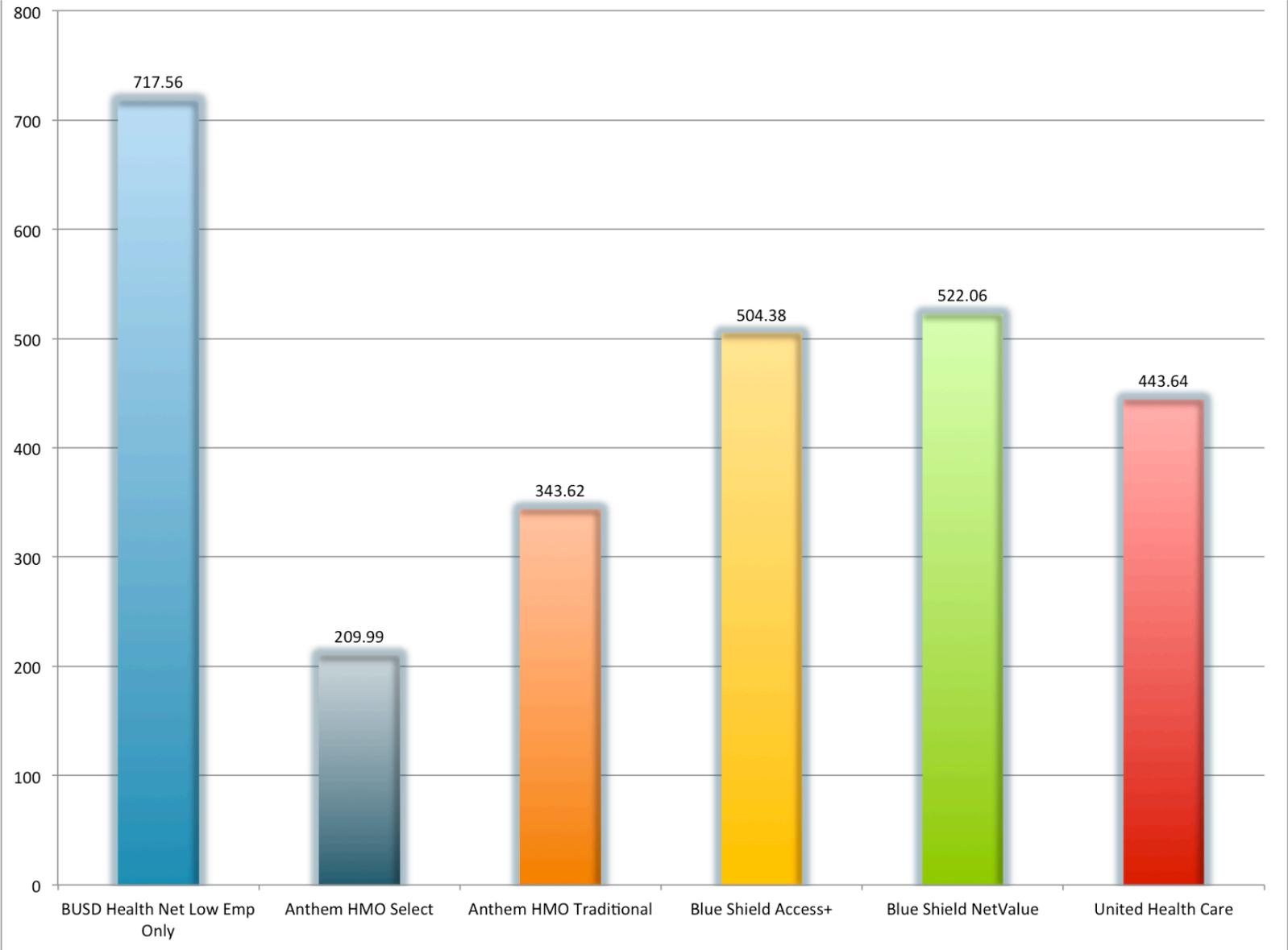
KAISER EMP ONLY MEMBER CONTRIBUTION **WITH** 2016 HARD CAP INCREASE INCLUDED



KAISER FAMILY MEMBER CONTRIBUTION WITH 2016 HARD CAP INCREASE INCLUDED



2016 EMP ONLY MEMBER CONTRIBUTIONS: HEALTH NET LOW VS. **ALL** PERS HMO OPTIONS



WHAT COMES NEXT?

- Talk about this with members at your site
 - As an Executive Board, we need to decide if we want to advocate to join CalPERS by April 2016. Once BFT leadership has your guidance, we'll:
 - Meet with the leaders of the other three unions in BUSD (BCCE, Local 21, UBA) to discuss with them and make a plan for advocacy and changing.
 - Bring this back to the Health Benefits Cost Containment Committee by June 2016. This body will make a recommendation to the Board about whether we should switch to CalPERS or not. The BUSD Board will make a decision by August 1, 2016.
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