

**MINUTES OF THE
EDUCATION INTERIM COMMITTEE**
July 18, 2001 - 9:00 a.m. - Room 303 State Capitol

Members Present:

Sen. Howard Stephenson,
Senate Chair
Rep. Marda Dillree,
House Chair
Sen. Karen Hale
Sen. Pete Suazo
Sen. Michael G. Waddoups
Sen. Bill Wright
Rep. Jeff Alexander
Rep. Duane E. Bourdeaux
Rep. Afton B. Bradshaw
Rep. Judy Ann Buffmire
Rep. Margaret Dayton
Rep. James A. Ferrin
Rep. James R. Gowans
Rep. Bradley T. Johnson
Rep. Merlynn T. Newbold
Rep. Loraine T. Pace
Rep. LaWanna Shurtliff
Rep. Matt Throckmorton

Members Absent:

Sen. David H. Steele
Rep. A. Lamont Tyler

Members Excused:

Sen. D. Chris Buttars

Staff Present:

Ms. Constance C. Steffen
Research Analyst
Mr. Dee S Larsen,
Associate General Counsel
Ms. Wendy L. Bangerter,
Legislative Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

1. Call To Order

Chair Dillree called the meeting to order at 9:10 a.m.

MOTION: Rep. Bradshaw moved to approve the minutes of June 20, 2001. The motion passed unanimously with Sen. Suazo, Rep. Alexander, Rep. Johnson, and Rep. Shurtliff absent for the vote.

2. Electronic High School

Representative Richard Siddoway, principal of Utah's electronic high school, gave a presentation on the school. He reviewed the modes of delivery, how it is funded, the courses

offered, and how students benefit by taking courses through the school. He cited several examples of student use. He noted that he and a half-time staff person administer the program.

3. Health Insurance for School District Employees

Mr. Dee Larsen, Associate General Counsel, presented and distributed to the committee background information regarding legislation introduced in the 2001 General Session to modify the Utah State Retirement Office's group insurance program. The legislation placed school district employees into the state employee risk pool. The proposal was intended to lower health insurance costs of school district employees by allowing them to take advantage of the purchasing power of the larger state employee risk pool.

Ms. Valerie Scott, bus driver, Washington School District, spoke in favor of including all school employees in the state insurance plan.

Mr. Douglas Drake, teacher, Washington School District, testified on the problem of rising health insurance premiums.

Ms. Karalee Ericson, American Federation of Teachers, distributed and reviewed, "Health Insurance for School District Employees." She stated that school districts should have the option to join the state pool -- participation should not be mandatory.

Mr. Linn Baker, Public Employees Health Plan (PEHP), stated there are several risk pools within PEHP. He addressed the advantages of self-funding and why it would be advantageous for small employers or districts to be a part of the state risk pool. He noted that the advantages of pooling can be achieved with other health care providers, also.

Ms. Patti Rowse, superintendent, Tintic School District, stated they pool with other school districts for the purpose of purchasing health insurance. She stated that, in an effort to control premiums, the district has negotiated changes in coverage and co-pays, but employees can buy up to obtain higher coverage. Superintendent Rowse discussed some of the unique needs of rural residents. For example, they need affordable emergency room care, because clinics are not available or open at night. She indicated that many times teachers are forced to choose between a salary schedule increase or increased insurance benefits. Superintendent Rowse did not recommend that school districts be included in the state risk pool.

Mr. Stephen Ronnencamp, superintendent, Granite School District, stated that school districts should have flexibility and options in providing health insurance. He noted that in larger districts, members have more interest in cost savings when the insurance is self-funded. He recommended that school districts be allowed to participate in the state pool, but those that elect

to not participate should receive an increase for insurance commensurate to what PEHP participants receive annually.

Mr. Chris Watts, William M. Mercer, reviewed the history of the Utah School Boards Association risk pool. He said that the intent of the pool was to stabilize rate changes and to solicit bids on a competitive basis, which was done in 1999. He added that pooling is not the silver bullet some would think it is or would like it to be. He noted that changing the risk pool does not change the cost, only who is paying what. He emphasized that medical savings accounts, because of tax laws, are not always advantageous to the smaller employer.

Mr. Jim Eldridge, Utah Education Association (UEA), stated the UEA encourages the use of local insurance committees and sponsors state-wide workshops to help employees keep costs down.

Mr. Jake LeMann, insurance committee member, Davis School District, reviewed the collaborative effort that exists in Davis School District between employees, consultants, and administrators. He stated that the committee monitors the usage and changes of insurance policies offered to their employees. He reviewed changes they have recently made to try to keep costs down.

Mr. Scott Stewart, consultant to Davis and Box Elder School Districts, cited examples of how competition has worked to their advantage. He noted that policies or strategies that work one year may not work the next year. He emphasized that competition and keeping employees involved are vitally important to the districts.

Ms. Laura Black, teacher, Jordan School District, emphasized the importance of local control so that teachers know what is being done with regards to their insurance.

Mr. Steve Morgan, teacher and insurance committee member, Box Elder School District, stated they now have two insurance providers. He emphasized the need for the employees to have a choice and to work together in the consensus process. He noted that the biggest responsibility of the committee is to take information back to the employees and educate them on how they can help reduce costs themselves. He encouraged the Legislature to allow districts to be creative and enjoy ownership.

Mr. Kelly Atkinson, Utah Health Insurance Association, stated every school district and municipality can put their insurance out to bid every year, if they choose. He spoke in favor of competition, because it tends to drive down costs. He noted that risks should be similar in a pool or else costs are driven up. He also noted that medical savings accounts will find their place in the market, if they have merit.

4. Other Business

Chair Dillree explained the back-to-school program and encouraged the legislators to take advantage of it.

5. Adjourn

MOTION: Rep. Pace moved to adjourn the meeting. The motion passed unanimously, with Sen. Suazo, Rep. Alexander, Rep. Johnson, and Rep. Shurtliff absent for the vote. The meeting was adjourned at 12:05 p.m.