

## PAHU SUBMITS COMMENTS ON SCHOOL DISTRICT EMPLOYEE BENEFITS BEING SUBSUMED INTO A STATE-RUN PLAN

House Resolution 159 directed the Legislative Budget and Finance Committee to undertake a study as to whether or not school district benefit programs should be combined into a state-run benefit program. Philadelphia's Hay Group was contracted to do the study. The Hay Group is required to issue a feasibility study by the end of 2003. As part of their analysis, they worked with the PA Association of School Business Officers to survey the school districts as to what health, vision, and dental benefits were being offered now. This research will be included in their final report.

### **The Hay Group also met with PAHU at our request.**

Options the Hay Group is considering are:

- Leave the current system as is
- Form a statewide bargaining pool for school systems
- Cover all employees and school system retirees into a single statewide plan separate from the PA Employees Benefits Trust Fund that covers Commonwealth employees and retirees.
- Expand the PA Employees Benefits Trust Fund to include employees and retirees of school systems.

Following is a synopsis of PAHU's comments to the Hay Group:

*PAHU Believes that health care plans should remain under the control of local school districts. The local school districts and the underwriters who serve those plans best understand the health care needs and costs at the local level. The underwriters act as school employee advocates who assist school districts in navigating the insurance system. Many insurance producers also work with the school districts to meet their specific needs in all lines of insurance. This means that the school district also has an advocate in assessing the overall insurance requirements of the school district as well as being able to focus on health. That important function would be diminished in a state controlled plan.*

*A state-wide system would be another unfunded mandate that would have to be supported by the school district budget. School districts would lose their ability to adapt benefit programs to their particular need and budget. In addition, political pressure to the state level would have the effect of raising school employee benefits to a higher standard, thus imposing a higher cost on those school districts that can least afford it.*

*11/25/03*