



Affordable Benefits Coalition

Protecting Jobs. Preserving Benefits. Providing Education.

Health Benefits and Retirement Frequently Asked Questions

Q: What is the proposal?

A: The proposal allows school districts to create regional pools to purchase health care for current employees. The proposal also requires the state to establish a statewide fund to cover catastrophic claims. Premiums would be lowered because better claims, cost and quality data availability, as well as enhanced collective bargaining power, allowing school districts to better negotiate and seek competitive prices.

Q: Will school employees be forced to accept inferior benefits?

A: No, school employees can keep their benefits and collectively bargain for health care benefits in the future.

Q: Are school employees losing their right to collectively bargain for health care?

A: No. School employees and administrators can still negotiate and will bargain with more collective strength through larger employee pools.

Q: If savings don't come from cutting school employee's benefits or raising co-pays, where do they come from?

A: Savings will come from:

- More efficient administration;
- Getting better deals by pooling employees in regional pools;
- Providing school districts and employees with information to negotiate fair premiums and identify high-quality providers;
- Competitive bidding for health care;
- Creating a statewide fund to pay for catastrophic care.

Q: Will schools be forced to pool together?

A: No, they can determine whether pooling would be beneficial. Most school districts would see cost savings from pooling.

Q: How much money can be saved and instead go towards student's needs?

A: The American Federation of Teacher-Michigan estimates that it will save \$573 million over the first three years.

Q: Through collective bargaining, Michigan teachers have at times traded salary increases for health care benefits. Why should they change?

A: Pooling creates cost savings that can increase benefits, allow the hiring of more teachers or the funding of programs that had been eliminated without cutting employee benefits or pay.

Q: Why is the Legislature attempting to change the school employee's benefits?

A: This proposal was offered by the American Federation of Teachers – Michigan, and supported by school administrators and school boards. The Legislature is only trying to be responsive to the education community.

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Q: How much does health care cost schools?

A: A district's annual health care costs comprise 12-18 percent of costs, or approximately \$1000 per pupil. The total cost is projected to be \$2.3 billion this year. On average, school employees covered under individual school district plans will cost \$12,149 in 2005, while state employees covered under the consolidated state employee plan will cost only \$9,212.

Q: Will this be a statewide or regional pool?

A: Schools will be able to choose whether to join regional pools or have their own separate plan.

Q: Is this an attack on MESSA?

A: No. MESSA can continue to provide health insurance for school districts. This proposal merely gives schools districts more choices and generates cost savings so those dollars go towards educating children.

Q: When is the Legislature going to lower the cost of its own health care benefits?

A: The Senate has already done so and the House of Representatives is considering several options to lower health care costs.