VOLUME 1 – APPENDIX

APPENDIX A

Washington K-12 Employees
Actual FTEs by School District
Source: OSPI Report S-275 Personnel Report
2010-2011 School Year

School District	Actual FTEs [1]	Employees
Total	103,852	129,761
Seattle Public Schools	4,945	5,504
Spokane School District	3,151	3,819
Tacoma School District	3,144	3,552
Kent School District	2,598	3,178
Evergreen School District (Clark)	2,502	3,082
Lake Washington School District	2,242	2,742
Vancouver School District	2,236	2,725
Federal Way School District	2,220	2,753
Puyallup School District	1,931	2,453
Highline School District	1,904	2,340
Edmonds School District	1,885	2,407
Northshore School District	1,778	2,205
Bethel School District	1,754	2,161
Bellevue School District	1,739	2,212
Everett School District	1,683	2,018
Issaquah School District	1,540	1,895
Kennewick School District	1,526	1,870
Pasco School District	1,521	1,850
Yakima School District	1,502	1,729
Auburn School District	1,411	1,698
Renton School District	1,399	1,725
North Thurston Public Schools	1,369	1,716
Clover Park School District	1,325	1,545
Mukilteo School District	1,310	1,640
Central Valley School District	1,245	1,597
Central Kitsap School District	1,218	1,526
Battle Ground School District	1,200	1,486
Marysville School District	1,107	1,323
Richland School District	1,031	1,254
Bellingham School District	1,018	1,299
South Kitsap School District	981	1,198
Olympia School District	912	1,283
Shoreline School District	879	1,218
Snohomish School District	878	1,148
Mead School District	854	1,116
Peninsula School District	837	1,050
Sumner School District	792	1,007
Moses Lake School District	781	978
Wenatchee School District	781	1,023
Franklin Pierce School District	777	968
North Kitsap School District	679	919
Lake Stevens School District	674	871
Longview School District	673	801

(1) The actual FTEs reflect the sum of FTE counts for all employees.

Washington K-12 Employees
Actual FTEs by School District
Source: OSPI Report S-275 Personnel Report
2010-2011 School Year

School District	Actual FTEs (1)	Employees
Tahoma School District	663	798
Sunnyside School District	660	758
Walla Walla Public Schools	650	813
Mount Vernon School District	641	846
Tumwater School District	640	841
Monroe School District	581	726
Bremerton School District	548	662
Camas School District	544	706
Yelm School District	531	690
Snoqualmie Valley School District	524	656
Ferndale School District	521	671
Oak Harbor School District	519	643
University Place School District	514	629
Eastmont School District	511	637
Kelso School District	497	641
Shelton School District	465	558
West Valley School District (Yakima)	465	556
East Valley School District (Spokane)	463	575
Stanwood-Camano School District	456	575
Enumclaw School District	450	569
Arlington School District	438	553
Educational Service District 112	432	579
Cheney School District	430	549
Sedro-Woolley School District	419	540
Port Angeles School District	394	469
Aberdeen School District	390	504
West Valley School District (Spokane)	389	518
Burlington-Edison School District	387	503
Mercer Island School District	382	489
White River School District	376	468
Othello School District	372	459
Bainbridge Island School District	370	498
Toppenish School District	365	425
Wapato School District	357	415
Centralia School District	348	466
Grandview School District	347	431
Selah School District	336	444
Fife School District	325	405
Steilacoom Hist. School District	317	367
Prosser School District	311	394
Washougal School District	305	424
Chehalis School District	297	380
Riverview School District	297	384
Puget Sound Educational Service District 121	297	343
Quincy School District	291	373
Ellensburg School District	288	381

(1) The actual FTEs reflect the sum of FTE counts for all employees.

Washington K-12 Employees
Actual FTEs by School District
Source: OSPI Report S-275 Personnel Report
2010-2011 School Year

School District	Actual FTEs [1]	Employees
Clarkston School District	288	380
Tukwila School District	282	354
Educational Service District 113	277	373
East Valley School District (Yakima)	271	343
Quillayute Valley School District	264	360
Lynden School District	260	385
Sequim School District	258	333
Anacortes School District	257	347
Deer Park School District	253	405
Wahluke School District	233	263
North Mason School District	230	286
Colville School District	229	306
Mount Baker School District	229	287
Lakewood School District	227	304
Woodland School District	226	317
Ephrata School District	223	273
Pullman School District	223	295
Omak School District	222	281
North Franklin School District	221	298
Blaine School District	216	280
Rochester School District	210	243
Medical Lake School District	206	272
Hoquiam School District	204	273
Orting School District	197	245
Sultan School District	191	236
Granite Falls School District	190	241
Eatonville School District	187	252
Nooksack Valley School District	184	247
Elma School District	177	219
Riverside School District	165	222
Meridian School District	165	232
Royal School District	158	198
Granger School District	157	183
Kiona-Benton City School District	157	212
Northwest Educational Service District 189	155	178
South Whidbey School District	153	219
Nine Mile Falls School District	152	182
Olympic Educational Service District 114	149	181
Hockinson School District	144	175
Vashon Island School District	143	186
Castle Rock School District	142	194
Port Townsend School District	140	206
Lake Chelan School District	135	181
Naches Valley School District	132	184
Tenino School District	132	180
Cashmere School District	131	174

(1) The actual FTEs reflect the sum of FTE counts for all employees.

Washington K-12 Employees
Actual FTEs by School District
Source: OSPI Report S-275 Personnel Report
2010-2011 School Year

School District	Actual FTEs (1)	Employees
Dieringer School District	131	162
Ridgefield School District	130	160
Mount Adams School District	129	150
Educational Service District 101	126	148
Zillah School District	126	152
Stevenson-Carson School District	125	169
Cascade School District	125	167
Okanogan School District	122	161
Montesano School District	122	174
Highland School District	121	144
Chimacum School District	120	166
White Salmon Valley School District	118	159
Newport School District	115	154
Tonasket School District	112	157
Valley School District	112	139
Goldendale School District	110	145
Warden School District	108	140
Brewster School District	107	130
La Center School District	105	122
Mabton School District	104	126
Educational Service District 105	103	108
Unknown	98	99
Coupeville School District	98	122
Ocean Beach School District	98	135
Chewelah School District	98	122
Finley School District	97	118
Grand Coulee Dam School District	96	137
Kettle Falls School District	95	135
College Place School District	94	115
Freeman School District	91	115
Rainier School District	90	114
Cle Elum-Roslyn School District	90	134
San Juan Island School District	88	123
Wellpinit School District	88	96
Columbia (Walla Walla) School District	87	106
La Conner School District	87	116
Onalaska School District	87	116
Ocosta School District	84	113
Cape Flattery School District	83	107
Bridgeport School District	82	100
Toledo School District	81	108
Pioneer School District	81	98
North Central Educational Service District 171	80	92
Raymond School District	80	112
Orcas Island School District	78	119
Manson School District	77	113

(1) The actual FTEs reflect the sum of FTE counts for all employees.

Washington K-12 Employees
Actual FTEs by School District
Source: OSPI Report S-275 Personnel Report
2010-2011 School Year

School District	Actual FTEs [1]	Employees
South Bend School District	76	101
Kalama School District	76	109
Oroville School District	76	108
Concrete School District	75	107
North Beach School District	75	104
Winlock School District	74	100
Reardan-Edwall School District	73	100
Napavine School District	71	93
Mary Walker School District	69	98
Colfax School District	68	109
Asotin-Anatone School District	67	95
Union Gap School District	66	78
Toutle Lake School District	66	95
Griffin School District	66	87
Kittitas School District	65	83
Mossyrock School District	64	88
Methow Valley School District	63	98
Davenport School District	63	78
Liberty School District	59	94
Darrington School District	57	75
Soap Lake School District	57	76
Educational Service District 123	57	69
White Pass School District	54	81
Dayton School District	54	80
Adna School District	50	65
Hood Canal School District	48	60
Willapa Valley School District	46	63
Wahkiakum School District	45	64
Naselle-Grays River Valley School District	45	70
Republic School District	45	61
Morton School District	43	68
Ritzville School District	43	54
Pomeroy School District	42	73
Entiat School District	42	59
Conway School District	42	57
Waitsburg School District	41	55
Cusick School District	40	62
Selkirk School District	40	57
Waterville School District	39	55
Prescott School District	39	57
Lopez School District	39	57
Lake Quinault School District	38	48
Pateros School District	38	52
Oakville School District	37	57
Quilcene School District	36	53
Northport School District	36	50

(1) The actual FTEs reflect the sum of FTE counts for all employees.

Washington K-12 Employees
Actual FTEs by School District
Source: OSPI Report S-275 Personnel Report
2010-2011 School Year

School District	Actual FTEs [1]	Employees
Taholah School District	36	43
Lyle School District	35	50
Touchet School District	35	42
Columbia (Stevens) School District	35	50
Pe Ell School District	35	49
Rosalia School District	35	49
Wilbur School District	34	50
Inchelium School District	34	46
Crescent School District	34	46
McCleary School District	34	43
Palouse School District	33	47
Lind School District	32	42
Odessa School District	32	50
Curlew School District	31	48
Thorp School District	31	40
Orondo School District	31	42
Tekoa School District	31	43
Coulee-Hartline School District	29	44
St. John School District	28	49
Garfield School District	26	44
Nespelem School District	26	33
Mary M Knight School District	26	32
LaCrosse School District	26	38
Wilson Creek School District	26	34
Harrington School District	25	37
Oakesdale School District	25	34
Creston School District	24	29
Colton School District	23	31
Mansfield School District	22	34
Endicott School District	22	33
Washtucna School District	22	32
Loon Lake School District	22	32
Klickitat School District	21	30
Wishkah Valley School District	21	39
Trout Lake School District	21	34
Sprague School District	21	32
Cosmopolis School District	21	29
Easton School District	20	25
Carbonado School District	20	27
Almira School District	20	27
Orient School District	20	31
Grapeview School District	20	28
Southside School District	20	26
Skykomish School District	20	23
Glenwood School District	20	26
Bickleton School District	19	21

(1) The actual FTEs reflect the sum of FTE counts for all employees.

Washington K-12 Employees
Actual FTEs by School District
Source: OSPI Report S-275 Personnel Report
2010-2011 School Year

School District	Actual FTEs [1]	Employees
Wishram School District	19	22
Kahlotus School District	18	23
North River School District	17	18
Summit Valley School District	14	19
Boistfort School District	13	18
Green Mountain School District	11	15
Centerville School District	11	15
Mill A School District	10	16
Skamania School District	10	13
Queets-Clearwater School District	10	12
Onion Creek School District	10	16
Keller School District	10	13
Brinnon School District	9	14
Orchard Prairie School District	8	11
Dixie School District	8	11
Lamont School District	7	12
Steptoe School District	7	10
Palisades School District	7	9
Satsop School District	6	12
Index School District	6	11
Great Northern School District	6	9
Star School District	6	7
Mount Pleasant School District	6	8
Evaline School District	5	8
Roosevelt School District	5	7
Damman School District	5	8
Starbuck School District	5	7
Evergreen School District (Stevens)	4	7
Benge School District	4	8
Stehekin School District	3	6
Paterson School District	1	1
Vader School District	0	0
Shaw Island School District	0	0

(1) The actual FTEs reflect the sum of FTE counts for all employees.

APPENDIX B

K-12 REPORT – PROJECT TEAMS OVERVIEW

To inform the HCA staff responsible for researching and writing the Report to the Legislature, the Health Care Authority drew upon the resources and knowledge of multiple state agencies, school districts, associations of school officials, associations of school employees, legislative staff, and associations and individuals across the K-12 network. These additional individuals represented insurance consultants and brokers, health benefits carriers, as well as Health Care Authority contracted actuarial consultants, communications consultants, and benefits administration consultants.

All of these entities and individuals were organized into a project network of five teams to fully address the goals and objectives established for the project and the multiple areas of key importance related to the design of a complex health benefits program.

The network of five teams is depicted in the graphic below.

Much of the detail and accuracy of the final report is due in great part to the ongoing review, critiques and comments that were received from all the teams' participants.

A description of the teams' areas of focus follows – and we have included a roster of each team with the participants and their affiliations.

Our thanks and appreciation go out to all of these individuals.

THE K–12 PUBLIC SCHOOL EMPLOYEE HEALTH BENEFITS REPORT

PROPOSED OPTIONS FOR A CONSOLIDATED BENEFITS PROGRAM

PROJECT TEAMS | JULY – DECEMBER 2011

Washington State Health Care Authority

PROJECT LEADERSHIP AND SUPPORT TEAM Oversees project and engages stakeholders	INTER-AGENCY AUTHORIZATION EXECUTIVE TEAM Provides critical policy-related feedback	PROJECT DESIGN TEAM Develops program design options	K–12 PROJECT ADVISORY TEAM Particpates in review process and provides feedback	KEY LEGISLATORS AND STAFF Attend briefing sessions
▪ Health Care Authority ▪ Communications Consultants ▪ Actuary Consultants ▪ Integration Consultants	▪ Health Care Authority ▪ Office of Financial Management ▪ Office of the Superintendent of Public Instruction ▪ Office of the Insurance Commissioner ▪ Senate & House Caucus representatives	▪ Health Care Authority ▪ Actuary Consultants ▪ Subject Matter Experts	▪ Education Professionals ▪ Labor Relations ▪ Insurance Carriers and Associations ▪ School Districts ▪ Insurance Brokers	▪ Members of the State House ▪ Members of the State Senate ▪ Professional staff for House and Senate Members and Committees

THE K–12 PUBLIC SCHOOL EMPLOYEE HEALTH BENEFITS REPORT

DUE: DECEMBER 15, 2011

The K-12 Public School Employees' Health Benefits Report project process has been built to engage stakeholders, solicit thought leadership, share clear communications and enhance project transparency.

Inter-agency Authorization Executive Team – Made up of State officials responsible for policy and funding for the K-12 system and state purchased health care; this team included Cabinet level agencies and certain legislators.

State Agencies

Health Care Authority:	Doug Porter and Heidi Robbins-Brown
Office of Financial Management:	Jim Crawford
Office of Superintendent of Public Instruction:	Ken Kanikeberg
Office of Insurance Commissioner:	Pete Cutler
State Auditor's Office:	Larisa Benson

Legislators

Senate	Karen Keiser, Steve Hobbs, Edward Murray, Randi Becker, Joseph Zarelli
House	Eileen Cody, Ross Hunter, Gary Alexander, Barbara Bailey

Project Leadership and Support Team – Within the Health Care Authority, this group provided executive leadership for the project and was responsible for the report's timely delivery to the State Legislature.

Health Care Authority:	Richard Onizuka, John Williams, Jim Stevenson, Pam Hildebrand
Milliman, Inc.:	Tim Barclay, Lynn Dong
Point B:	Michael Pickett
rialto communications, LLC:	Peter B. Summerville
Camray Consulting, LLC:	Linda Blankenship
Pyramid Communications	Denise Rhiner, Lisa Kagen

Project Design Team – Responsible for developing the design options and project boundaries to be included in the report, this team included Health Care Authority executives and subject matter experts responsible for public employee benefits, pharmacy benefits, health care policy, legal services, fiscal services, actuarial services, and information technology services. A workgroup with expanded participants from an array of Health Care Authority operations functions was formed within the design team to prepare the implementation strategy. The core Health Care Authority design team was also supported by representatives from the Office of Financial Management, Office of the Insurance Commissioner, and Attorney General's Office.

Health Care Authority:	Mary Fliss
	Jason Siems
	Andy Cherullo
	Annette Meyer
	Sharon Michael
	Michael Arnis
	Rich Campbell
Office of Financial Management:	Adam Aaseby
Office of Financial Management:	Paula Moore
Office of Financial Management:	Jason McGill
Office of Financial Management:	Judy Hartmann
Office of the Attorney General:	Melissa Burk-Cain

Implementation Input Teams: Consisted of representatives from school districts, school district brokers, the Washington School Information Processing Cooperative (WSIPC), and Health Care Authority staff of information technology, legal, finance and operations.

K-12 Project Advisory Team – Consisted of education professionals, labor representatives, insurance carriers, school districts, insurance consultants and brokers, and other interested entities. The Advisory Team agreed to serve in a dual role to provide accurate descriptions of the current K-12 employee benefits array and to share their perspectives and expertise to advance the quality and feasibility of a consolidated purchasing system design. The Health Care Authority accepted the participation of Advisory Team members with the understanding that participation did not constitute an endorsement of consolidation or an endorsement of the resultant proposal put forward by the Health Care Authority.

School Officials and Professional Organizations

WA Association of School Administrators/AWSP:	John Kvamme
Washington Association of School Administrators:	Dan Steele
WA State School Directors' Association (Boards):	Debra Long
WA Association of School Business Officials:	Nancy Moffat
WA Association of School Business Officials Sumner SD:	Debbie Campbell
Association of WA School Principals:	Jerry Bender
WA State School Directors' Association (Boards):	Marie Sullivan

Employee Labor Relations

American Federation of Teachers Washington:	Merilee Miron
International Union of Operating Engineers Local 286:	Christian Dube
WA State School Retirees Association:	Ed Gonion
Public School Employees of WA SEIU 1948:	Doug Nelson
WA Education Association:	Randy Parr
Public School Employees of WA SEIU 1948:	Tyler Skillings
Joint Council of Stationary Engineers:	David Westberg

Carriers and Carrier Associations

Group Health Cooperative:	Fred Armstrong, Patty McKeon
Premera Blue Cross:	Lyn Felker, Jae Suzuki, Jim Grazko, Jim Messina
Kaiser Permanente:	Hilary Getz, Elizabeth Engberg, Kay McGinnis, Reine' Morris
Regence Blue Shield:	Jonathan Hensley
ODS Health:	Thad Mick
Washington Association of Health Plans:	Sydney Smith-Zvara

School Districts and Brokers

School District benefits broker (From Sprague Israel Giles):	Sean Corry, Marnie White, Monica Cripe
Everett School Employee Benefit Trust:	David Jonew
Everett Benefit Trust/Everett School District:	Molly Ringo
Spokane Public Schools:	Linda McDermott, Cindy Coleman, Michael Binyon
Seattle Public Schools:	Elaine Williams, Robert Boesche

The Sound Partnership (Tacoma Public Schools):	Michael Peterson
Puget Sound Educational Service District:	Joan Trichtler, Amy Fleming
Auburn School District:	Kelley Nybo
Copperleaf Consultants:	Rich Dickman
Aon Hewitt:	Meg Paul
WA Association of Health Underwriters The Partners Group:	Mark Rose

K-12 Advisory Interested Parties

Group Health Cooperative:	Bob O'Brien
Washington Association of School Administrators:	John Dekker
Alliance of Educational Associations (WASBO):	Mitch Denning
PEB Board Active K-12 Employees Representative:	Phil Karlberg
Washington Education Association / Pacific Public Affairs:	Gary Moore
PEB Board Retired K-12 Employees Representative:	Lee Ann Prielipp
Mercer Consulting:	Sean White
Carney Law/Washington Association of Health Underwriters:	Mel Sorenson

Key Legislators and Legislative Staff – This group offered insight to the project team during organized meetings and individualized discussions.

Senate	Rosemary McAuliffe, Steve Litzow, Curtis King,
House	Kathy Haigh, Chris Reykdal, Bruce Dammeier, Joe Schmick
Senate Staff	Erik Sund, Mich'l Needham, David Hanig, Elise Greef, Susan Mielke, Sydney Forrester Erik Ashlie, Ryan Moore, Kathleen Lawrence
House Staff	David Pringle, Chris Blake, Jane Beyer, Stacey Baker, Ben Rarick, Barbara McLain, Mary Kenfield, Jay Balasbas, Jami Lund, Brian Hardtke

APPENDIX C

13-YEAR HISTORICAL COMPARISON OF THE PEBB PROGRAM STATE ALLOCATION AND K-12 STATE ALLOCATION

School Fiscal Year	PEBB Monthly	K-12 Monthly
SY 2000-01	$426.16	$425.89
SY 2001-02	$457.29	$455.27
SY 2002-03	$482.38	$457.07
SY 2003-04	$504.89	$481.31
SY 2004-05	$584.58	$582.47
SY 2005-06	$663.00	$629.07
SY 2006-07	$684.00	$682.54
SY 2007-08	$707.00	$707.00
SY 2008-09	$561.00	$732.00
SY 2009-10	$745.00	$745.00
SY 2010-11	$850.00	$768.00
SY 2011-12	$850.00	$768.00
SY 2012-13	$850.00	$768.00

^Actual rates for SY 2000-01 to 2010-11. Rates as provided in the enacted 2011-13 budget for SY 2011-12 and SY 2012-13.

Sources:
K-12 Rates: State Apportionment Reports
http://k12.wa.us/safs/stsm.asp

Program Rates: Health Care Authority

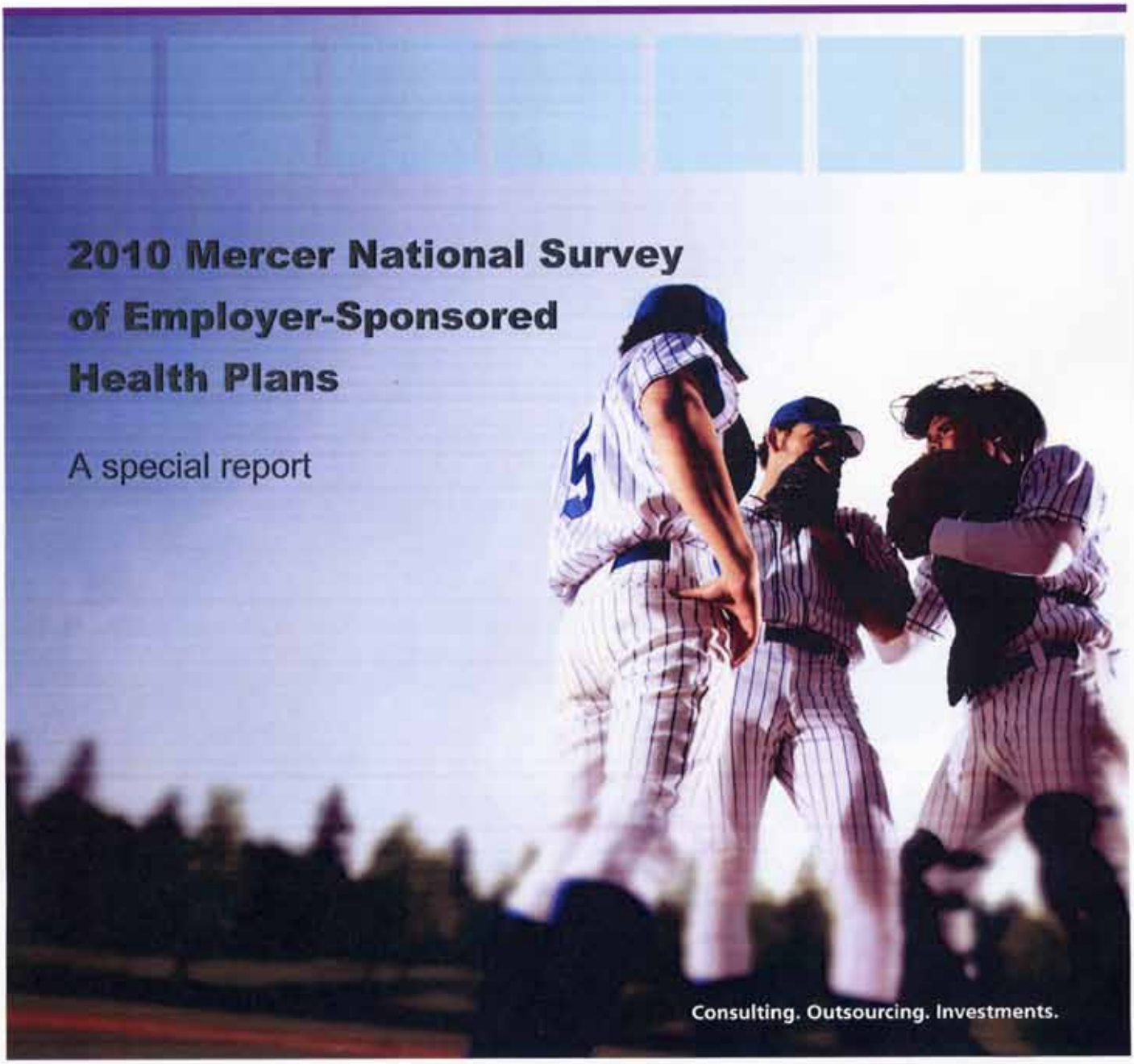
APPENDIX D

MERCER

School Boards and Other Institutions

2010 Mercer National Survey of Employer-Sponsored Health Plans

A special report



Consulting. Outsourcing. Investments.

MERCER

A special report from the

2010 Mercer National Survey of Employer-Sponsored Health Plans

Growth in the average total health benefit cost per employee, which had slowed last year to 5.5%, picked up steam, rising 6.9% to $9,562, the biggest increase since 2004. Employers expect high cost increases again in 2011. They predicted that cost would rise by about 10% if they made no health program changes, with roughly two percentage points of this increase coming solely from changes mandated by health reform for 2011. However, employers expect to hold their actual cost increase to 6.4% by making changes to plan design or changing plan vendors.

Employers did a little of everything to hold down cost increases in 2010. They raised deductibles and dropped HMOs, which were more costly than PPOs. Large employers – especially very large employers – added consumer-directed health plans. Just over half of employers with 20,000 or more employees offered a CDHP in 2010, with 15% of their covered employees enrolled in them. The appeal of these plans is clear: HSA-based CDHP coverage costs almost 25% less than PPO coverage. Employers also took steps to improve workforce health by providing employees with financial incentives to use health management programs or to reward health-conscious behavior.

With health care reform now a reality, employers were asked how likely they are to drop their health plans once state-run insurance exchanges become operational in 2014 and make it easier for individuals to buy coverage. For the great majority, the answer was “not likely.” Large employers remain committed to their role of health plan sponsor, with just 6% of those with 500 or more employees saying they are likely to terminate their health plans. While one-fifth of employers with 10-499 employees say they are likely to drop coverage, this hasn’t happened in Massachusetts, where insurance exchanges have been operating under state-based health reform for over three years.

Using a scientific random sample and supplemental convenience sample, we collected data from 2,833 employers with 10 or more employees. The national and regional results are based on the random sample only and are weighted to be projectable. However, results for city, state and other special employer groups include the convenience sample and are unweighted. In cases where there are too few data to report, "ID" (insufficient data) appears instead of a figure.

NUMBER OF PARTICIPANTS	
School boards and other institutions 500+	117

GEOGRAPHIC REGIONS USED IN THIS SURVEY

Consulting. Outsourcing. Investments.

2010 NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

	n	School boards and other institutions 500+
NUMBER OF PARTICIPANTS		117

DEMOGRAPHICS

AVERAGE EMPLOYEE AGE	100	42
AVERAGE PERCENT OF FEMALE EMPLOYEES	104	73%
AVERAGE PERCENT OF UNION EMPLOYEES	110	53%
AVERAGE SALARY IN 2009	76	$45,601

HEALTH PLAN PREVALENCE AND ENROLLMENT

PERCENT OF EMPLOYERS OFFERING:		
PREFERRED PROVIDER ORGANIZATIONS (PPO) / POINT-OF-SERVICE (POS) PLANS	117	91%
HEALTH MAINTENANCE ORGANIZATIONS (HMO)		46%
HSA-ELIGIBLE CONSUMER-DIRECTED HEALTH PLANS (CDHPs)		9%
HRA-BASED CDHPs		8%
EITHER TYPE OF CDHP (HSA OR HRA)		17%
TRADITIONAL INDEMNITY PLANS		8%
EMPLOYEE ENROLLMENT:		
PPO / POS	115	68%
HMO		24%
HSA-ELIGIBLE CDHP		2%
HRA-BASED CDHP		4%
EITHER TYPE OF CDHP (HSA OR HRA)		6%
INDEMNITY		2%

ID = INSUFFICIENT DATA. DATA INCLUDED IS NOT PROJECTABLE TO THE ENTIRE POPULATION AND REPRESENTS ONLY THE RESPONDENTS.
2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

HEALTH PLAN COST

	n	School boards and other institutions 500+
AVERAGE TOTAL HEALTH BENEFIT COST PER EMPLOYEE:		
ACTIVE EMPLOYEES 2009	61	$9,700
ACTIVE EMPLOYEES 2010		$10,203
PERCENT CHANGE IN COST		5.2%
AVERAGE MEDICAL PLAN COST PER ACTIVE EMPLOYEE:		
PPO / POS 2009	57	$9,156
PPO / POS 2010		$9,532
PERCENT CHANGE IN COST		4.1%
HMO 2009	21	$8,589
HMO 2010		$9,035
PERCENT CHANGE IN COST		5.2%
HSA-ELIGIBLE CDHP 2009[1]	4	ID
HSA-ELIGIBLE CDHP 2010		ID
PERCENT CHANGE IN COST[1]		ID
HRA-BASED CDHP 2009[1]	4	ID
HRA-BASED CDHP 2010		ID
PERCENT CHANGE IN COST[1]		ID
AVERAGE PROJECTED PERCENT CHANGE IN TOTAL HEALTH BENEFIT COST PER EMPLOYEE FOR 2011:		
BEFORE PLAN CHANGES[2]	68	9.8%
AFTER PLAN CHANGES	68	6.9%
AVERAGE TOTAL HEALTH BENEFIT COST AS A PERCENT OF PAYROLL FOR 2009	53	17.2%

[1] 2009 average cost for CDHPs and the % change in cost for CDHPs are not included for any nationally projectable results. Because relatively few employers offer CDHPs, survey results regarding CDHPs have a wider margin of error than for other medical plans, and margin of error is magnified when comparing data across years.

[2] Changes to plan design or health plan vendor. Includes mandatory changes under PPACA.

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

COVERAGE ELIGIBILITY, ELECTION

	n	School boards and other institutions 500+
COVERAGE FOR NEWLY HIRED FULL-TIME EMPLOYEES BEGINS:		
AT DATE OF HIRE OR FIRST DAY OF THE FOLLOWING MONTH	112	79%
AFTER A WAITING PERIOD		21%
MEDIAN WAITING PERIOD, WHEN REQUIRED (DAYS)	24	30
AVERAGE PERCENT OF EMPLOYEES WHO WAIVE COVERAGE	103	14%
OFFER INCENTIVE TO WAIVE COVERAGE (% OF EMPLOYERS)	117	32%
INCLUDE SPECIAL PROVISIONS CONCERNING COVERAGE FOR SPOUSES WITH OTHER COVERAGE AVAILABLE	113	7%
AVERAGE PERCENT OF EMPLOYEES ELECTING DEPENDENT COVERAGE	97	52%
OFFER SAME-SEX DOMESTIC PARTNER COVERAGE	117	34%
OFFER MINI-MED OR LIMITED HEALTH PLAN	116	3%
OFFER COVERAGE TO PART-TIME EMPLOYEES[1]	112	84%
AVERAGE NUMBER OF HOURS REQUIRED FOR COVERAGE[2]	63	21
COVERAGE FOR NEWLY HIRED PART-TIME EMPLOYEES BEGINS:		
AT DATE OF HIRE OR FIRST DAY OF THE FOLLOWING MONTH	78	78%
AFTER A WAITING PERIOD		22%
MEDIAN WAITING PERIOD, WHEN REQUIRED (DAYS)	16	30
COMPARISON OF BENEFITS FOR FULL-TIME AND PART-TIME EMPLOYEES		
OFFER SAME PLANS, CONTRIBUTIONS ARE THE SAME	81	52%
OFFER SAME PLANS, CONTRIBUTIONS ARE DIFFERENT		44%
OFFER DIFFERENT PLANS		4%
PART-TIME EMPLOYEE CONTRIBUTIONS		
REQUIRE CONTRIBUTION FOR EMPLOYEE-ONLY COVERAGE (% OF EMPLOYERS)	64	92%
AVERAGE CONTRIBUTION AS A PERCENT OF PREMIUM	59	37%
REQUIRE CONTRIBUTION FOR FAMILY COVERAGE (% OF EMPLOYERS)	65	92%
AVERAGE CONTRIBUTION AS A PERCENT OF PREMIUM	60	49%
EMPLOY SEASONAL / TEMPORARY EMPLOYEES WHO MAY WORK 30 OR MORE HOURS PER WEEK:		
YES, AND THEY ARE ELIGIBLE FOR HEALTH BENEFITS	111	9%
YES, BUT THEY ARE NOT ELIGIBLE FOR HEALTH BENEFITS		42%
AVERAGE PERCENT OF TERMINATED EMPLOYEES ENROLLED IN COBRA FROM 7/1/09 - 6/30/10	86	10.3%

[1] Among employers that have part-time employees

[2] Among employers with a minimum hour requirement

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

EMPLOYEE CONTRIBUTIONS

	n	School boards and other institutions 500+
REQUIRE CONTRIBUTION FOR EMPLOYEE-ONLY COVERAGE (% OF EMPLOYERS)		
PPO / POS	105	82%
HMO	53	79%
HSA-ELIGIBLE CDHP	9	ID
HRA-BASED CDHP	9	ID
AVERAGE MONTHLY CONTRIBUTION AMOUNT FOR EMPLOYEE-ONLY COVERAGE		
PPO / POS	72	$107
HMO	36	$116
HSA-ELIGIBLE CDHP	5	ID
HRA-BASED CDHP	7	ID
AVERAGE CONTRIBUTION AS A % OF PREMIUM FOR EMPLOYEE-ONLY COVERAGE		
PPO / POS	70	23%
HMO	31	26%
HSA-ELIGIBLE CDHP	5	ID
HRA-BASED CDHP	5	ID
REQUIRE CONTRIBUTION FOR FAMILY COVERAGE (% OF EMPLOYERS)		
PPO / POS	104	95%
HMO	53	89%
HSA-ELIGIBLE CDHP	9	ID
HRA-BASED CDHP	9	ID
AVERAGE MONTHLY CONTRIBUTION AMOUNT FOR FAMILY COVERAGE		
PPO / POS	76	$466
HMO	41	$436
HSA-ELIGIBLE CDHP	8	ID
HRA-BASED CDHP	7	ID
AVERAGE CONTRIBUTION AS A % OF PREMIUM FOR FAMILY COVERAGE		
PPO / POS	75	41%
HMO	34	38%
HSA-ELIGIBLE CDHP	8	ID
HRA-BASED CDHP	5	ID
EMPLOYEE CONTRIBUTION RATE TIER STRUCTURE IN LARGEST MEDICAL PLAN		
EMPLOYEE-ONLY, FAMILY (TWO-TIER)	108	24%
EMPLOYEE-ONLY, EMPLOYEE + 1, FAMILY (THREE-TIER)		23%
EMPLOYEE-ONLY, EMPLOYEE + SPOUSE, EMPLOYEE + CHILD(REN), FAMILY (FOUR-TIER PLUS)		40%
OTHER		13%

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

PPO / POS PLANS

	n	School boards and other institutions 500+
AVERAGE AGE OF ACTIVE EMPLOYEES ENROLLED	88	42
REFERRAL REQUIRED FOR IN-NETWORK SPECIALIST SERVICES	105	11%
INDIVIDUAL DEDUCTIBLE		
REQUIRED FOR IN-NETWORK SERVICES (% OF EMPLOYERS)	104	65%
MEDIAN IN-NETWORK AMOUNT	65	$500
REQUIRED FOR OUT-OF-NETWORK SERVICES (% OF EMPLOYERS)	104	91%
MEDIAN OUT-OF-NETWORK AMOUNT	92	$500
FAMILY DEDUCTIBLE		
REQUIRED FOR IN-NETWORK SERVICES (% OF EMPLOYERS)	103	66%
MEDIAN IN-NETWORK AMOUNT	65	$1,000
REQUIRED FOR OUT-OF-NETWORK SERVICES (% OF EMPLOYERS)	103	92%
MEDIAN OUT-OF-NETWORK AMOUNT	91	$1,000
COST-SHARING FOR IN-NETWORK PHYSICIAN VISIT		
COPAYMENT REQUIRED (% OF EMPLOYERS)	102	80%
COINSURANCE REQUIRED (% OF EMPLOYERS)		17%
NO COST-SHARING FOR IN-NETWORK SERVICES (% OF EMPLOYERS)		7%
MEDIAN COPAYMENT AMOUNT	80	$20
PREVENTIVE CARE COVERAGE		
COVERED AT 100% AND NOT SUBJECT TO COST-SHARING	102	36%
COVERED AT 100% AFTER PRIMARY CARE PHYSICIAN COST-SHARING		22%
COVERED THE SAME AS OTHER BENEFITS (SUBJECT TO DEDUCTIBLE, COPAY / COINSURANCE)		35%
COVERED SOME OTHER WAY		7%
COST-SHARING FOR IN-NETWORK SPECIALIST VISIT		
COPAY HIGHER THAN PRIMARY CARE PHYSICIAN VISIT (% OF EMPLOYERS)	101	38%
MEDIAN COPAY AMOUNT, WHEN HIGHER THAN PHYSICIAN VISIT	36	$35
COST-SHARING FOR OUT-OF-NETWORK PHYSICIAN VISIT		
COPAYMENT REQUIRED (% OF EMPLOYERS)	98	18%
COINSURANCE REQUIRED (% OF EMPLOYERS)		82%
NO COST-SHARING FOR OUT-OF-NETWORK SERVICES (% OF EMPLOYERS)		4%
MEDIAN COINSURANCE AMOUNT (% OF ELIGIBLE EXPENSES)	79	30%
COST-SHARING FOR IN-NETWORK LAB TESTS AND X-RAY / RADIOLOGY SERVICES		
COPAYMENT REQUIRED (% OF EMPLOYERS)	104	29%
COINSURANCE REQUIRED (% OF EMPLOYERS)		39%
NO COST-SHARING FOR IN-NETWORK SERVICES (% OF EMPLOYERS)		36%
MEDIAN COINSURANCE AMOUNT (% OF ELIGIBLE EXPENSES)	41	20%

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

PPO / POS PLANS, CONTINUED

	n	School boards and other institutions 500+
COST-SHARING FOR OUT-OF-NETWORK LAB TESTS AND X-RAY / RADIOLOGY SERVICES		
COPAYMENT REQUIRED (% OF EMPLOYERS)	103	15%
COINSURANCE REQUIRED (% OF EMPLOYERS)		81%
NO COST-SHARING FOR OUT-OF-NETWORK SERVICES (% OF EMPLOYERS)		10%
MEDIAN COINSURANCE AMOUNT (% OF ELIGIBLE EXPENSES)	81	30%
COST-SHARING FOR IN-NETWORK HOSPITAL STAY		
DEDUCTIBLE / PER-ADMISSION COPAY REQUIRED (% OF EMPLOYERS)	102	18%
COINSURANCE REQUIRED (% OF EMPLOYERS)		56%
NO COST-SHARING FOR IN-NETWORK SERVICES (% OF EMPLOYERS)		26%
MEDIAN DEDUCTIBLE / PER ADMISSION AMOUNT	16	$275
MEDIAN COINSURANCE AMOUNT (% OF ELIGIBLE EXPENSES)	57	20%
COST-SHARING FOR OUT-OF-NETWORK HOSPITAL STAY		
DEDUCTIBLE / PER-ADMISSION COPAY REQUIRED (% OF EMPLOYERS)	98	12%
COINSURANCE REQUIRED (% OF EMPLOYERS)		88%
NO COST-SHARING FOR OUT-OF-NETWORK SERVICES (% OF EMPLOYERS)		3%
MEDIAN DEDUCTIBLE / PER ADMISSION AMOUNT	5	ID
MEDIAN COINSURANCE AMOUNT (% OF ELIGIBLE EXPENSES)	84	30%
COST-SHARING FOR EMERGENCY ROOM VISIT		
SEPARATE COPAY FOR EMERGENCY ROOM VISIT (% OF EMPLOYERS)	100	74%
MEDIAN EMERGENCY ROOM COPAY AMOUNT	71	$100
OUT-OF-POCKET LIMIT FOR INDIVIDUALS		
MEDIAN FOR IN-NETWORK SERVICES	74	$2,000
MEDIAN FOR OUT-OF-NETWORK SERVICES	83	$3,200
FUNDING METHOD		
CONVENTIONALLY INSURED	94	18%
EXPERIENCE-RATED		20%
SELF-FUNDED WITH STOP-LOSS		55%
SELF-FUNDED WITHOUT STOP-LOSS		6%
TYPE OF STOP-LOSS COVERAGE USED		
AGGREGATE STOP-LOSS ONLY	46	17%
SPECIFIC STOP-LOSS ONLY		33%
AGGREGATE AND SPECIFIC STOP-LOSS		50%
AVERAGE COST FOR CLAIMS ADMINISTRATION, PER EMPLOYEE PER MONTH[1]	27	$35

[1] Among self-funded employers that pay a set dollar amount per employee per month

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

HEALTH MAINTENANCE ORGANIZATIONS

	n	School boards and other institutions 500+
AVERAGE AGE OF ACTIVE EMPLOYEES ENROLLED	41	41
AVERAGE PERCENT OF EMPLOYEES ENROLLED IN HMO, AMONG EMPLOYERS OFFERING HMO(S)	53	52%
COST-SHARING FOR PHYSICIAN VISIT		
COPAY REQUIRED (% OF EMPLOYERS)	52	88%
COINSURANCE REQUIRED (% OF EMPLOYERS)		4%
NO COST-SHARING FOR OFFICE VISIT (% OF EMPLOYERS)		12%
MEDIAN COPAY AMOUNT	45	$20
COST-SHARING FOR SPECIALIST VISIT		
COPAY HIGHER THAN PRIMARY CARE PHYSICIAN VISIT (% OF EMPLOYERS)	51	53%
MEDIAN COPAY AMOUNT, WHEN HIGHER THAN PHYSICIAN VISIT	25	$35
DEDUCTIBLE / PER-ADMISSION COPAY FOR INPATIENT HOSPITAL STAY		
DEDUCTIBLE / PER-ADMISSION COPAY REQUIRED (% OF EMPLOYERS)	52	46%
MEDIAN DEDUCTIBLE / COPAY AMOUNT	22	$250
DEDUCTIBLE / PER-ADMISSION COPAY FOR OUTPATIENT SURGERY		
DEDUCTIBLE / PER-ADMISSION COPAY REQUIRED (% OF EMPLOYERS)	47	28%
MEDIAN DEDUCTIBLE / COPAY AMOUNT	13	$200
DEDUCTIBLE / PER-ADMISSION COPAY FOR EMERGENCY ROOM VISITS		
DEDUCTIBLE / PER-ADMISSION COPAY REQUIRED (% OF EMPLOYERS)	51	75%
MEDIAN DEDUCTIBLE / COPAY AMOUNT	36	$88
FUNDING METHOD (% OF HMOs)		
INSURED -- COMMUNITY-RATED	47	28%
INSURED -- EXPERIENCE-RATED		38%
SELF-FUNDED		33%
OFFER OPEN-ACCESS HMO	51	47%

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

PRESCRIPTION DRUG BENEFITS[1]

	n	School boards and other institutions 500+
HOW DRUG BENEFITS ARE PROVIDED		
THROUGH A SEPARATE PRESCRIPTION DRUG PLAN (CARVE-OUT)	113	23%
THROUGH THE MEDICAL PLAN, BUT CONSIDERING CARVE-OUT		9%
THROUGH THE MEDICAL PLAN, NOT CONSIDERING CARVE-OUT		68%
% CHANGE IN PRESCRIPTION DRUG COSTS PER EMPLOYEE:		
AT LAST RENEWAL	53	5.3%
EXPECTED AT NEXT RENEWAL	53	4.9%
PARTICIPATE IN A DRUG PURCHASING COALITION / COLLECTIVE	108	10%
RETAIL DRUG COST-SHARING DESIGN USED (% OF EMPLOYERS)		
ONE TIER: SAME COST-SHARING FOR ALL DRUGS	108	0%
TWO TIERS: GENERIC / BRAND DRUGS		18%
THREE TIERS: GENERIC / BRAND FORMULARY / BRAND NON-FORMULARY		69%
FOUR OR FIVE TIERS: INCLUDES SEPARATE PAYMENTS FOR SPECIALTY / BIOTECH OR LIFESTYLE DRUGS		10%
USE COINSURANCE FOR RETAIL DRUGS IN ONE OR MORE CATEGORIES (% OF EMPLOYERS)	101	7%
AVERAGE COPAYS FOR RETAIL DRUGS IN PLANS WITH THREE-TIER DESIGN		
GENERIC	72	$11
BRAND-NAME FORMULARY	72	$28
BRAND-NAME NON-FORMULARY	65	$44
OFFER PRESCRIPTION DRUG MAIL-ORDER PLAN	113	93%
MAIL-ORDER PLAN COST-SHARING DESIGN USED (% OF EMPLOYERS)		
ONE TIER: SAME PAYMENT FOR ALL DRUGS	100	5%
TWO TIERS: GENERIC / BRAND DRUGS		17%
THREE TIERS: GENERIC / BRAND FORMULARY / BRAND NON-FORMULARY		66%
FOUR OR FIVE TIERS: INCLUDES SEPARATE PAYMENTS FOR SPECIALTY / BIOTECH OR LIFESTYLE DRUGS		10%
USE COINSURANCE IN MAIL-ORDER PLAN FOR ONE OR MORE DRUG CATEGORIES (% OF EMPLOYERS)	90	8%
AVERAGE COPAYS FOR MAIL-ORDER DRUGS IN PLANS WITH THREE-TIER DESIGN		
GENERIC	60	$17
BRAND-NAME FORMULARY	63	$46
BRAND-NAME NON-FORMULARY	57	$78

[1] Offered to employees enrolled in the largest medical plan of any type

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

PRESCRIPTION DRUG BENEFITS, CONTINUED

	n	School boards and other institutions 500+
FEATURES OF PRESCRIPTION DRUG PLANS[1]		
MANDATORY GENERICS (DAW 1&2)	71	27%
MANDATORY GENERICS WITH PHYSICIAN OVERRIDE (DAW 2)		37%
MANDATORY MAIL-ORDER		14%
RETAIL PENALTY PROGRAM (MAINTENANCE DRUGS ARE SUBJECT TO HIGHER COST SHARING AFTER 2-4 FILLS AT A RETAIL PHARMACY)		15%
PROGRAM TO EDUCATE PHYSICIANS / MEMBERS ON GAPS IN CARE, USING MEDICAL AND PHARMACY DATA		13%
PROMOTE THE USE OF OTC ALTERNATIVES WITH HIGHER COST SHARE OR BENEFIT EXCLUSION FOR SELECT CATEGORIES OF DRUGS		15%

HEALTH MANAGEMENT PROGRAMS[2]

DISEASE MANAGEMENT PROGRAMS OFFERED		
ASTHMA / COPD	110	61%
CANCER		53%
CONGESTIVE HEART FAILURE (CHF)		58%
CORONARY ARTERY DISEASE (CAD)		56%
DEPRESSION		51%
DIABETES		67%
HYPERTENSION		48%
LOW-BACK PAIN		32%
OBESITY		34%
RARE DISEASES		29%
ANY DISEASE MANAGEMENT PROGRAM(S)		77%
OTHER HEALTH MANAGEMENT PROGRAMS OFFERED		
BEHAVIOR MODIFICATION	97	53%
CASE MANAGEMENT	100	73%
END-OF-LIFE CASE MANAGEMENT	87	55%
HEALTH ADVOCATE SERVICES	92	57%
HEALTH RISK ASSESSMENT (HRA)	103	56%
HEALTH WEBSITE	107	92%
NURSE ADVICE LINE	104	81%
DISEASE OR HEALTH MANAGEMENT PROGRAMS ARE PROVIDED:		
THROUGH THE HEALTH PLAN -- STANDARD SERVICES ONLY	104	70%
THROUGH THE HEALTH PLAN -- SOME OPTIONAL SERVICES		33%
THROUGH ONE OR MORE SPECIALTY VENDOR(S)		14%
AVERAGE EMPLOYEE PARTICIPATION RATE FOR MOST RECENT COMPLETE PROGRAM YEAR		
COMPLETED HEALTH RISK ASSESSMENT (% ELIGIBLE EMPLOYEES)	34	22%
ACTIVELY ENGAGED IN ANY DISEASE MANAGEMENT PROGRAM (% IDENTIFIED PERSONS)	19	17%
ACTIVELY ENGAGED IN ANY BEHAVIOR MODIFICATION PROGRAM (% IDENTIFIED PERSONS)	14	12%

[1] Based on employers with 1,000 or more employees
[2] Offered to employees enrolled in the largest medical plan of any type

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

HEALTH MANAGEMENT PROGRAMS, CONTINUED

	n	School boards and other institutions 500+
USE INCENTIVES OR PENALTIES TO ENCOURAGE PARTICIPATION IN ANY HEALTH MANAGEMENT PROGRAM	105	27%
AMONG EMPLOYERS OFFERING PROGRAM, PERCENT USING INCENTIVE TO ENCOURAGE PARTICIPATION IN:		
HEALTH RISK ASSESSMENT	56	36%
DISEASE MANAGEMENT	76	11%
TARGETED BEHAVIOR MODIFICATION	49	14%
TYPE OF HRA INCENTIVES USED (AMONG EMPLOYERS OFFERING HRA INCENTIVE)		
CASH / GIFT CARDS	20	65%
FINANCIAL CONTRIBUTION TO AN HRA, HSA OR FSA		5%
LOWER PREMIUM CONTRIBUTIONS		25%
HAVE ATTEMPTED TO MEASURE RETURN ON INVESTMENT (ROI) FOR DISEASE OR HEALTH MANAGEMENT PROGRAMS OFFERED	98	21%
OF THOSE, PERCENT SATISFIED WITH ROI	21	57%

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

DENTAL COVERAGE

	n	School boards and other institutions 500+
OFFER DENTAL COVERAGE	114	96%
HOW DENTAL IS PROVIDED		
THROUGH FREESTANDING PLAN	109	84%
AS PART OF MEDICAL PLAN		17%
AVERAGE DENTAL COST PER EMPLOYEE		
2009	46	$777
2010		$809
PERCENT CHANGE IN COST		4.1%
EMPLOYEE CONTRIBUTION FOR DENTAL COVERAGE – EMPLOYEE-ONLY		
REQUIRE CONTRIBUTION (% OF EMPLOYERS)	78	64%
AVERAGE MONTHLY CONTRIBUTION AMOUNT	36	$21
AVERAGE CONTRIBUTION AS A PERCENT OF PREMIUM	42	65%
EMPLOYEE CONTRIBUTION FOR DENTAL COVERAGE – FAMILY		
REQUIRE CONTRIBUTION (% OF EMPLOYERS)	81	74%
AVERAGE MONTHLY CONTRIBUTION AMOUNT	48	$64
AVERAGE CONTRIBUTION AS A PERCENT OF PREMIUM	48	70%
TYPE OF DENTAL PLAN OFFERED		
ACTIVE PPO	105	51%
PASSIVE PPO		32%
DENTAL HMO		21%
DISCOUNT CARD		6%
SERVICES COVERED BY DENTAL PLAN		
SEALANTS	101	73%
IMPLANTS		43%
ADULT ORTHODONTICS		39%
TREATMENT OF TMJ		24%
POSTERIOR COMPOSITES		40%
DENTAL PLAN DEDUCTIBLE REQUIRED[1] (% OF EMPLOYERS)	101	65%
MEDIAN DOLLAR AMOUNT	61	$50
DENTAL PLAN INCLUDES ANNUAL MAXIMUM BENEFIT[1] (% OF EMPLOYERS)	101	81%
MEDIAN DOLLAR AMOUNT	78	$1,500
DENTAL PLAN INCLUDES LIFETIME MAXIMUM BENEFIT FOR ORTHODONTIC SERVICES[1] (% OF EMPLOYERS)	88	80%
MEDIAN DOLLAR AMOUNT	67	$1,200

[1] Among employers with dental PPOs or fee-for-service plans

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

OTHER BENEFITS

	n	School boards and other institutions 500+
VOLUNTARY INSURANCE BENEFITS OFFERED		
VISION	109	72%
DISABILITY		83%
ACCIDENT		42%
WHOLE / UNIVERSAL LIFE		51%
CANCER / CRITICAL ILLNESS		59%
HOSPITAL INDEMNITY		24%
LONG-TERM CARE		41%
AUTO / HOMEOWNERS		9%
TRAVEL		9%
VOLUNTARY BENEFITS AND CORE BENEFITS INTEGRATED ON SAME ADMINISTRATION PLATFORM	93	48%
ACTIONS PLANNED OVER THE NEXT 3-5 YEARS WITH REGARD TO VOLUNTARY BENEFITS		
ADD ONE OR MORE VOLUNTARY BENEFIT OFFERINGS	107	33%
TRANSITION ONE OR MORE EMPLOYER-PAID BENEFITS TO EMPLOYEE-PAID (FULLY OR PARTIALLY)		8%
DROP CURRENT VOLUNTARY BENEFIT OFFERINGS		2%
WORK-LIFE BENEFITS OFFERED[1]		
FITNESS CENTER DISCOUNTS	107	51%
RELOCATION ASSISTANCE		7%
LEGAL CONSULTATION AND REFERRAL		27%
FINANCIAL CONSULTATION AND REFERRAL		23%
ON-SITE OR NEAR-SITE DEPENDENT CARE (OR SUBSIDY)		8%
DEPENDENT CARE RESOURCE AND REFERRAL		14%
ELDER CARE RESOURCE AND REFERRAL		15%
ADOPTION ASSISTANCE		4%
SCHOOL / COLLEGE LOCATOR SERVICE		6%
TELECOMMUTING / WORK-FROM-HOME POLICY		5%
HEALTH CARE SPENDING ACCOUNT		
OFFER ACCOUNT (% OF EMPLOYERS)	112	79%
AVERAGE PERCENT OF ELIGIBLE EMPLOYEES PARTICIPATING	71	24%
AVERAGE ANNUAL VOLUNTARY CONTRIBUTION	55	$1,336
DEPENDENT CARE SPENDING ACCOUNT		
OFFER ACCOUNT (% OF EMPLOYERS)	112	79%
AVERAGE PERCENT OF ELIGIBLE EMPLOYEES PARTICIPATING	68	13%
AVERAGE ANNUAL VOLUNTARY CONTRIBUTION	57	$3,158

[1] Based on employers with 500 or more employees

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2010 MERCER NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

DEFINITIONS

HEALTH PLAN PREVALENCE AND ENROLLMENT

A **consumer-directed health plan eligible for a Health Savings Account** is a high-deductible health plan with an employee-controlled account. Employer contributions are optional. Account funds roll over at year end and are portable.

A **consumer-directed health plan with a Health Reimbursement Account** is a health plan with an employer-funded spending account. Account funds may roll over at year end, but are not portable.

HEALTH PLAN COST

Total health benefit cost is the total gross cost for all medical, dental, prescription drug, MH / SA, vision and hearing benefits for all covered active employees and their dependents divided by the number of enrolled employees. Total gross annual cost includes employee contributions but not employee out-of-pocket expenses.

Medical plan cost is the total gross cost for medical plans divided by the number of enrolled employees. Prescription drug, mental health, vision and hearing benefits for all active employees and their covered dependents are included if part of the plan. Dental benefits, even if a part of the plan, are not included in these costs.

COVERAGE ELIGIBILITY, ELECTION

A **mini-med or limited plan** is a health insurance plan that provides far lower benefits than the typical comprehensive major medical plan. The annual maximum amount payable typically ranges from $1,000 to $50,000.

EMPLOYEE CONTRIBUTIONS, PPO/POS, CDHP, DENTAL

Family coverage is the coverage level for an employee, spouse and two children.

HEALTH REFORM

The **2011 PPACA requirements** include coverage for children up to age 26 and the elimination of lifetime and most annual maximums.

PPACA's **"shared responsibility"** provision will require employers to provide coverage to employees working on average 30 or more hours per week in a month, or else face penalties, starting in 2014.

Under PPACA's **affordable coverage** provision, employers must offer at least one health plan for which the employee's premium contribution does not exceed 9.5% of the employee's household income or else be subject to penalties.

Starting in 2018, health benefit coverage that costs more than $10,200 for an individual employee or $27,500 for dependent coverage will be subject to a 40% **excise tax**.

SPECIAL COVERAGES

The federal 2008 **Mental Health Parity and Addiction Equity Act** requires that if mental health and substance abuse benefits are offered that they provide the same level of coverage as the medical benefit.

RETIREE HEALTH CARE

Under the **Early Retiree Reinsurance Program**, the federal government will reimburse up to 80% of claims between $15,000 and $90,000 for each non-Medicare-eligible retiree age 55 or older and his or her dependents, for plan years ending after June 1, 2010.

2010 NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS
LIST OF PARTICIPATING EMPLOYERS

School boards and other institutions 500+
ACADEMY SCHOOL DISTRICT TWENTY
ALDINE INDEPENDENT SCHOOL DISTRICT
AMERICAN UNIVERSITY
ANNE ANNDEL COUNTY PUBLIC SCHOOLS
BALTIMORE COUNTY PUBLIC SCHOOLS
BARBERS HILL INDEP SCH DIST
BEAUREGARD PARISH SCHOOL DST
BEMIDJI IND SCHOOL DISTRICT 31
BLOOMINGTON PUBLIC SCHOOLS, DISTRICT 87
BLYTHEVILLE SCHOOL DISTRICT 5
BOARD OF EDUCATION OF
BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CADDO PARISH SCHOOL BOARD
CARROLL INDEPENDENT SCHOOL DST
CENTRAL DAUPHIN SCHOOL DST
CHARLES COUNTY PUBLIC SCHOOL
CITY OF RICHMOND PUBLIC SCHOOLS
COLORADO SPRINGS SCHOOL DISTRICT NO 11
CONSOLIDATED SCHOOL DST NO2
CORPUS CHRISTI IND SCHL DST
CYPRESS-FAIRBANKS ISD
DALLAS INDEPENDENT SCHOOL DST
DELTA COUNTY JOINT SCHOOL DIST 50J
DUVAL COUNTY PUBLIC SCHOOLS
EAGLE COUNTY SCHL DST RE-50 J
EAST BATON ROUGE PARISH SCHOOL SYSTEM
EAST STROUDSBURG AREA SCHL DST
ELKO COUNTY SCHOOL DISTRICT
EVESHAM TOWNSHIP BOARD EDUCATN
FREMONT COUNTY SCHL DST NO 25
GARFIELD SCHOOL DST NO RE-2
GLOUCESTER COUNTY SCHOOL BOARD
GRANTS CIBOLA COUNTY SCHL DST
GREAT FALLS PUBLIC SCHL DST 1
HENDERSON COUNTY BOARD OF EDUCATION
HOUSTON INDEPENDENT SCHOOL DISTRICT
INDEPENDENT SCHOOL DST 279
INDEPENDENT SCHOOL DST 624
INDIAN RIVER SCHOOL DISTRICT
JOHNSON CITY GOVT SD
KAMEHAMEHA SCHOOLS
KATY INDEPENDENT SCHOOL DISTRICT
KILLEEN INDEPENDENT SCHOOL DST
KLEIN INDEPENDENT SCHOOL DISTRICT
LAKE CENTRAL SCHOOL CORP
LANCASTER CENTRAL SCHOOLS
LIVONIA PUBLIC SCHOOL DISTRICT
LONG BEACH UNIFIED SCHOOL DIST

LOS ANGELES UNIFIED SCHL DIST
LOVETT SCHOOL
MARSHALLTOWN CMNTY SCHL DST
METROPLTAN NSHVLLE PUB SCHOOLS
MIDDLE COUNTRY CENTL SCHL DST
MOLINE SCHOOL DISTRICT
MT HEALTHY BOARD OF EDUCATION
MUSTANG PUBLIC SCHOOLS
NEW CASTLE COMMUNITY SCHOOL
NEWARK CEBSCHOOL DISTRICT
NEWARK CITY SCHOOLS
NORFOLK PUBLIC SCHOOLS
NORTH EAST INDEPENDENT SCHOOL DISTRICT
NORTH PUBLIC SCHOOL
NORTHPORT-EAST NORTHPORT UNION
NORTHSIDE INDEPENDENT SCHL DST
NYE COUNTY SCHOOL DISTRICT
OAK HILLS LOCAL SCHOOL DST
ORANGE COUNTY PUBLIC SCHL DST
OREGON CITY SCHOOL DISTRICT
PARMA CITY SCHOOL DISTRICT
PASSAIC BD TECH & VOCT EDUCATN
PHILADELPHIA SCHOOL DISTRICT
PHILLIPS EXETER ACADEMY
PITTSBURGH BOARD OF EDUCATION
PITTSYLVANIA COUNTY SCHOOL BD
PLACENTIA-YORBA LINDA UNIFIED SCHOOL DIS
PORT CHESTER-RYE UNION FREE
PRINCE WILLIAM COUNTY SCHOOLS
PRINCETON REGIONAL SCHOOL DST
PRINCETON REVIEW
PUTNAM COUNTY BOARD EDUCATION
RASMUSSEN COLLEGE -ST CLOUD
REORGANIZED SCHOOL DISTRICT 7
ROCKLIN UNIFIED SCHOOL DST
SABINE PARISH SCHOOL DISTRICT
SACRAMENTO CY UNIFIED SCHL DST
SAN ANGELO IND SCHL DST
SANGER UNIFIED SCHOOL DISTRICT
SCHOOL BOARD OF THE CITY OF NORFOLK OLK
SCHOOL BOARD PALM BEACH COUNTY
SCHOOL BOARD PINELLAS CNTY FLA
SCHOOL DIST OF ESCAMBIA COUNTY
SCHOOL DISTRICT 6
SCHOOL DISTRICT FREMONT RE 1
SCHOOL DISTRICT KETTLE MORAINE
SCHOOL DISTRICT OF MILTON
SCHOOL DST OF HRNANDO CNTY FLA
SHELBY COUNTY BOARD EDUCATION
SIMI VALLEY UNIFIED SCHOOL DST
SNOHOMISH SCHOOL DISTRICT
SOUTH SANPETE SCHOOL DISTRICT

ST JAMES PARISH SCHOOL BOARD
SUPERVISORY UNION 12
THREE RIVERS SCHOOL DISTRICT
TOLEDO PUBLIC SCHOOLS
TWIN RIVERS UNIFIED SCHOOL DST
UNIFIED SCHOOL DISTRICT 259
UNIFIED SCHOOL DISTRICT 457
VERONA AREA SCHOOL DISTRICT
VIRGINIA BEACH CITY & SCHOOLS
WALLED LAKE CNSLD SCHL DST
WARREN COUNTY PUBLIC SCHOOLS
WARREN COUNTY SCHOOL DISTRICT
WAUSAU SCHOOL DISTRICT
WETHERSFIELD BOARD EDUCATION
WILLOGHBY EASTLAKE CY SCHL DST
WORTHINGTON CITY SCHOOL DST
YONKERS CITY SCHOOL DISTRICT

APPENDIX E

TOWERS WATSON

Memo

To: Joan Kapowich (OEBB) Date: February 3, 2011

From: Steve Carlson, F.S.A. (Towers Watson)

Subject: **OEBB Benefits Program Savings**

The purpose of this summary is to share with interested parties the estimated benefit plan premium savings which OEBB has achieved in the first three years of its operation, as well as to provide some historical background and a summary of key assumptions used in estimating these savings. The first section of this memo covers the savings associated with the health benefits, and the second section, the optional benefits.

MEDICAL, PHARMACY, DENTAL, AND VISION BENEFITS

Background

During the 2007 legislative session the potential savings from a statewide educators benefit pool was estimated to be five percent, or $40 million a year, primarily due to savings in administrative costs. Administrative costs are embedded in premium costs and cover the expenses of plan administration, such as plan set-up, account management, network contracting, claims payment, and customer service. OEBB streamlined the number of medical plan designs offered in the state from 88 to nine. This is one example of efficiencies in administration that yield savings in a benefit pool arrangement.

After the OEBB program was designed and launched, as your actuary, Towers Watson (then Watson Wyatt) prepared an estimate of the first-year (2008/2009 plan year) savings based on the actual OEBB premium rates and enrollment as of October 1, 2008, for the Medical, Pharmacy, Dental and Vision benefits. The estimated savings was $36 million, or 5.8%, based on enrollment of approximately 49,000 active employees (and their family members). These results were posted during the 2009 legislative session.

Summary of Savings Achieved

Now that the program has been in place for over two full years, we have done a further evaluation of the savings achieved by the OEBB program. This evaluation has included a re-evaluation of the first year savings, as well as estimates of savings achieved in the two subsequent years. For the Medical, Pharmacy, Dental, and Vision benefits, the estimated savings achieved on behalf of active employees (and their family members) is as follows:

2008/2009: $39.6 million

2009/2010: $40.1 million

2010/2011: $45.6 million

Some additional detail is provided in the attached exhibit. Additional savings for current retirees and COBRA beneficiaries, and potential future OEBB enrollees, have not been calculated.

Assumptions

The following is a brief summary of important assumptions used in developing the savings estimates:

- Savings is defined as the difference between actual premiums paid to OEBB by participants for benefit plans (A) minus the projected premiums those participants would have paid if OEBB had not been created (P).
- The projected premiums (P) are based on the actual premiums participants were paying in the 2007/2008 plan year (as reported in the survey of educational entities which OEBB conducted during the 2007/2008 plan year), inflated with an average trend taken from an annual Oregon statewide insurance carrier cost trend survey. In the first year, for some participants, a 2008/2009 pre-OEBB premium rate was available and where possible we have used those actual figures instead of projections based on the trend survey. In addition, not all OEBB participating entities (districts, educational service districts, and community colleges) provided their historical information (enrollment, plan design, and premium rates) for the 2007/2008 year when OEBB conducted the survey. This means that the pre-OEBB costs used in these savings calculations represent the costs for a participant group which is substantially similar to the actual OEBB participants, but not identical. In years two and three, we used the trend survey in all cases as actual figures were not available.
- In order to ensure a comparison of premiums for comparable plans, we have used the actual enrollment for each of the three years as a basis for both the actual OEBB premium cost (A) and the projected cost (P).

Other Issues and Considerations

Calculating cost savings from the implementation of OEBB is complicated by a few important factors which we have outlined here.

First, plan design choices are not static. That is, school districts and employees have some choice of plan, and are not necessarily required to select an OEBB plan which is similar in value to their pre-OEBB plan. In fact, we know from reviewing enrollment statistics that a significant number of plan participants "opted up" to a more generous plan of benefits in the first year of OEBB.

Second, and related to the first issue, as the OEBB Board has seen in periodic reports we have provided, OEBB plan utilization levels are significantly above the norm, and it now seems clear that this enrollment pattern of "opting up" is one contributing factor to these higher utilization levels.

Third, the October 1, 2008 effective date for OEBB coincided with perhaps the most significant economic downturn in half a century. It is a well-documented underwriting phenomenon that in deteriorating economic conditions, health insurance utilization rises as members respond to the overall anxiety and uncertainty in their lives as well as the potential that they may lose access to their job-related insurance benefits. In the last two years this has been observed not only for OEBB but across the U.S.

Outlook

While factors two and three above had no impact on *first-year* OEBB premium rates, actual experience is an important factor in subsequent OEBB renewals. This has had two important implications: OEBB has been challenged with higher-than-planned-for premium rate increases in years two and three, and the Board has had extra motivation to address this utilization in establishing health and wellness related programs, value-based plan designs, and other key initiatives to promote good health and appropriate care and provide participants with the best program value in the future. This is the "future promise" of OEBB which has been outlined as far back as the testimony in legislative session before OEBB-enabling legislation was originally passed.

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OPTIONAL BENEFITS (LIFE, DISABILITY, AND AD&D INSURANCE)

Savings

In addition to the savings described above, OEBB has realized significant premium savings associated with the optional benefits, which took effect in October 2009. We estimate the following savings has been achieved:

2009/2010: $5.3 million or 36%

2010/2011: $6.4 million or 36%

Assumptions

The following is a brief summary of important assumptions used in developing the savings estimates:

- Savings is defined as the difference between actual premiums paid to OEBB by participants for benefit plans (A) minus the projected premiums those participants would have paid if OEBB had not been created (P).
- In order to ensure a comparison of premiums for comparable plans, we have used the actual enrollment for each of the two years as a basis for both the actual OEBB premium cost (A) and the projected cost (P).

Other Issues and Considerations

Calculating cost savings from the implementation of optional benefits by OEBB is somewhat complicated by the fact that school districts and employees are not necessarily required to select an OEBB plan which is similar in value to their pre-OEBB plan. In fact, for many school districts, the OEBB offerings presented the opportunity to offer new or different benefits to employees for the first time. In these situations, where there was not pre-OEBB coverage, we have based our savings estimate on the average rates paid by others for such coverage pre-OEBB.

Outlook

Enrollment in the optional benefits increased significantly in the most recent year. We expect this will continue in future years as members become more familiar with the coverage options and the favorable pricing available.

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OEBB
Medical, Pharmacy, Dental, Vision and Optional Benefits Plan Savings

2008-2009 Plan Year

	Pre-OEBB Plans	OEBB Plans
Medical/Rx	$547,000,000	$509,500,000
Dental	$68,600,000	$65,800,000
Vision	$12,000,000	$12,700,000
Optional Benefits	n/a	n/a
Total	$627,600,000	$588,000,000
Estimated Savings		
Dollar		-$39,600,000
Percent		-6.3%

2009-2010 Plan Year

	Pre-OEBB Plans	OEBB Plans
Medical/Rx	$589,400,000	$549,300,000
Dental	$70,800,000	$69,200,000
Vision	$11,800,000	$13,400,000
Optional Benefits	$14,900,000	$9,600,000
Total	$686,900,000	$641,500,000
Estimated Savings		
Dollar		-$45,400,000
Percent		-6.6%

2010-2011 Plan Year

	Pre-OEBB Plans	OEBB Plans
Medical/Rx	$616,400,000	$571,700,000
Dental	$73,400,000	$70,300,000
Vision	$11,900,000	$14,100,000
Optional Benefits	$17,700,000	$11,300,000
Total	$719,400,000	$667,400,000
Estimated Savings		
Dollar		-$52,000,000
Percent		-7.2%

02/03/2011

\\wwc\seattle\Client Data (K Drive)\OEBB\GHC\Data - claims and enrollment\2011 3 year savings\Estimated savings 020111.xls: 3YearSavings

Towers Watson

APPENDIX F

INVENTORY OF STATUTES AFFECTING K-12 EMPLOYEE HEALTH BENEFITS AND HEALTH CARE AUTHORITY RESPONSIBILITIES

RCW 28A.400.200 – http://apps.leg.wa.gov/rcw/default.aspx?cite=28A.400.200

RCW 28A.400.270 – http://apps.leg.wa.gov/rcw/default.aspx?cite=28A.400.270

RCW 28A.400.275 – http://apps.leg.wa.gov/rcw/default.aspx?cite=28A.400.275

RCW 28A.400.280 – http://apps.leg.wa.gov/rcw/default.aspx?cite=28A.400.280

RCW 28A.400.350 – http://apps.leg.wa.gov/rcw/default.aspx?cite=28A.400.350

RCW 41.05.008 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.08

RCW 41.05.009 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.09

RCW 41.05.011 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.011

RCW 41.05.021 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.021

RCW 41.05.022 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.022

RCW 41.05.050 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.050

RCW 41.05.055 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.055

RCW 41.05.065 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.065

RCW 41.05.080 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.080

RCW 41.05.085 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.05.085

RCW 41.56 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.56

RCW 41.59 – http://apps.leg.wa.gov/rcw/default.aspx?cite=41.59

RCW 48.62 – http://apps.leg.wa.gov/rcw/default.aspx?cite=48.62.071

APPENDIX G

THE K-12 PUBLIC SCHOOL EMPLOYEE HEALTH BENEFITS REPORT

PROJECT TERMINOLOGY

KEY PROJECT TERMS

The K-12 Public School Employees' Health Benefits Report — The name of the report, which the Health Care Authority has been tasked with writing by the Legislature, outlining a proposed purchasing strategy for a strengthened, consolidated public school employee health benefits system.

The K-12 Public School Employees' Health Benefits Report project — The name of the overarching project to produce the report.

K-12 public school employees' health benefits purchasing system — The system by which K-12 public school employees obtain health benefits.

Project Teams — The five established teams of participants and stakeholders involved in the project:

Project Leadership and Support Team
Project Design Team
Inter-agency Authorization Executive Team
K-12 Project Advisory Team
Key Legislators and Staff

See the full roster or project committee diagram for more details on each committee—available on the project website: http://www.hca.wa.gov/k12report

State Auditor's Office Performance Review of K-12 Employee Health Benefits, which includes the HayGroup study — How we refer to the combined State Auditor's Office report and HayGroup study; note: this performance review was delivered to the Legislature in February 2011.

GLOSSARY OF INDUSTRY TERMS

Actuarial Value — A method for measuring the value to an average enrollee of the benefits provided by a health benefits plan. It represents the average percentage of allowed medical costs that would be paid by the plan, assuming a specified standard enrollee population. It does not include premium costs, and represents an average value; the percentage payout for any particular enrollee may be very different from the actuarial value of a plan.

Adverse Selection (Anti-Selection) — The tendency of individuals with a higher probability of incurring claims (high risk) to select the maximum amount of insurance protection, while those with lower probability elect lower levels of, or defer, coverage.

Carve-Out — Removing a specific benefit from the contract with the primary health plan and negotiating the coverage separately, usually with a specialty vendor or network. For instance, prescription drug coverage is often purchased separately on a self-funded basis from a specialized pharmacy benefit manager. It should not be confused with the term "carveout" (defined below) which is sometimes used to describe the Washington State retiree remittance.

Case Management — A process which focuses on coordinating a number of services required by severely ill or injured participants to ensure that provided services are appropriate, timely, thorough yet non-redundant and cost effective.

COBRA — Combined Omnibus Budget Reconciliation Act of 1985

Coinsurance — A common provision of health care plans in which the covered individual and the insurer or plan sponsor share in a specified ratio of health care expenses (e.g., 80% paid by plan, 20% paid by participant). In a PPO or POS plan, the ratio usually favors the covered individual when the costs are incurred with providers who are part of the PPO or part of a specified network (e.g., 100% coverage within the PPO or network and 70% coinsurance ratio for providers outside the PPO or network).

Consolidated Health Benefits Purchasing System – Currently, the 300+ public school districts purchase employee health benefits through scores of health benefit plans. The State Legislature tasked the Health Care Authority to recommend a single purchasing system to be administered by the State that would establish statewide standards and practices for health insurance plan offerings.

Contributory Benefit Plan — A program in which the employee contributes part (or all) of the cost, and the employer covers any remainder.

Co-Payments — Payments that are required to be made by covered participants on a per service basis (e.g.; $20 co-pay per physician visit). Co-payments are commonly used to discourage inappropriate utilization and to help finance health care plans.

Cost Savings — As described in the Report, cost savings are related to administrative simplification and result in future avoided expenses that are subsequently reflected in lower premiums and district administrative budgets.

Deductible — The amount paid by an employee for covered expenses in a group health plan before the plan pays benefits. A typical plan would follow a calendar year schedule and specify an individual deductible and a higher family deductible.

Disease Management (DM) — Disease management refers to the process of identifying health plan enrollees with particular health conditions or risk factors, then assisting those enrollees in managing their conditions to delay the onset or slow the progression of disease.

Equity — Is related to consistent and uniform application of purchasing policy in a number of areas to afford employees access to affordable health benefits, e.g. subsidy dollars, employee eligibility, employee premium sharing, and common benefit plan portfolios.

ESD — Educational Service Districts are regional administrative units created by statute that evolved from county superintendents. There are currently nine ESDs in Washington.

Experience Rating — A premium based on the anticipated claims experience of, or utilization of service, by a contract group according to its age, sex, and any other attributes expected to affect its health service utilization. Such a premium is subject to periodic adjustment, generally on an annual basis, in line with actual claims or utilization experience.

FTE — Full Time Equivalent (FTE) is a unit to measure employed persons in a way that makes them comparable although they may work a different number of hours per week. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time.

Health Maintenance Organization (HMO) — A pre-paid medical group practice plan that provides a comprehensive predetermined medical care benefit. In order for an individual's health care costs to be paid, the individual must utilize services from the specified HMO network of providers. A participant's care is monitored and controlled by a selected primary care physician who is accountable for the total health services of the participant, arranges referrals and supervises other care, such as specialist services and hospitalization.

Health Reimbursement Account (HRA) — A tax free employer funded account that provides employees with medical care expense reimbursements. These accounts allow unused funds within the account to be carried forward to future years. HRAs are typically provided with high deductible medical plans.

Health Savings Account (HSA) — A pre-tax account that is funded by employees and/or employers to cover employees' out-of-pocket expenses. These accounts require an employee to be enrolled in a qualified high deductible plan. Unused funds in the HSA may be carried forward to future years.

Levy Lid — A statutory limit on the local levy, expressed as a percentage, for a school district. The levy lid effectively caps the amount of revenue a local district can raise to supplement State and federal funds.

Managed Care — Control of utilization, costs, quality and claims, using a variety of cost containment methods, including pre-certification and case management. The primary goal is to deliver cost-effective health care without sacrificing quality or access.

Maximum Benefit — The maximum amount that a health care plan will pay on behalf of a covered participant during that individual's lifetime.

OEBB — Oregon Educators Benefit Board is the governing body created by the Oregon State Legislature to administer and run a separate health purchasing system for Oregon's public school employees.

OFM — Office of Financial Management.

OIC — Office of Insurance Commissioner.

OSPI — Office of the Superintendent of Public Instruction.

Out-of-Pocket Limit — The maximum amount of out-of-pocket health care expenses that a participant is responsible for during a plan year. Every dollar spent on health care after this amount is generally reimbursed in full.

PEBB — Public Employees' Benefits Board.

PEBB Program — Public Employees' Benefits Board program.

Point-of-Service Plan (POS) — A type of managed care system that combines features of indemnity plans and HMOs and uses in-network and out-of-network features. A gatekeeper is used to direct an individual to medical care within the network. The covered participant also has the option to received care from any out-of-network provider. If care is received out-of-network, the participant will pay higher co-payments and/or deductibles.

PPACA — Patient Protection and Affordable Care Act.

Preferred Provider Organization (PPO) — A group of hospitals and physicians that contract on a fee- for-services basis with employers, insurance companies and other third party administrators, to provide comprehensive medical service. Providers exchange discounted services for increased volume. Participants' out-of-pocket costs are usually lower than under a traditional fee-for-service or indemnity plan. If the network-based health plan has gatekeeper/primary physician requirements, it is not a PPO plan, but a Point of Service (POS) plan.

Provider Network — Health care providers that have a contractual relationship with a health plan to provide care to the plan's enrollees. Network contracts define the payments the health plan will make to the providers for services rendered to enrollees. They also typically include provisions designed to ensure the quality and cost-effectiveness of care.

RCW — Revised Code of Washington.

SAO — State Auditor's Office (of Washington State).

Self-Administered Plan — Refers to a benefit plan in which the company assumes responsibility for full administration of the plan, including claims administration.

Self-Funded Plan — A benefit plan funding method in which the employer carries the risk for any claims. The employer may contract with a third party administrator to pay claims in its behalf, or may develop its own department to administer the program.

Stop-loss provision — A provision in a self-funded plan that is designed to limit an employer's risk of losses to a specific amount. If claim costs (for a month or year or per claim) exceed a predetermined level, an insurance carrier will cover the excess amount.

TPA – Third Party Administrator — In a health benefit plan, the person or organization with responsibility for plan administration, including claims payment.

Transparency — Includes detailed reporting of health benefits funding by revenue sources, as well as detailed reporting of health benefits costs by expenditure category. It relates to health purchaser benefits management as well as consumer and provider engagement.

Voluntary Employees' Beneficiary Association (VEBA) — A tax-exempt trust established to fund employee welfare benefits other than pensions. Also known as 501(c)(9) trusts, after the section of the Internal Revenue Code authorizing their tax exemption.

WAC — Washington Administrative Code.

WEA — Washington Education Association.

WSIPC — Washington School Information Processing Cooperative.