MILLARD PUBLIC SCHOOLS

BOARD MEETING NOTICE

The Board of Educationwill meet onMonday, November

REPORT ON

MILLARD PUBLIC SCHOOLS EMPLOYEE HEALTH PLAN

NOVEMBER 10,2003

History

- ✓ 1970's Millard Public School's health insurance is with Mutual of Omaha.
- ✓ 1980's Millard's health carrier is Blue Cross & Blue Shield of Nebraska, a large group plan covering most public school employees in Nebraska.
- ✓ 1996-97 The

- ✓ 1997-98

- ✓ 1998-99
- ✓ 1999-00

2000-01

- ✓ 2001-02
- ✓ 2002-03

- ✓ 2003-04

		Murphy recommends increasing the specific stop-loss protection from $75,000 to $100,000. Open enrollment is moved to January 1, 2004 (instead of September 1, 2003). We discover a drug co-pay claims processing error for 2002-03 and UHC refunds $58,000 to the plan. UHC is re-negotiating contracts with Nebraska Health Systems, Methodist Health Systems, and Children's Hospital.
✓	Future	Effective January 1, 2005 the Plan will be modified to provide a deductible of $250 individual, $500 family in-network, and $500 individual, $1000 family out-of-network. We continually review the plan benefits and the concept of fully insured vs. self-insured. Being self-insured seems to be cost effective at this point. In order to remain competitive with other school districts, we must have benefits comparable to the EHA plan, which is used by most school districts in Nebraska. Such comparability may be in the form of a self-insured plan, a fully insured plan or a return to the EHA plan. As long as our plan is r5e

MPS Health Plan Expenditures

In-network Individual ~~Family~~		
	~~$625~~ $1,250 ~~$1,250~~ $2,500	$1,250 $2,500
	~~$1,250~~ $2,500 ~~$2,500~~ $5,000	$2,500 $5,000

MPS Health Plan Revisions for 2002-03

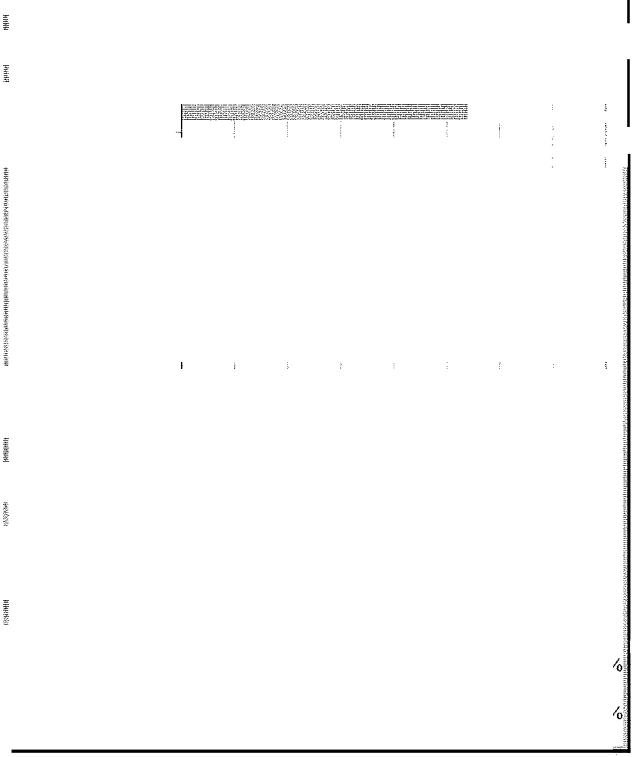
	MPS Indemnity Plan 20	
Annual Deductible		
In-network		
Individual		$100
Family		$200
Out-of-network		
Individual	n/a	$200
Family	n/a	$400

Stop-Loss Point		
In-network		
Individual	$2500	
Family	$5000	
Out-of-network		
Individual	n/a	
Family	n/a	
Out-of Pocket Max, incl deductible		
In-		

osts, and consequently health insurance premiums, have been increasing at an alarming rate for the past four years. Can you avoid it? Probably not. But you can learn about why it is happening, and what you can do to decrease its impact on your organization and your employees.

Source: Hewitt HealthValue Initiative™ 2002.

Healthcare Cost Increases in Major



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Factors Leading to Increased Healthcare Costs

Why are U.S. healthcare costs skyrocketing? Several market conditions working in tandem have led to the current onslaught of steep increases. Understanding why your annual health plan renewal rates may be significantly higher than the previous year is the key to formulating alternatives and solutions to your particular plan's challenges. It is also the key to educating your employees about the reasons behind any plan or contribution changes you may decide to introduce.

A discussion of the key factors leading to recent hikes in medical costs and health insurance premiums follows.

Demographics: *The* Aging of

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federal levels, and has also become one of the most highly debated topics in the political arena.

State and federal mandates have increased 25-fold over the last three decades. Often these mandates duplicate or conflict with each other, and almost always come with increased costs for the healthcare system. For example, the Health Care Portability and Accountability Act of 1996 (HIPAA) continues to impact the operations of many health plans seeking compliance. According to

care, HMOs. Employers seeking to hire the best employees in the tight job market moved towards offering plans that allow patients to see doctors that are "out-of-network" or have much less strict referral processes, such as Point-of-Service (POS) plans. In addition,

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One potential trend to note is the

While national spending on prescription drugs was up 16.4% in 2001, research has shown there is wide variation in spending hikes on a state-by-state level. Maine saw the lowest increase at just 12%, while Alaska had the highest rate of growth at 25.2%. For most states, the increase in total spending was caused more less than 8% to more than 11%. Four states — Arkansas, New Mexico, Kentucky, and New Jersey — reported a 4% increase in utilization, while Louisiana, Nevada, Idaho, Mississippi, and Alaska saw more than 10% utilization growth.

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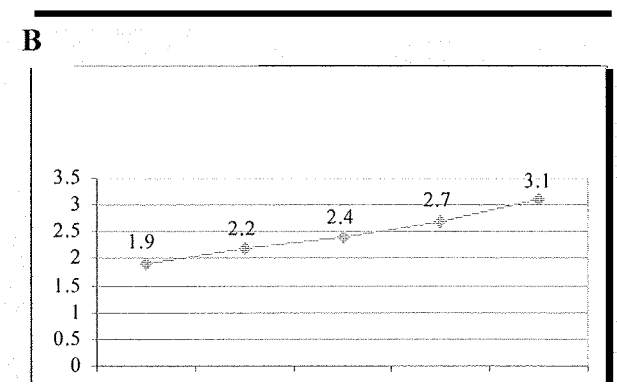
Impact on Health Plans and Employers

The fast and steep ascent of the cost of prescription drugs is undoubtedly having an impact on insurance carriers and managed care organizations, and consequently on employers who sponsor



chronic disease, and a resultant increase in the use of

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Opinion

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Published Friday
September 26, 2003

Hospital -insurance flap could cost patients

BY **NICHOLE** AKSAMIT
WORLD-HERALD STAFF WRITER

Children's Hospital is warning some families that they may have to pick up more of the bill for care at the hospital, its emergency room and urgent-care centers - including treatments they have received since Sept. 13 - pending the outcome of a dispute with an insurance company.

The Omaha hospital sent a letter to recent patients who have coverage from United HealthCare Inc.

The letter said the hospital and the insurer have entered binding arbitration to resolve a dispute over how United HealthCare reimburses the hospital for pediatric patient

"It is possible that United will consider Children's to be an out-of-network provider after September 13, 2003," the letter warned. "The result could be additional out-of-pocket costs, which would be your personal responsibility."

A statement issued by United HealthCare Chief Executive Kathleen A. Mallatt said that Children's is unnecessarily alarming patients and putting them in the middle of a dispute about money. She indicated that the outcome would not affect patients' bottom line.

"Customers should continue to use Children's as they always have," the statement said. ". . . We commit to holding our customers harmless, so that their financial responsibility for services at Children's will remain the same, regardless of the arbitrator's decision."

United HealthCare spokesman Mike Strand said the company also is negotiating with other Omaha hospitals, including the Alegent Health System and the Nebraska Medical Center, and intends to reach agreements with them and with Children's.

But leaders at other health systems are also upset with the pace of negotiations with United HealthCare.

Great Plains Regional Medical Center in North Platte has been unable to reach a contract agreement with the insurance company. Some people in the area, including

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some dependents of Union Pacific Railroad employees, are paying out-of-network rates.

The chief executive officer at Great Plains Medical Center, Cindy Bradley, said the hospital and United HealthCare have tried but have not come to terms on the financial aspects of a contract.

Strand said the insurance company has a contract with Ogallala Community Hospital, about 50 miles away, that will start Wednesday, and is working toward a contract with doctors there.

"We know it's a gap, and we're working diligently to obtain a contract" with the North Platte hospital, he said.

In Omaha, Methodist Hospital and a couple hundred Methodist-affiliated doctors recently sent notice that they won't be a part of the insurance company's network at the end of this year.

That means that people with United HealthCare insurance may have to pay out-of-network charges for Methodist health services, starting next year. Many of Omaha's largest employers offer a United HealthCare plan.

Last-minute negotiations could get Methodist and its doctors back in the insurance network without disruption to patients, said Ken Klaasmeyer, president of Methodist Health Partners, an organization that aids the Methodist hospital and doctors in their negotiations over insurance contracts.

But he is not optimistic. United HealthCare hasn't provided them with a proposed list of rates it will pay for health-care services under a new contract. Methodist expected such a proposal months ago, Klaasmeyer said.

"From our standpoint, United has not negotiated like they need us in the network or want us in the network," he said.

Strand, the United HealthCare spokesman, said, "Of course we want Methodist and its physicians in the network. And we intend to continue to negotiate in good faith to ensure that happens.

"But it's also a two-way street. That's why we bargain, to come to an agreement, not to capitulate to demands."

He declined to comment on the list of proposed rates.

"It's a bargaining process, and we are sad to see these things being played out in the public, which only raises everyone's concerns unnecessarily," he said.

Children's spokeswoman Laura Gell said Thursday that the hospital continues to file insurance claims with United HealthCare and conduct other business as usual, as if the relationship were unchanged.

"But," she said, "we felt it was our ethical obligation to tell our patients that we were entering into arbitration, rather than telling them afterward when there may be a change."

In addition to the reimbursement issues, it appears the hospital and United HealthCare disagree on the expiration date of the contract between them.

Gell said the terms of the three-year contract expired on April 30, 2003. When efforts to agree to new terms failed, she said, the hospital notified United HealthCare in August of its intention to end the contract Sept. 13. Instead, she cm BI /W3522 /H128 /IM true /BPC 1 ID ÿÿÿÿÿÿ

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Children's Hospital continues to demand an excessive rate increase that would raise Children's reimbursement by more than 57 percent as compared to current levels. The requested rate increase goes far beyond both customary market norms and the medical inflation rate. Additionally, such rate increases jeopardize both the economic stability and affordability of health care in Omaha.

We realize that our customers depend on us for access to hospital and physician networks that provide high quality medical services at affordable premiums.

Please be assured that during the arbitration period, UnitedHealthcare will continue to pay participating benefits on Children's Hospital claims. Only Hospital services are impacted by these negotiations. Contracts with Children's physicians are not part of the current dispute, or contract negotiations. During arbitration, we anticipate that Children's Hospital will treat all UnitedHealthcare customers appropriately and with respect. If this does not occur, please call Customer Service at the number shown on your ID card so we can immediately address the situation.

If you would like to express your support for, we encourage you to contact President/CEO Gary Perkins, or Chief Financial Officer Michael J. Brown of Children's Hospital. Either may be contacted at the following address:

Children's Hospital
8200 Dodge Street
Omaha, Nebraska 68114-4113
(402) 955-5400

In these difficult economic times, a proposed rate increase of over 57 percent is a sharp departure from the serious economic issues at hand. The ongoing cycle of reduced benefits for employees, swollen ranks of the uninsured and mounting financial burdens for employers must stop. UnitedHealthcare is committed to working hard on

Millard Public Schools
Board of Education Legislative Resolutions
2004

1. State and local taxpayers share the responsibility for the Pre-K through 12th grade educational program; therefore the funding should be equally shared (2001).

2. School districts should be encouraged to support ongoing maintenance of school buildings; therefore spending and levy restrictions should be removed from the d [(building)

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13. Technology practices and requirements vary widely across the state. Representation on technology committees should consider input from small rural school districts to large urban ~~or~~ and suburban districts prior to establishing policies and procedures (2002).

14. The board of education does not support legislation that improves the state cash-flow position by delaying state aid payments to local school districts (2002).

New resolutions proposed for this year

15. Millard Public Schools believes that a legislative solution is the most effective way to resolve the issues that are represented in the current finance litigation (2003).

16. The Millard Public Schools support legislation that establishes a separate ESU system that