



CECHCR Helps El Rancho Unified School District Save More than \$ 1 Million in Health Care Costs

District avoids layoffs and ends stagnant wages

Years of escalating health care costs and an approaching member renewal deadline prompted the El Rancho Unified School District to seek solutions to their fiscal challenges and reduce insurance costs. When Beverly Johnson, a labor representative from the California School Employees Association (CSEA), suggested during contract negotiations they invite representatives from CECHCR to conduct health benefits trainings for the group, new leadership at the district responded with enthusiasm.

By participating in CECHCR's Module V Second Opinion Program, members of the district's health benefits committee – comprised of management, teacher and classified employee representatives -- received the guidance, expert knowledge and assistance they were looking for. A desk review and cost evaluation - performed by CECHCR's health benefits experts J. Glynn & Co. - demonstrated the district could solve many of their health care challenges while achieving significant savings – somewhere between one and two million dollars – by moving away from their current insurance program.

District in financial distress and a difficult time for employees

According to Tony Hernandez, president of the local chapter of the California School Employees Association (CSEA), the district was under-funded and when the recession hit they needed to find savings.

Rico Tamayo, president of the El Rancho Federation of Teachers, said it was a difficult time for teachers because they had not received a salary increase for seven years. In addition, some teachers were facing layoffs. The district grappled with continued cost increases from the existing district broker they had grown to rely on for competitive health care costs and advice.

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Mark Matthews, El Rancho Asst. Superintendent of HR

Only months away from re-enrollment, the district needed to move fast. A four-month timeline was established to review and evaluate their insurance program and implement the changes necessary to reduce costs. Described as an “eye opener” by Tamayo, the process allowed the committee members to learn more about how cost increases impact bargaining and the various purchasing vehicles that are available to schools.

“CECHCR promised us the best reductions in cost for our district,” said El Rancho Unified School District Assistant Superintendent of Human Resources Mark Matthews. He said that the rising healthcare costs impacted teacher salary raises and the district's ability to retain employees. Because of CECHCR's transparency and straightforward approach with the district, the decision to follow their recommendations was easy, he said.

More than a million in savings and jobs saved –“A small victory that will carry on”

In just under a few months, El Rancho School District moved to a new insurance program with CalPERS that provided significant savings – more than one million dollars – and saved jobs.

“We are getting more for the money,” said Hernandez.

Assistant Superintendent Matthews said the process went fairly smoothly considering the quick turnaround and that the experts at CECHCR were seasoned at handling any glitches that took place. He said that the new program’s health benefits include the same or better benefits and provide more options within different plans. Most employees also get to keep their doctor, which was an important factor.

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Rico Tamayo, Teacher

It was a true team effort between El Rancho School District and CECHCR. And according to Dean Cochran, who represents administrators at El Rancho Administrators and Supervisors Association (ERASA), the speed in which CECHCR moved as they guided the district through the process was a driving factor behind their success.

“Together we achieved a significant accomplishment that will benefit everyone for years to come,” said Cochran.

“The CECHCR/J.Glynn team worked with the unions and the district to get the job done,” said Tamayo. “What normally takes three to five months, we got done in 28 days. The best news is that for the first time since 2007, the teachers at El Rancho got a raise from the \$1.6M savings,” he added.

According to Cochran, CECHCR’s ability to simplify and explain complex health care information was a big help. In addition, their collaborative spirit helped gather everyone in the same room so they could move forward together in a new direction.

“They did what other people said was impossible,” said Cochran.

About CECHCR

CECHCR is a statewide partnership of management and labor organizations representing the state’s public school and community college districts and committed to improving health care quality and reducing costs in the state’s public education sector through training, education and advocacy.

CECHCR’s Second Opinion Program offers school districts independent expertise and analysis to help management and labor health benefit committees prior to making critical decisions in providing for the health of their employees and their families. Consistent with principles of transparency and accountability, CECHCR accepts no compensation from third parties in order to maintain complete objectivity.

CECHCR also offers additional stand-alone modules of free training to assist K-12 school districts, community college districts and county offices of education to help navigate health benefits purchasing. For more information on CECHCR and how to sign up for its trainings or Second Opinion program, please visit www.cechcr.org or call 916-567-9911, extension 18.

The CECHCR project is an initiative of the Center for Collaborative Solutions.

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