



# CECHCR Success Story

## *Collaborative Effort between Management and Labor Helps Montebello Unified School District Make Changes to Avert Health Care Crisis*

### **MUSD Will Save \$11.5 Million in Health Insurance Costs this Year**

For years Montebello Unified School District (MUSD) and its employees had relied on their broker and insurance plan to provide them with the best options. In addition, a self-funded pool provided a reserve that helped supplement employee costs and the District contributed to retiree supplemental health care. But beginning in 2007, costs began increasing at a more rapid rate, until in August 2009 the District was faced with a 30 percent increase to their health insurance plan on top of a depleted reserve.

“It was devastating. The bottom line was we could not continue as we were,” said Dianne Garcia-Stevens, President of the Montebello Teachers Association/CTA/NEA. According to California School Employees Association (CSEA) Local 505 President Johnny Adargaz, under the best available plan presented to the District from the broker, some CSEA full-time employees would pay out-of-pocket costs of up to \$1,700/month, while some CSEA part-time employees would pay more than \$2,400/month. In many cases, the amount was equal to or more than the paycheck they brought home. Simply put, many employees would not be able to afford continuing their health insurance.

Although initially the District was reluctant to change from a longstanding broker relationship and the existing health plan, the significant cost increase and impact it would have on employees prompted its joint labor/management insurance committee—responsible for reviewing, evaluating and recommending health insurance purchases and representing the District, CTA and CSEA—to ask the California Education Coalition for Health Care Reform (CECHCR) to step in and assist them. MUSD Assistant Superintendent for Human Resources Mary Willis said that because the District already had an effective insurance committee in place and a long history of labor and management working together collaboratively, CECHCR was able to step in quickly and help them focus on a solution that made sense for everyone.

CECHCR Consultants John Glynn and Mark Lowenthal of J. Glynn & Co assisted the insurance committee through a “second opinion” process that helped avert the crisis and move members to a new plan. This included engagement and critical questioning of the existing health plan and broker and an audit to review other options to identify better alternatives. Through participating in this process, MUSD was willing to move their business to CalPERS which was a better option than what had been recommended by the broker. Because of CalPERS’ large insurance pool, it offered the District good plan options at a reduced cost, and made no changes to retiree contributions already in place. *The move resulted in a combined savings for the District, employees and retirees of approximately \$11.5 million dollars for 2010 – 29 percent below what the previous plan proposed as the “best available option” and almost \$5 million less than health benefits cost the District in 2008.* “It was a common decision. Everyone had an interest in making it work and providing a more affordable healthcare program,” said Assistant Superintendent of Human Resources Willis.

Michael Leon, Acting Field Director of the CSEA Santa Fe field office and CECHCR volunteer trainer, provides support to districts with insurance issues and helped introduce MUSD to CECHCR. He believes a big plus for districts working with CECHCR is “the trust factor CECHCR has with all parties in the room” and how it helps districts focus on figuring out what works best for them.

Implementing the change for 3,000 employees quickly - due to their member renewal deadline approaching 30 days - presented a challenge that required a true team effort. In less than a month, management and labor organization representatives – with CECHCR’s guidance – participated in a one-day crash course on the enrollment process,

brought in CalPERS representatives, conducted town hall meetings and presentations to help explain the changes and new benefits to employees, and quickly set up enrollment days to meet the deadline. Lloyd Garrison, a member of CSEA who sits on the District's insurance committee, described it as a move that presented a "tide turn" for the District and big task for every player involved – teachers, administrators and classified employees. And according to Assistant Superintendent of Human Resources Willis, the experience helped develop relationships and trust among the teachers, warehouse workers and district office employees who sat next to each other at the enrollment days and meetings.

"We didn't have the capacity to mobilize an effort like this without the help of CECHCR," said Kathy Schlotz, Executive Director of the Montebello Teachers Association.

By November 1, just three months after the second opinion process was initiated with CECHCR, Montebello Unified's new system was in place with CalPERS. "It was something I've never seen before," said insurance committee member Garrison. "With the help of John Glynn, Mark Lowenthal, CSEA 505 President Adargaz and CECHCR giving us the tools we needed to get people together and implement this, the move to CalPERS was done in less than 30 days." While representatives say change isn't easy and employees are still transitioning to the new plan's features, the District has had good results to-date and continues to search for the best way to communicate to employees how best to use the plans.

This spirit of cooperation – beginning to take place in many districts across the state – is being encouraged by the *California Education Coalition for Health Care Reform (CECHCR)*, a coalition of public education leaders representing both management and labor, who believe that by joining together, they can increase their power to improve health care quality and reduce costs. One way they do this is by empowering school districts to make smarter health care choices through offering free Health Benefits Trainings. These trainings provide district and union participants tools and teach strategies on working with brokers and negotiating contracts, and much more. Assistant Superintendent of Human Resources Willis says that the value of CECHCR is its role as a "clearinghouse of information" that provides her district with the training and tools to analyze and look more critically at health care costs to affect and control the future.

Health care cost increases combined with the funding crisis in public education is having a devastating effect. In California, the educational community has borne the brunt of the largest budgetary cuts of any sector - more than \$17 billion. At the same time, school districts, school employees and their families are facing increases in health care costs that would be staggering even in the best of economic times. For example, health care costs to California's classified staff members increased by 143 percent between 2000 and 2006 while their wages increased by 24 percent. And teachers in California spent \$348 million dollars for the cost of health care not covered by districts in 2007-2008. Health care cost increases across the state threaten the ability of districts to meet their fundamental educational missions and may likely force many school employees and their families into the ranks of the uninsured.

While this may not be the final solution for MUSD, members will continue to look at options and use what they learned through this process with CECHCR. "Now we're not afraid to take the next step if we need to," said MTA President Garcia-Stevens.

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CECHCR offers three stand-alone modules of free training to K-12 school districts, community college districts and county offices of education, and also provides follow-up support services. For more information on CECHCR and how to sign up for its trainings, please visit [www.cechcr.org](http://www.cechcr.org) or call 916-567-9911, extension 18.

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