



MINNESOTA
LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS
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STUDY ON SCHOOL INSURANCE
PROGRAMS

REQUIRED BY CHAPTER 314,
LAWS OF MINNESOTA FOR 1981.

LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS

DECEMBER 1982

INTRODUCTION TO STUDY

Chapter 314 of the Laws of Minnesota for 1981 charged the Legislative Commission on Employee Relations (LCER) with an additional duty of studying the insurance programs offered to school district employees and report back to the 1983 Legislature. The law requires the LCER to perform the following:

(e) Research and analyze insurance programs currently available to teachers and other public school employees in Minnesota and report to the legislature by December 1, 1982. The report shall include a summary of insurance benefit levels and costs, including health, dental, life and disability insurances; differences in the costs of providing like benefits in different regions of the state and in school districts of different sizes; and recommendations on the feasibility of providing a uniform coverage insurance program to all school districts in Minnesota;...

The staff of the LCER has worked jointly with the Health Policy Analysis Group of the Center for Health Services Research (HPAG) at the University of Minnesota to develop a questionnaire to gather the necessary information. The staff of the HPAG which included Associate Professor Ira Moscovice, Associate Professor Roger Feldman and Mark Reynolds-Rucinski assisted in the research design and performed most the the data analysis contained in the report. The staff of the LCER would like to thank these people for their efforts. Their work on this study was funded by a grant from the Bush Foundation.

The data for the LCER school insurance study was gathered from a survey during June and July 1982. A questionnaire on school insurance programs was sent to the superintendent of each school district. The LCER received responses from 364 of Minnesota's 437 school districts (a response rate of 83 percent). The actual statistics used in this report are based on 353 districts. Many tables contained in this report are based on small subsamples of the 353 districts since certain questionnaire items were not answered by all districts.

The school districts responding to the survey were fairly evenly distributed throughout the state. These school districts represent about 85 percent of the total salary base for all school districts in Minnesota.

HIGHLIGHTS OF THE REPORT

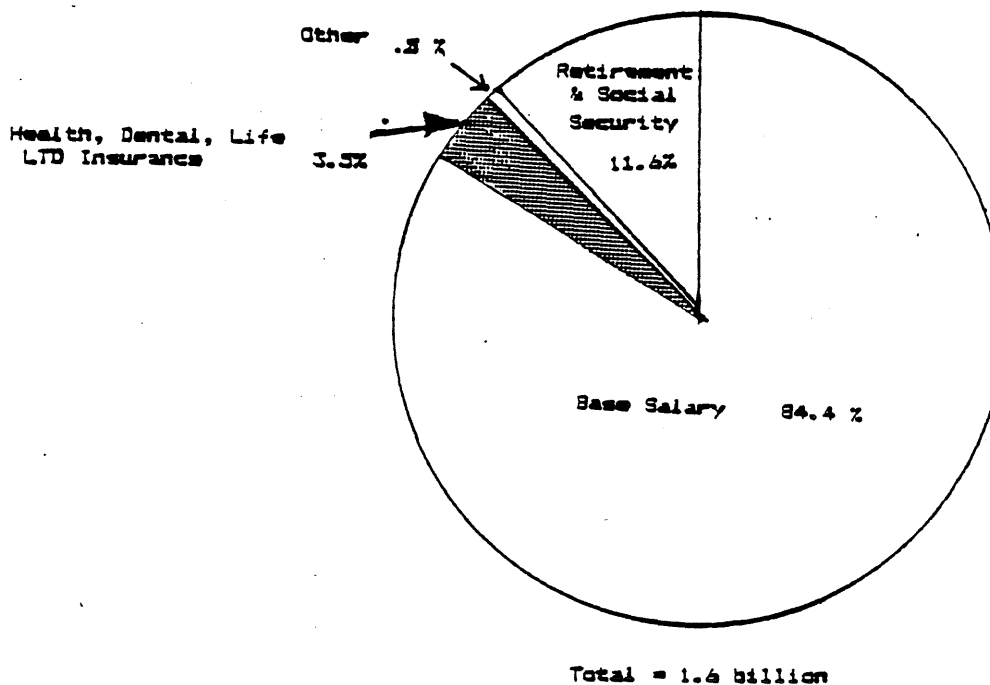
- In FY82, approximately \$76.9 million was spent on Health, Dental, Life and LTD plans
- Employees pay approximately 15 percent of the total premiums spent in FY82 for Health, Dental, Life and LTD plans
- Health insurance premiums grew at a rate of 17.4 percent between FY81 and FY82
- Approximately 48,500 employees were enrolled in health plans in the districts surveyed.
- Only two districts surveyed do not offer health insurance plans to their employees
- On average, the monthly cost for single coverage is \$38.81 and family coverage costs \$102.87
- Dental plans are offered in 25 percent of all districts
- Life insurance is offered in about 60 percent of all districts
- LTD coverage is provided for in 60 percent of all districts
- Grouping districts into metro and non-metro regions, and by school district size and ECSU region, shows there are differences in coverages and costs for Health, Dental, Life and LTD coverages
- Mandating benefits in statute or creating a statewide insurance pool are two approaches for providing uniform coverage for all school employees

1. PROFILE OF INSURANCE BENEFITS IN MINNESOTA SCHOOL DISTRICTS

A. Expenditures on Employee Insurances

The pie chart below shows the proportion of total compensation which was spent on employee insurances by Minnesota school districts during FY82.

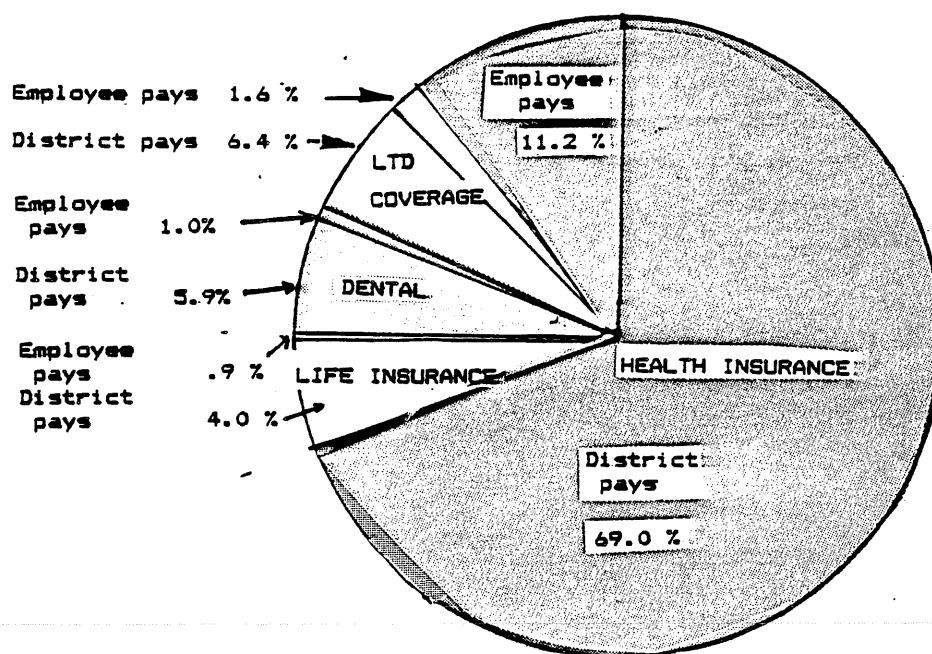
MINNESOTA SCHOOL DISTRICTS
INSURANCE BENEFITS AS A PERCENT OF
TOTAL COMPENSATION IN FY82



Although insurance benefits in the form of health, dental life and long-term disability (LTD) comprise a relatively small proportion of the total cost of compensation in Minnesota school districts (approximately 3.5 percent), the amount spent on insurance benefits is significant.

In FY82, approximately \$76.9 million was spent on health, dental, life and LTD plans. These costs were shared by both employees and school districts. The pie chart below shows the proportions paid by employees and school districts in FY82.

TOTAL EXPENDITURES IN
MINNESOTA SCHOOL DISTRICTS FOR
HEALTH, DENTAL, LIFE AND LTD COVERAGE
IN FY82



TOTAL INSURANCE
EXPENDITURES = \$76.9 MILLION

Health plan premiums comprise the largest portion of insurance costs (80.2%). LTD is the next most costly insurance benefit followed by dental plans and life insurance. Employees pay approximately 15% of the total costs of all insurances.

Insurance costs are rising at a significant rate. For example, data collected by the survey shows health plan premiums increased 11.4 percent between FY80 and FY81. Premiums grew at a rate of 17.4 percent between FY81 and FY82. A 17.4 percent increase in premiums translates into a doubling of health insurance premiums every 4.2 years.

B. BENEFIT LEVELS

1. HEALTH PLANS

Over the past three years, 528 health plans have been offered to employees in the 353 districts contained in the survey. In FY82, there were 401 health plans offered. On average, there are 1.2 health plans per district. Two districts do not offer health insurance plans to their employees. Four districts offer five or more health plans. Table 1 shows the number of health plans offered during the past three years.

Table 1

NUMBER OF HEALTH PLANS OFFERED
FY 80 TO FY 83

	% Out of 355
NUMBER OF PLANS OFFERED	
No plans offered	.6
One Plan	57.2
Two Plans	20.6
Three Plans	8.7
Four Plans	2.5
Five or More Plans	1.1
No answer	9.3

NUMBER OF ENROLLEES

There are approximately 48,500 employees enrolled in health plans in the districts included in the survey. The number of enrollees has remained relatively constant between FY80 and FY82. These employees are often broken down into two categories: (1) Certified Employees, and (2) Non-Certified Employees. Certified employees, which includes teachers, must be certified from the Minnesota Department of Education whereas non-certified employees' occupations do not require licensure from the department. Table 2 provides a breakdown of the number of employees (enrollees) in health plans.

Table 2

NUMBER OF CERTIFIED AND
NON-CERTIFIED EMPLOYEES
ENROLLED IN HEALTH PLANS
IN FY82
(N = 334)

Number of Certified Employees	35,234
Number of Non-Certified Employees	13,194
Total Number of Enrollees	48,429

The number of enrollees can also be broken down by the number of single and family coverages. Approximately 63.3 percent of school district employees take family coverage. Table 3 contains figures on the number of single and dependent coverages:

Table 3

NUMBER OF SINGLE AND FAMILY COVERAGES
IN HEALTH PLANS IN
MINNESOTA SCHOOL DISTRICTS
FY82
(N=334)

Number of Single Only Coverages	17,769
Number of Family Coverages	30,659
Total Number of Enrollees	48,428

ELIGIBILITY REQUIREMENTS

Health plans and districts define who are eligible to be covered under the plan. Eligible persons typically include regular, full-time employees and their eligible dependents. Most school districts require that an employee work a certain number of hours in a day, hours per week, or days per year to be eligible for health plan benefits. Table 4 shows the qualifying

employment requirements in school districts to be eligible for health plan benefits.

Table 4

QUALIFYING EMPLOYMENT FOR
HEALTH CARE BENEFITS IN
MINNESOTA SCHOOL DISTRICTS

QUALIFYING EMPLOYMENT	HOURS PER DAY	HOURS PER WEEK	DAYS PER YEAR
1. AVERAGE	4.69	23.4	156
2. MOST FREQUENT RESPONSE	4.00	20.0	175

Most school districts require employment of at least half-time to be eligible for health benefits. Many school districts place additional qualifying employment requirements for an employee to be eligible for employer paid health benefits. While half-time employment typically makes an employee eligible for benefits, 3/4ths time employment is often required before the district contributes toward the health insurance premium. Table 5 shows eligibility requirements for employer paid health care benefits.

Table 5

ELIGIBILITY FOR EMPLOYER PAID
HEALTH CARE BENEFITS

QUALIFYING EMPLOYMENT	HOURS PER DAY	HOURS PER WEEK	DAYS PER YEAR
1. AVERAGE	5.34	25.35	162
2. MOST FREQUENT RESPONSE	4.00	30.00	175

Approximately 55 percent of districts surveyed pro-rate the

district's contribution toward health plan premiums for employees who work less than full-time. Table 6 provides this breakdown:

Table 6

DISTRICT CONTRIBUTION TOWARD HEALTH
PLAN PREMIUM FOR LESS THAN FULL-TIME
EMPLOYEES

	% Out of 339
DISTRICT PRO-RATES CONTRIBUTION	55.8
DISTRICT DOES NOT PRO-RATE CONTRIBUTION	44.2

OTHER ELIGIBILITY ISSUES

One issue relating to eligibility is the status of employees on leave-of-absence. The survey found nearly all districts do not contribute toward the premium of employees on leave-of-absence. Table 7 shows the survey results:

Table 7

DISTRICT CONTRIBUTION TOWARD
HEALTH PLAN PREMIUM FOR EMPLOYEES
ON LEAVE OF ABSENCE

	% Out of 343
District Contributes toward premium of employees on leave of absence	4.7
District does not contribute toward premium of employees on leave of absence	95.3

Another eligibility issue is whether the district contributes toward the premium of retirees or surviving spouses. Seventy-five percent of the districts surveyed do not contribute toward the premium of retirees or surviving spouses. Twenty-one percent of the districts contribute toward the health premium of retirees.

However, the survey question did not discern whether the district contributes towards all retirees or only "early" retirees. Table 8 provides a breakdown:

Table 8

DISTRICT CONTRIBUTION TOWARD
HEALTH PLAN PREMIUM FOR RETIREES OR
SURVIVING SPOUSES

	% Out of 345
District contributes toward premium of Retirees	21.7
District contributes toward premium of Surviving Spouses	.9
District contributes toward premium of Retirees and Surviving Spouses	4.6
District does not contribute toward premium of Retirees or Surviving Spouses	72.8

A third eligibility issue is whether an eligible employee has the option not to take health benefits. The survey results show eligible employees can elect not to take health insurance benefits. The results are contained in Table 9

Table 9

ELIGIBLE EMPLOYEES OPTION
NOT TO TAKE HEALTH
BENEFITS

	% Out of 336
Eligible employee can elect not to take health insurance benefits	94.6
Eligible employee is required to take health insurance benefits	5.4

A related question is whether employees electing not to take health plan benefits are eligible for other forms of compensation to take its place. Ten percent of the districts surveyed

provide replacement compensation when an employee opts not to take benefits. The data is contained in Table 10

Table 10

EMPLOYEES ELECTING NOT TO TAKE
HEALTH INSURANCE ARE PROVIDED
MONEY COMPENSATION OR OTHER
BENEFITS IN ITS PLACE

	% Out of 356
Employees electing not to take insurance are providing compensation or other benefits in its place	10.0
No replacement compensation is provided	90.0

SOURCE OF CONTRIBUTIONS (FUNDING)

Twenty-five percent of the health plans are 100% employer paid. Most school districts pay all or nearly all the cost of single coverage. Ninety-seven percent of the cost of single coverage is employer paid. Districts often require the employee to contribute to the premium of family coverage. Eighty-six percent of the cost of family coverage is employer paid.

School districts use a number of contribution methods. In districts not paying the total premium for single and family coverages, most districts pay a level dollar amount toward the premium (82.5 percent). Some districts pay a set percentage of the total premium (11.9 percent). The remaining districts (5.5 percent), use some other contribution method.

DOLLAR DEDUCTIBLES

Most health plans (except Health Maintenance Organizations) have annual deductible amounts. The deductible is an amount of covered medical expenses that the covered person must incur before medical benefits become payable under the plan. Most plans have a deductible amount for single coverage and an amount for family coverages. Table 11 summarizes the deductible requirements for single coverage.

Table 11

DEDUCTIBLE FOR SINGLE COVERAGE

	% Out of 210
No Deductible	.5
Deductible of \$50	14.8
Deductible of \$100	84.8

Table 12 shows the maximum deductible amounts for family coverage.

Table 12

MAXIMUM DEDUCTIBLE FOR FAMILY COVERAGE

	% Out of 201
No Deductible	.5
Deductible of \$ 50	.5
Deductible of \$ 100	4.5
Deductible of \$ 150	12.0
Deductible of \$ 200	31.3
Deductible of \$ 300	50.7
Deductible of \$ 500	.5

The maximum deductible for family coverage is usually expressed as the number single of deductibles which must be met before the family deductible has been satisfied. Table 13 shows

a breakdown of the family limits on deductible amounts.

Table 13

FAMILY LIMITS ON
DEDUCTIBLE AMOUNTS

	% Out of 210
One per family	1.4
Two per family	27.1
Three per family	68.6
Four per family	1.0
Five per family	1.9

The deductible amounts in most plans have remained basically the same. Sixty-nine percent of the respondents reported the deductible requirements under their health plan have not changed over the past five years. These results are shown in Table 14:

Table 14

CHANGE IN DEDUCTIBLE REQUIREMENTS
UNDER HEALTH PLAN OVER THE PAST FIVE
YEARS

	% Out of 493
Deductible Requirement Increased	7.3
Deductible Requirement Decreased	5.8
Deductible Requirement Stayed the Same	69.5
Don't Know	17.4

ROOM & BOARD LIMITS

Health plans frequently have some type of limit on the number of days of hospital room and board. Most plans specify a maximum duration of benefits for each hospital confinement in a year. Other plans specify a dollar limit or other method.

Eighty-eight percent of health plans in Minnesota school districts provide coverage for 365 days. The figures are contained in Table 15:

Table 15

ROOM AND BOARD COVERAGE

A) Specified Number of Days (99% use this method)	% Out of 211
70 Days or Less	.9
120 Days	9.0
240 Days	.9
365 Days	88.2
730 Days	.5
B) Specified Dollar Limit or Other Method	.5

CO-INSURANCE REQUIREMENTS

Most health plans (except H.M.O.'s) contain a co-insurance requirement. Under these plans, after the covered expenses exceed the deductible, the health plan takes over and typically pays a percentage (coinsurance) such as 80 or 85 percent, of the covered expenses in excess of the deductible amount. In Minnesota, the law mandates that the plan must pick up at least 80 percent of covered expenses in excess of the deductible.

Table 16 contains a breakdown of the major medical co-insurance rates in effect in Minnesota school districts.

Table 16

MAJOR MEDICAL
CO-INSURANCE RATE

% Plan pays/ % Employee pays	% Out of 210
50%/50%	.5
80%/20%	96.7
85%/15%	1.4
90%/10%	.5
100%/0%	1.0

The co-insurance requirements of health plans in Minnesota have basically remained the same. Sixty-five percent of the respondents reported that the co-insurance requirements under their health plan(s) stayed the same over the past five year period. The data is shown in Table 17.

Table 17

CHANGE IN CO-INSURANCE REQUIREMENTS
UNDER HEALTH PLAN
DURING THE PAST FIVE YEARS

	% Out of 481
The Co-Insurance Requirements Increased	4.4
The Co-Insurance Requirements Decreased	1.5
The Co-Insurance Requirements stayed the same	65.7
Don't know	28.4

STOP-LOSS LEVEL ON PLAN

Nearly all health plans (except H.M.O.'s) contain a stop loss provision. After the covered expenses have exceeded the deductible and the plan begins to pay benefits according to the co-insurance rate, there frequently is a limit on the amount of

covered expenses that are subject to the co-insurance provision. The limit or "cap", after which covered expenses are reimbursed in full is called "stop-loss". Stop-loss is the total covered expenses incurred before the plan pays 100 percent of further expenses. The stop-loss provisions in effect in Minnesota school districts are shown in Table 18.

Table 18
STOP LOSS LEVEL ON PLAN

	% Out of 206
\$ 0 - \$1499	1.9
\$ 1,500 - \$2,999	38.3
\$ 3,000 - \$4,499	1.9
\$ 4,500 - \$5,999	17.9
\$ 6,000 - \$9,999	.5
\$10,000	34.0
More than \$10,000	2.4
No Stop Loss	2.4

MAXIMUM OUT-OF-POCKET EXPENSE

Maximum out-of-pocket expense refers to the dollar amount an enrollee has to pay (including the deductible) before the plan picks up in full any additional covered expenses. Minnesota law places a maximum out-of-pocket expense limit of \$3,000 on health plans. Table 19 shows the maximum out-of-pocket expense requirements of the school districts in the survey.

Table 19

MAXIMUM OUT-OF-POCKET EXPENSE
ALLOWED BY HEALTH PLAN

	% Out of 205
Under \$500	21.5
\$500 to \$999	25.4
\$1,000 to \$1,499	16.1
\$1,500 to \$1,999	2.9
\$2,000 to \$2,499	29.8
\$2,500 to \$3,000	2.4
No limit on out-of-pocket expense	2.0

LIFETIME MAXIMUM BENEFIT

Most plans contain a lifetime maximum benefit for any enrollee or dependent. Minnesota law requires that the maximum lifetime for health insurance plans not be less than \$250,000. Table 20 contains a summary of the lifetime maximum benefit provisions in effect in Minnesota school districts.

Table 20

LIFETIME MAXIMUM BENEFIT
UNDER HEALTH PLAN

	% Out of 211
No Maximum	9.0
Maximum of \$100,000,000	.5
Maximum of \$ 1,000,000	19.4
Maximum of \$ 750,000	.5
Maximum of \$ 500,000	10.9
Maximum of \$ 250,000	59.7

Table 21 shows that the lifetime maximum benefit has increased in approximately 25 percent of the health plans during the past five year period.

Table 21

CHANGE IN THE MAXIMUM BENEFIT
COVERAGE UNDER HEALTH PLAN
DURING THE PAST FIVE YEARS

	% Out of 486
Maximum benefit coverage increased	24.7
Maximum benefit coverage decreased	1.0
Maximum benefit coverage stayed the same	50.2
Don't know	24.1

PREMIUM COSTS FOR HEALTH PLANS

Health insurance premiums varied significantly. In FY82, the premium cost for single coverage ranged from a minimum of \$15.83 per month to a maximum of \$86.27 per month. Similarly, the premium cost for family coverage ranged from a minimum of \$22.31 per month to a maximum of \$193.70. On average, single coverage in FY82 cost \$38.81 per month while the premium for family coverage cost about \$102.87 per month.

PLAN ADMINISTRATION MEASURES

Plan Administration refers to a broad range of practices school districts use in designing and administering health insurance plans. The LCER school insurance survey asked several questions relating to plan administration.

First, does the district make use of local insurance committees to advise the district on insurance matters? Almost 60 percent of the districts responding make use of a local employee/employer insurance committee. Table 22 contains a breakdown of districts using local insurance committees.

Table 22

USE OF A LOCAL EMPLOYEE/EMPLOYER INSURANCE COMMITTEE TO CONSULT ON INSURANCE MATTERS

	% Out of 336
District uses local employee/employer Insurance committee	58.9
District does not use local employee/ employer insurance committee	41.1

Second, does the district maintain information on the administrative cost/loading charges of health plans in the district? Eighty-five percent of the district responding do not maintain information on the administrative cost/loading charges of the health plans. The figures are contained in Table 23.

Table 23

DOES DISTRICT MAINTAIN INFORMATION
ON THE ADMINISTRATIVE COSTS/LOADING CHARGES
UNDER THE HEALTH PLAN?

	% Out of 494
District maintains information on the administrative costs/ loading charges	14.8
District does not maintain information on administrative costs/loading charges	85.2

Third, does the district maintain information on utilization of health services under the district health plans? One third of the school districts responding maintain information on the health services used under the district's health plan. The results are shown in Table 24.

Table 24

DOES DISTRICT MAINTAIN INFORMATION ON
THE HEALTH SERVICES USED UNDER THE DISTRICT'S
HEALTH PLAN ?

	% Out of 491
District maintains information on health services used under plan	33.8
District does not maintain information on health services used under plan	66.2

Fourth, does the health plan review the appropriateness of services and length-of-stay for hospitalized patients? Eighty percent of the health plans do not review appropriateness of services or length-of-stay of patients. The data is contained in Table 25.

Table 25

DOES HEALTH PLAN REVIEW APPROPRIATENESS
OF SERVICES AND LENGTH-OF-STAY FOR
HOSPITALIZED PATIENTS?

	% Out of 437
Plan does review	17.2
Plan does not review	82.8

Fifth, does the district's health plan(s) negotiate reimbursement rates with hospitals? Most respondents did not know if the district's plan negotiates reimbursement rates. Only in 5.5 percent of the health plans did the districts have knowledge that the plan negotiated reimbursement rates with hospitals. The results are contained in Table 26.

Table 26

DOES HEALTH PLAN NEGOTIATE REIMBURSEMENT
RATES WITH HOSPITALS?

	% Out of 489
Plan negotiates reimbursement rates with hospitals	5.5
Plan does not negotiate reimbursement rates with hospitals	40.1
Don't know	54.4

Sixth, is the plan a member of a larger insurance pool? Eighteen percent of the health plans belong to a larger insurance pool. The largest insurance pool is the one sponsored by the Minnesota School Boards Association (MSBA). Table 27 contains a breakdown of the number of plans belonging to a larger insurance

pool.

Table 27

THE PLAN IS A MEMBER OF A LARGER
INSURANCE POOL LIKE THE ONE SPONSORED
BY THE MINNESOTA SCHOOL BOARDS ASSOCIATION

	% Out of 481
Plan is part of larger insurance pool	18.7
Plan is not part of a larger insurance pool	81.3

The final area relating to plan administration is the use of a benefit consultant. Only seven school districts have retained or hired one or more benefit consultants (other than agents or brokers).

SELF-INSURED HEALTH PLANS

Self-insured health plans comprise approximately 17 percent of all health plans. There were 75 self-insured health plans between FY80 and FY83. Table 28 provides a breakdown of self-insured health plans.

Table 28
SELF-INSURED HEALTH PLANS

	% Out of 467
Health plan is self-insured	17.1
Health plan is not self-insured	82.9

MARKET SHARE BY CARRIER

Table 29 shows a breakdown of the market share of the ten largest health plan carriers in Minnesota school districts.

Table 29
TEN LARGEST HEALTH INSURANCE
CARRIERS RANKED BY NUMBER OF POLICIES
WRITTEN IN MINNESOTA SCHOOL DISTRICTS
1979 - 1982

	% Out of 528
1. Blue Cross/Blue Shield	38.1
2. Employee Benefit Plans (MSBA Plan)	13.2
3. Bankers Life	8.1
4. Wisconsin Employers	6.6
5. Group Health	5.3
6. Horace Mann	4.0
7. HMO Minnesota	4.0
8. Occidental Life	3.4
9. Physicians Health Plan	3.2
10. TransAmerican Occidental	2.1

2. DENTAL PLAN COVERAGE

Table 30 shows that twenty-five percent of the districts in the survey offer at least one dental plan.

Table 30
DISTRICTS OFFERING
DENTAL PLANS

	% Out of 349
District offers Dental Plan	25.2
District does not offer Dental plan	74.8

Of the districts offering dental coverage, Table 31 shows 13.8 percent of the districts offer two dental plans.

Table 31
NUMBER OF DENTAL
PLANS OFFERED

	% Out of 87
District offers one plan	86.2
District offers two plans	13.8

There are approximately 14,000 school employees in FY82 enrolled in dental plans. Sixty percent of these enrollees take family coverages. The specific enrollment figures by type of coverage is contained in Table 32

Table 32

NUMBER OF SINGLE AND FAMILY COVERAGES
IN DENTAL PLANS
FY82
(N = 54)

Number of Single Only Coverages	5.702
Number of Family Coverages	8,361
Total Number of Enrollees	14,063

DENTAL PREMIUMS

The cost of dental premiums ,like health insurance, varies significantly between plans. In FY82, the premiums for single coverage ranged from a minimum of \$3.91 per month to a maximum of \$30.35 per month. Similiarly, the premium for family coverage ranged from a minimum of \$8.74 per month to a maximum of \$43.90 per month. The average premium across all plans for single coverage was \$11.97 and \$23.96 for single and family coverage, respectively. The overall average premium for dental coverage, reflecting the mix of single and family coverages, is about \$20.05 per month. About 84 percent of the total premiums for dental plans are paid by school districts.

CO-INSURANCE REQUIREMENTS
FOR DENTAL PLANS

Table 33 shows nearly all dental plans require the enrollee to pay a percentage of certain dental costs incurred. Most dental plans pay full coverage for preventive care, and require co-insurance for other types of dental work.

Table 33

DENTAL CO-INSURANCE
REQUIREMENT

	% Out of 53
Full Coverage for Preventive Care, Co-Insurance for Other	84.9
Co-Insurance for All Coverage (varies by type)	13.2
No Co-Insurance Requirement	1.9

DENTAL PLAN DEDUCTIBLES

Table 34 summarizes the deductible requirements for dental plans. Fifty-two percent of the plans have a \$25 deductible while 21.6 percent have no deductible amount.

Table 34

SEPERATE ANNUAL DEDUCTIBLE
FOR DENTAL

	% Out of 51
Part of Common Medical/Dental Deductible	7.8
Separate Deductible of \$25	52.9
Separate Deductible of \$50	13.7
Separate Deductible of \$75	2.0
Other amount	2.0
No Deductible	21.6

ANNUAL MAXIMUM BENEFIT OTHER
THAN ORTHODONTIA

Table 35 summarizes the annual maximum benefit provisions during any calendar year for dental plans. Half of the dental

plans have an annual maximum of \$1,000.

Table 35

ANNUAL MAXIMUM BENEFIT IN ANY CALENDAR YEAR
UNDER DENTAL PLANS

	% Out of 53
Annual Maximum Benefit of \$500	13.2
Annual Maximum Benefit of \$600	5.7
Annual Maximum Benefit of \$750	22.6
Annual Maximum Benefit of \$800	1.9
Annual Maximum Benefit of \$1,000	49.1
No Maximum Benefit	1.9

ORTHODONTIA COVERAGE

About half of the dental plans in school districts cover orthodontia dental work. Plans with orthodontia coverage generally have separate annual maximum benefits for this type of dental work. Table 36 summarizes orthodontia coverage in dental plans.

Table 36

ORTHODONITA COVERAGE

	% Out of 52
None	51.9
Yes, with separate maximum	46.2
Yes, with no maximum	1.9

MARKET SHARE OF THE FIVE LARGEST
DENTAL CARRIERS

Table 37 summarizes the market share of the five largest dental carriers in Minnesota school districts.

Table 37

FIVE LARGEST DENTAL
PLAN PROVIDERS
RANKED BY NUMBER OF PLANS
WRITTEN IN MINNESOTA SCHOOL DISTRICTS

	% Out of 99
1. Delta Dental Plan	27.3
2. Travelers Insurance	14.1
3. Group Health	6.0
4. United of Omaha	6.0
5. Bankers Life	4.0

3. LIFE INSURANCE COVERAGE

Table 38 shows life insurance coverage is provided in 59.8 percent of all school districts (210 out 353).

Table 38

DISTRICTS OFFERING LIFE INSURANCE

	% Out of 353
District offers life insurance	59.8
District does not offer life insurance	40.2

Table 39 shows that life insurance premiums frequently are paid by school districts (79.5%) Life insurance is 100 percent employee paid in nine districts.

Table 39

COST SHARING FOR LIFE INSURANCE PREMIUMS

	% Out of 210
Employer paid life insurance	79.5
Employee pays life insurance premium	4.3
Employee and Employer share cost	16.2

The dollar amount of coverage provided is summarized in Tables 40, 41, and 42.

Table 40

ARE ALL EMPLOYEES ELIGIBLE FOR
THE SAME AMOUNT OF
LIFE INSURANCE?

	% Out of 208
Employees are eligible same amount of insurance	50.0
Employees are eligible for different amounts of insurance	50.0

Table 41

AMOUNT OF LIFE INSURANCE COVERAGE
IN DISTRICTS PROVIDING THE
SAME COVERAGE TO ALL EMPLOYEES
(N = 102)

Most frequent amount of coverage	\$ 10,000
Average amount of coverage	15,573
Lowest amount of coverage reported	2,000
Highest amount of coverage reported	200,000

Table 42

AMOUNT OF LIFE INSURANCE COVERAGE
IN DISTRICTS PROVIDING DIFFERENT
COVERAGES TO EMPLOYEES
(N = 93)

Most frequent minimum amount of coverage	\$ 10,000
Most frequent maximum amount of coverage	50,000
Lowest amount of coverage reported	1,000
Highest amount of coverage reported	\$250,000

MARKET SHARE OF LIFE
INSURANCE CARRIERS IN MINNESOTA SCHOOL
DISTRICTS

Table 43 contains a breakdown of the market share of the five largest life insurers in Minnesota school districts.

Table 43

FIVE LARGEST LIFE INSURANCE
CARRIERS RANKED BY NUMBER OF
POLICIES WRITTEN IN MINNESOTA
SCHOOL DISTRICTS

	% Out of 213
1. Western States	14.6
2. Bankers Life	8.0
3. Kansas City Life	8.0
4. Safeco	7.5
5. Minnesota Mutual	7.0

4. LONG-TERM DISABILITY INSURANCE (LTD)

Table 44 summarizes the districts offering LTD coverage. Sixty-two percent of Minnesota school districts offer LTD coverage to school employees.

Table 44

DISTRICTS OFFERING LTD COVERAGE

	% Out of 348
District offers LTD plan	62.1
District does not offer LTD plan	37.9

Seventy-five percent of all LTD plans are 100 percent employer paid. Employee and employer share the cost of LTD plans in approximately 20 percent of the districts with LTD plans. These figures are contained in Table 45.

Table 45

COST SHARING FOR LTD PREMIUMS

	% Out of 216
Employer pays LTD premium	75.0
Employee pays LTD premium	4.6
Employer and employee share cost	20.4

Table 46 shows that LTD benefit levels are generally based on the employee's salary.

Table 46

LTD COVERAGE BASED ON SALARY

	% Out of 213
Amount of Coverage Based On Employee's Salary	91.1
Amount of Coverage Not Based On Employee's Salary	8.9

LTD plans typically have elimination periods (waiting periods) before benefits can be collected. The waiting period for LTD can range from no waiting period to six months. Table 47 contains summary of LTD waiting periods in Minnesota school districts.

Table 47

WAITING PERIOD BEFORE LTD
BENEFITS CAN BE COLLECTED
(N = 210)

1. CALENDAR DAYS

Most Frequent Response	90 Days
Average Calendar Days	85 Days
Minimum Calendar Days Required	0 Days
Maximum Number of Calendar days	180 Days

2. WORK DAYS

Most Frequent Response	60 Days
Average Work Days	68 Days
Minimum Work Days Required	0 Days
Maximum Number of Work Days Required	120 Days

Most LTD benefit formulas replace a certain percentage of the disabled workers's gross salary. Table 48 summarizes the maximum percentage of gross salary replaced by LTD coverage.

Table 48

MAXIMUM PERCENTAGE OF GROSS SALARY
REPLACED BY LTD COVERAGE
(N = 201)

Most frequent percentage of Gross Salary Replaced	66 2/3 %
Highest Percentage of Gross Salary Replaced	100.0 %
Lowest Percentage of Gross Salary Replaced	50.0 %

The maximum benefit period for disability coverage is the longest duration, after satisfaction of the elimination (waiting) period, for which disability benefits are payable during the continuance of a covered disability. In LTD plans, the benefit period in Minnesota school districts runs from 9 months, to a certain age, for life, or for a benefit period based on employee service with the school districts. Table 49 summarizes the maximum duration of LTD benefits in Minnesota school districts.

Table 49

MAXIMUM DURATION OF LTD BENEFITS

	% Out of 172
Coverage from 1/2 year to 4 years	15.1
Coverage Ceases at Age 65	51.7
Coverage Ceases at Age 70	16.3
Coverage lasts indefinitely	16.9

MARKET SHARE OF LTD CARRIERS

Table 50 contains a list of the three largest LTD carriers and their respective market shares in Minnesota school districts.

Table 50

THREE LARGEST LTD INSURANCE CARRIERS
RANKED BY NUMBER OF PLANS WRITTEN IN
MINNESOTA SCHOOL DISTRICTS

	% Out of 355
1. School Insurance Fund	44.3
2. Bankers Life	22.6
3. Mutual of Omaha	5.7

←

PART 2: DIFFERENCES IN COVERAGES AND COSTS
OF HEALTH, DENTAL, LIFE AND LTD BENEFITS

This section of the report examines the differences in coverages and the costs of providing these coverages in school districts located in different parts of the state as well as districts of different sizes. The major benefit provisions and premium data for health, dental, life and LTD are broken down in three difference ways.

First, school districts are broken down into:

1. Metropolitan School Districts
2. Non-Metropolitan School Districts

"Metropolitan" districts are defined as all school districts located in the seven-county Twin Cities Metropolitan areas and the largest district located in other Standard Metropolitan Statistical Areas (S.M.S.A's) throughout the state (e.g., Rochester & Duluth). "Non-metropolitan" districts are all the remaining districts which do not meet the definition of a "metropolitan" district.

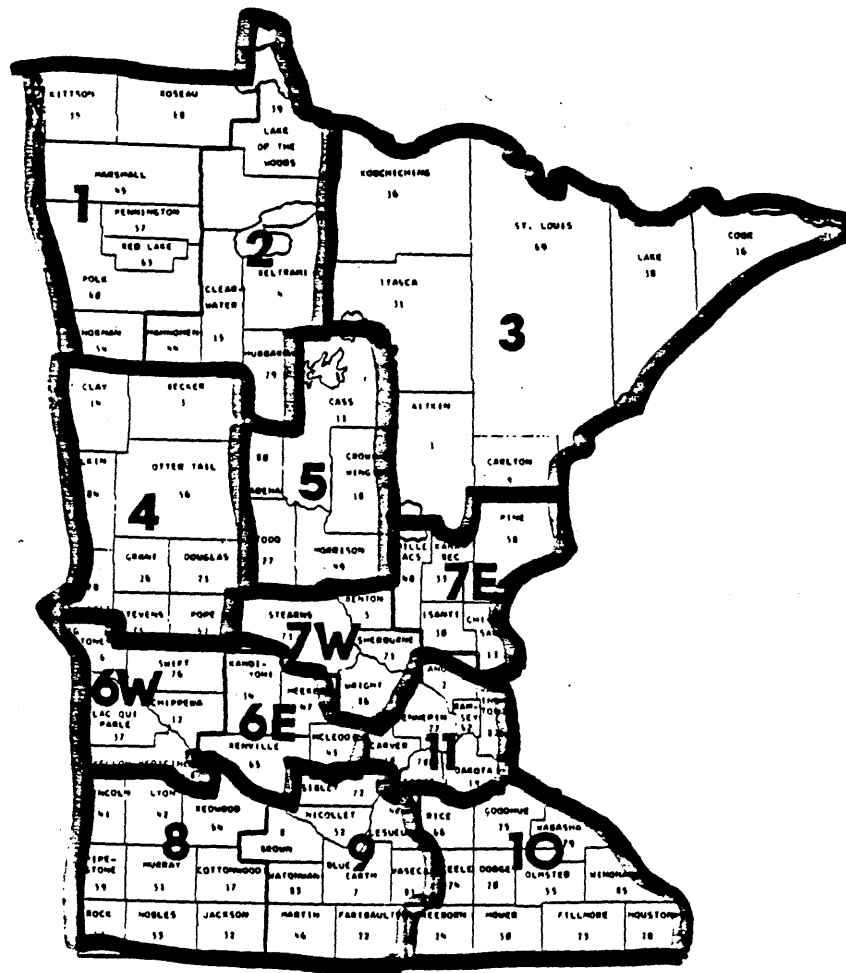
Second, school districts are broken down by size of the district. The size of a district is measured by the total number of enrollees in all health plans. The four categories of size are:

1. 0 - 49 Enrollees
2. 50 - 99 Enrollees
3. 100 - 249 Enrollees
4. 250 Enrollees

Third, school districts are broken down by their respective

Educational Cooperative Service Unit Region (ECSU Region). There are ten ECSU regions throughout the State of Minnesota. Since Region 8 and 9 share the same staff and office, these two regions are combined in the analysis. Thus, a district may be categorized into one of nine ECSU regions. A map of ECSU regions is shown below.

Minnesota ECSU Regions



1. HEALTH INSURANCE BENEFITS AND COSTS BROKEN DOWN BY
METRO VS NON-METRO, DISTRICT SIZE AND ECSU REGION

Districts Paying the Total
Health Plan Premium

Tables 51, 52, and 53 summarize the number of districts
paying the total premium for single and family coverages.

Table 51

DISTRICTS PAYING FULL
HEALTH INSURANCE PREMIUM FOR
SINGLE & FAMILY COVERAGE
METRO VERSUS NON-METROPOLITAN
(N = 352)

PAY FULL/METRO	METROPOLITAN Percent	NON-METROPOLITAN Percent
DISTRICT PAYS FULL PREMIUM	18.6	26.9
DISTRICT DOES NOT PAY FULL PREMIUM	81.4	73.1

Table 52

PERCENTAGE OF
DISTRICTS PAYING THE FULL HEALTH
INSURANCE PREMIUM FOR SINGLE
AND FAMILY COVERAGE BROKEN DOWN
BY
DISTRICT SIZE
(N = 317)

PAY FULL/SIZE	0 TO 49	50 TO 99	99 TO 249	250 OR MORE
DISTRICT PAYS FULL PREMIUM	24.4%	32.1%	24.2%	17.7%
DISTRICT DOES NOT PAY FULL PREMIUM	75.6	67.9	75.8	82.5

Table 53

PERCENTAGE OF
SCHOOL DISTRICTS PAYING THE FULL
HEALTH INSURANCE PREMIUM FOR SINGLE
AND FAMILY COVERAGE
BROKEN DOWN BY ECSU REGION
(N = 352)

ECSU Region		District Pays Full Health Premium	District Does Not Pay Full Health Premium
N.W. ECSU	(1)	23.1%	76.9%
N.E. ECSU	(3)	21.2	78.8
W. CNTRL	(4)	21.2	78.8
ECSU-Staples	(5)	45.5	54.5
S.W.& W CNTR	(6)	25.7	74.3
CNTRL MN	(7)	16.7	83.3
S.CNTRL	(9)	32.4	67.6
S.E. ECSU	(10)	35.0	65.0
METRO	(11)	19.5	80.5
Statewide Average		25.9	74.1

Average Deductible Amount
for Health Plans

Tables 54, 55 and 56 show the average deductible amount for single coverage in FY82 .

Table 54

WEIGHTED AVERAGE DEDUCTIBLE
FOR SINGLE COVERAGE IN 1981

METRO VERSUS NON-METROPOLITAN
(N = 124)

Type	Single Deductible
Metropolitan	\$ 90.00
Non-Metropolitan	94.12
Statewide Average	93.95

Table 55

WEIGHTED AVERAGE DEDUCTIBLE
FOR SINGLE COVERAGE IN 1981
BY
DISTRICT SIZE

NUMBER OF ENROLLEES	SINGLE DEDUCTIBLE AMOUNT
0 - 49	\$ 97.95
50 - 99	91.93
100 - 249	91.93
250 or more	88.46

Table 56

WEIGHTED AVERAGE DEDUCTIBLE
FOR SINGLE COVERAGE IN 1981
BY
ECSU REGION
(N = 124)

ECSU REGION		SINGLE DEDUCTIBLE AMOUNT	
N.W. ECSU	(1)	\$	92.30
N.E. ECSU	(3)		93.75
W.C. ECSU	(4)		100.00
ECSU-Staples	(5)		95.45
S.W. & W CNTR	(6)		92.00
CNTRL MN ECSU	(7)		94.11
S.C. ECSU	(9)		96.87
S.E. ECSU	(10)		91.66
METRO ECSU	(11)		87.50
Statewide Average			93.95

Tables 57, 58 and 59 contain a breakdown of the average deductible for family coverage.

Table 57

WEIGHTED AVERAGE DEDUCTIBLE
FOR FAMILY COVERAGE IN 1981

METRO VERSUS NON-METROPOLITAN
(N = 138)

DISTRICT TYPE	DEDUCTIBLE AMOUNT FOR FAMILY
METROPOLITAN	\$ 241.67
NON-METROPOLITAN	254.16
Statewide Average	253.62

Table 58

WEIGHTED AVERAGE DEDUCTIBLE
FOR FAMILY COVERAGE IN 1981

BY
DISTRICT SIZE
(N = 132)

NUMBER OF ENROLLEES	DEDUCTIBLE AMOUNT FOR FAMILY
0 - 49	\$ 265.38
50 - 99	241.66
100 - 249	246.77
250 or more	269.23
Statewide Average	254.92

Table 59

WEIGHTED AVERAGE DEDUCTIBLE FOR
FAMILY COVERAGE IN 1981
BY
ECSU REGION
(N = 138)

ECSU REGION		DEDUCTIBLE AMOUNT FOR FAMILY
N.W. ECSU	(1)	\$ 270.58
N.E. ECSU	(3)	238.90
W.C. ECSU	(4)	269.23
ECSU-Staples	(5)	245.83
S.W & W CNTRL	(6)	258.92
CNTRL MN ECSU	(7)	227.77
S.C. ECSU	(9)	279.41
S.E. ECSU	(10)	239.47
METRO ECSU	(11)	230.00

Maximum Out-of-Pocket Expense

Tables 60, 61 and 62 provide a breakdown of the maximum out-of-pocket expense an enrollee can be required to pay before the plan picks up in full any remaining covered expenses.

Table 60

MAXIMUM OUT-OF-POCKET EXPENSE METRO VERSUS NON-METROPOLITAN WEIGHTED AVERAGE (N = 132)

DISTRICT TYPE	MAXIMUM OUT-OF-POCKET EXPENSE
METROPOLITAN	\$ 666.66
NON-METROPOLITAN	1,189.92
Statewide Average	1,178.03

Table 61

MAXIMUM OUT-OF-POCKET EXPENSE BY DISTRICT SIZE WEIGHTED AVERAGE (N = 132)

NUMBER OF ENROLLEES	MAXIMUM OUT-OF-POCKET EXPENSE
0 - 49	\$ 1,026.53
50 - 99	1,210.81
100 - 249	1,224.83
250 or more	1,557.14
Statewide Average	1,178.03

Table 62

MAXIMUM OUT-OF-POCKET EXPENSE
BY ECSU REGION
WEIGHTED AVERAGE
(N = 132)

ECSU REGION		MAXIMUM OUT-OF-POCKET EXPENSE	
N.W. ECSU	(1)	\$	700.00
N.E. ECSU	(3)		1,078.00
W. CNTRL	(4)		1,237.14
ECSU-Staples	(5)		1,076.66
S.W. & W CNTR	(6)		1,425.18
CNTRL MN ECSU	(7)		1,128.42
S. CNTRL ECSU	(9)		1,417.77
S.E. ECSU	(10)		1,062.22
METRO ECSU	(11)		760.00
Statewide Average			1,178.03

Tables 63 and 64 summarize the average monthly premium for single and family coverage by Metropolitan and Non-Metropolitan areas.

Table 63

AVERAGE MONTHLY PREMIUM IN 1981 FOR
SINGLE COVERAGE IN METROPOLITAN AND NON-
METROPOLITAN DISTRICTS

Type of District	Paid by District	Paid by Employee	Total Premium Paid
Metropolitan	\$ 42.20	\$ 5.05	\$ 47.25
Non-Metropolitan	36.68	1.39	38.07

Table 64

AVERAGE MONTHLY PREMIUM IN
1981 FOR FAMILY COVERAGE IN
METROPOLITAN AND NON-METROPOLITAN
DISTRICTS

Type of District	Paid by District	Paid by Employee	Total Premium Paid
Metropolitan	\$ 95.42	\$ 28.17	\$ 123.59
Non-Metropolitan	\$ 80.51	\$ 20.07	\$ 100.58

Tables 65 and 66 show the average premium for single and family coverage by district size.

Table 65

AVERAGE MONTHLY PREMIUM IN 1981 FOR
SINGLE COVERAGE BY DISTRICT SIZE MEASURED BY
TOTAL NUMBER OF ENROLLEES IN DISTRICT

Size of District	Paid by District	Paid by Employee	Total Premium Paid
0 - 49 Enrollees	\$ 36.85	\$ 2.20	\$ 39.05
50 - 99 Enrollees	\$ 35.31	\$.95	\$ 36.26
100 - 249 Enrollees	\$ 38.51	\$.63	\$ 39.14
250 or More Enrollees	\$ 40.19	\$ 3.81	\$ 44.00

Table 66

AVERAGE MONTHLY PREMIUM IN 1981 FOR
FAMILY COVERAGE BY DISTRICT SIZE MEASURED BY
TOTAL NUMBER OF ENROLLEES IN DISTRICT

Size of District	Paid by District	Paid by Employee	Total Premium Paid
0 - 49 Enrollees	\$ 73.36	\$ 26.20	\$ 99.56
50 - 99 Enrollees	82.85	14.57	97.42
100 - 249 Enrollees	93.43	14.89	108.32
250 or More Enrollees	88.26	26.77	115.03

Tables 67 and 68 show the average premium for single and family coverage by ECSU region.

Table 67

AVERAGE MONTHLY PREMIUM IN 1981 FOR
SINGLE COVERAGE BY ECSU REGION

ECSU Region	Paid by District	Paid by Employee	Total Premium Paid
N.W. Mn ECSU (1)	\$ 37.56	\$ 1.62	\$ 39.18
N.E. MN ECSU (3)	49.31	.38	49.69
W.C. MN ECSU (4)	36.55	2.68	39.23
ECSU-Staples (5)	34.88	.02	34.90
SW & WC ECSU (6)	35.58	1.99	37.57
CNTRL MN (7)	35.43	1.97	37.40
S.C. MN ECSU (9)	34.59	.09	34.68
S.E. MN ECSU (10)	35.38	1.13	36.51
METRO ECSU (11)	42.39	5.24	47.63
Statewide Average	\$37.26	1.77	39.03

Table 68

AVERAGE MONTHLY PREMIUM IN 1981 FOR
FAMILY COVERAGE BY ECSU REGION

ECSU REGION	Paid by District	Paid by Employee	Total Premium Paid
N.W. MN ECSU (1)	\$ 75.28	\$ 21.49	\$ 96.77
N.E. MN ECSU (3)	109.90	20.18	130.08
W.C. MN ECSU (4)	80.15	19.03	99.18
ECSU-STAPLES (5)	87.70	17.08	104.78
SW & W CNTRL (6)	70.13	27.00	97.13
CNTRL MN (7)	84.34	18.60	102.94
S.C. ECSU (9)	73.92	17.11	91.03
S.E. ECSU (10)	80.12	13.29	93.41
METRO ECSU (11)	97.08	27.98	125.06
Statewide Average	\$ 82.30	21.04	103.34

Tables 69, 70 and 71 show the weighted average total premium, reflecting the mix between single and family coverages by metro versus non-metro, district size and ECSU region.

Table 69

WEIGHTED AVERAGE TOTAL PREMIUM
FOR HEALTH INSURANCE IN
MINNESOTA SCHOOL DISTRICTS
METRO VERSUS NON-METROPOLITAN
(N = 261)

District Type	Monthly Premium
Metropolitan	\$ 91.60
Non-Metropolitan	74.31
Statewide Average	76.10

Table 70

WEIGHTED AVERAGE TOTAL
HEALTH INSURANCE PREMIUM IN
MINNESOTA SCHOOL DISTRICTS

BY DISTRICT SIZE
(N = 261)

Number of Enrollees	Monthly Premium
0 - 49	\$ 73.33
50 - 99	73.39
100 - 249	80.46
250 or More	83.00

Table 71

WEIGHTED AVERAGE TOTAL HEALTH
INSURANCE PREMIUMS IN MINNESOTA
SCHOOL DISTRICTS
BY
ECSU REGION
(N = 261)

Region		Monthly Premium
N.W. ECSU	(1)	\$ 74.90
N.E. ECSU	(3)	99.08
W.C. ECSU	(4)	76.97
ECSU-Staples	(5)	73.98
S.W. & W CNTRL	(6)	69.80
CNTRL MN ECSU	(7)	75.50
S.C. ECSU	(9)	67.88
S.E. ECSU	(10)	71.05
METRO	(11)	92.79
Statewide Average		76.10

2. DENTAL PLAN BENEFITS AND COSTS BROKEN DOWN BY METRO
VERSUS NON-METRO, DISTRICT SIZE AND ECSU REGION

Number of Districts
Offering Dental Plans

Tables 72, 73 and 74 summarize the number of districts offering dental plans by Metro and Non-Metro, district size and ECSU region.

Table 72

PERCENTAGE OF DISTRICTS OFFERING
DENTAL PLANS BROKEN DOWN BY
METROPOLITAN AND NON-METROPOLITAN AREAS
(N = 349)

OFFER PLANS/METRO	METROPOLITAN	NON-METROPOLITAN
DISTRICT OFFERS DENTAL PLAN	76.7 %	18.0 %
DISTRICT DOES NOT OFFER DENTAL PLAN	23.3	82.0

Table 73

PERCENTAGE OF DISTRICTS OFFERING
DENTAL PLANS BROKEN DOWN BY
DISTRICT SIZE
(N = 313)

SIZE/OFFER PLAN	DISTRICT OFFERS DENTAL PLAN	DISTRICT DOES NOT OFFER DENTAL PLAN
0 - 49 ENROLLEES	4.0 %	96.0 %
50 - 99 ENROLLEES	18.3	81.7
100 - 249 ENROLLEES	42.4	57.6
250 OR MORE ENROLLEES	68.3	31.7
Statewide Average	24.3	75.7

Table 74

PERCENTAGE OF DISTRICTS OFFERING
DENTAL PLANS BROKEN DOWN BY
ECSU REGION
(N = 34)

REGION/OFFER PLAN		DISTRICT OFFERS DENTAL PLAN	DISTRICT DOES NOT OFFER DENTAL PLAN
N.W. ECSU	(1)	13.5 %	86.5 %
N.E. ECSU	(3)	51.5	48.5
W.CNTRL ECSU	(4)	12.1	87.9
ECSU-Staples	(5)	18.2	81.8
S.W. & CNTRL	(6)	4.1	95.9
CNRL MN ECSU	(7)	30.6	69.4
S.CNTRL	(9)	2.9	97.1
S.E. ECSU	(10)	27.5	72.5
METRO	(11)	78.0	22.0
Statewide Average		25.2	74.8

Tables 75, 76 and 77 show the average dental premium (monthly) by metro versus non-metro, district size and ECSU region.

Table 75

DENTAL PLAN PREMIUM
METRO VERSUS NON-METROPOLITAN
WEIGHTED AVERAGE
(N = 38)

District Type	Total Monthly Dental Premium
Metropolitan	\$ 22.84
Non-Metropolitan	19.31

Table 76

DENTAL PLAN PREMIUM
BY DISTRICT SIZE
WEIGHTED AVERAGE
(N = 38)

NUMBER OF ENROLLEES	TOTAL MONTHLY DENTAL PREMIUM
0 - 49	\$ 19.15
50 - 99	18.93
100 - 249	22.08
250 or more	18.76
Statewide Average	20.05

Table 77

DENTAL PLAN PREMIUM
BY ECSU REGION
WEIGHTED AVERAGE
(N = 38)

ECSU REGION		TOTAL MONTHLY DENTAL PREMIUM
N.W. ECSU	(1)	\$ 19.15
N.E. ECSU	(3)	26.58
W. CNTRL	(4)	16.41
ECSU-Staples	(5)	21.50
SW & W CNTR	(6)	24.11
CNTRL MN ECSU	(7)	17.39
S.C. MN ECSU	(9)	12.65
S.E. MN ECSU	(10)	14.97
METRO ECSU	(11)	24.53

3. LIFE INSURANCE BENEFITS AND PREMIUM COSTS BROKEN DOWN
BY METRO VERSUS NON-METRO, DISTRICT SIZE AND ECSU REGION

Number of Districts Offering
Life Insurance Benefits

Tables 78, 79 and 80 provide a summary of the districts offering Life insurance benefits by metro versus non-metro, district size and ECSU region.

Table 78

PERCENTAGE OF DISTRICTS OFFERING
LIFE INSURANCE BROKEN DOWN BY
METRO AND NON-METROPOLITAN AREAS
(N = 353)

METRO/OFFERS	DISTRICT OFFERS LIFE INSURANCE	DISTRICT DOES NOT OFFER LIFE INSURANCE
METROPOLITAN	93.0 %	7.0 %
NON-METROPOLITAN	55.2	44.8
Statewide Average	59.8	40.2

Table 79

PERCENTAGE OF DISTRICTS OFFERING
LIFE INSURANCE BROKEN DOWN BY
DISTRICT SIZE
(N = 317)

SIZE/OFFER	DISTRICT OFFERS LIFE INSURANCE	DISTRICT DOES NOT OFFER LIFE INSURANCE
0 - 49 ENROLLEES	38.1 %	61.9%
50 - 99 ENROLLEES	54.8	45.2
100 - 249 ENROLLEES	83.3	16.7
250 or more	97.5	2.4
Statewide Average	59.6	40.4

Table 80

PERCENTAGE OF DISTRICTS OFFERING
LIFE INSURANCE BROKEN DOWN BY
ECSU REGION
(N = 353)

REGION/OFFER	DISTRICT OFFERS LIFE INSURANCE	DISTRICT DOES NOT OFFER LIFE INSURANCE
N.W. ECSU (1)	41.0 %	59.0 %
N.E. ECSU (3)	93.9	6.1
W. CNTRL (4)	52.9	47.1
ECSU-Staples (5)	59.1	40.9
S.W. & W CNTR (6)	33.8	66.2
CNTRL MN ECSU (7)	68.6	31.4
S.CNTRL ECSU (9)	41.2	58.8
S.E. ECSU (10)	78.0	22.0
METRO ECSU (11)	92.7	7.3
Statewide Average	59.8	40.2

COST SHARING FOR LIFE INSURANCE
PLANS OFFERED IN SCHOOL DISTRICTS

Contributions Toward Life Insurance Premiums

Tables 81, 82 and 83 address the issue of whether life insurance benefits are employer paid, employee paid, or the costs are shared. The breakdown includes metro versus non-metro, district size and ECSU region.

Table 81

COST SHARING FOR LIFE
INSURANCE PLANS OFFERED IN
SCHOOL DISTRICTS BROKEN DOWN BY
METRO AND NON-METRO AREAS
(N = 210)

METRO/SHARE	EMPLOYER PAID LIFE INSURANCE	EMPLOYEE PAID LIFE INSURANCE	EMPLOYER & EMPLOYEE PAY COST
METROPOLITAN	85.0 %	- 0 - %	15.0 %
NON-METROPOLITAN	78.2	5.3	16.5
Statewide Average	79.5	4.3	16.2

Table 82

COST SHARING FOR LIFE INSURANCE
PLANS OFFERED IN SCHOOL DISTRICTS
BROKEN DOWN BY DISTRICT SIZE
(N = 210)

SIZE/SHARE	EMPLOYER PAID LIFE INSURANCE	EMPLOYEE PAID LIFE INSURANCE	EMPLOYER & EMPLOYEE PAY COST
0 - 49 Enrollees	62.5 %	10.4 %	27.1 %
50 - 99 Enrollees	84.4	4.4	11.1
100 - 249 Enrollees	85.5	1.8	12.7
250 or more Enrollees	82.5	- 0 -	17.5
Statewide Average	79.5	4.3	16.2

Table 83

COST SHARING FOR LIFE INSURANCE
PLANS OFFERED IN SCHOOL DISTRICTS
BROKEN DOWN BY ECSU REGION
(N = 210)

REGION/SHARE	EMPLOYER PAID LIFE INSURANCE	EMPLOYEE PAID LIFE INSURANCE	EMPLOYER & EMPLOYEE PAY COST
N.W. ECSU (1)	93.8 %	11.1	- 0 - %
N.E. ECSU (3)	93.5	3.2	3.2
W. CNTRL (4)	61.1	16.7	22.2
ECSU-Staples (5)	76.9	- 0 -	23.1
S.W. & W CNTR (6)	56.0	8.0	36.0
CNTRL MN (7)	87.5	4.2	8.3
S.CNTRL MN (9)	100.0	- 0 -	- 0 -
S.E.ECSU (10)	64.5	11.1	32.3
METRO (11)	86.8	- 0 -	13.2
Statewide Average	79.5	4.3	16.2

4. LTD PLAN BENEFITS AND PREMIUMS BROKEN DOWN BY METRO
VERSUS NON-METRO, DISTRICT SIZE AND ECSU REGION

Number of Districts Offering LTD Coverage

Tables 84, 85 and 86 show the number of districts offering LTD coverage by metro and non-metro, district size and ECSU region.

Table 84

PERCENTAGE OF DISTRICTS OFFERING
LTD BROKEN DOWN BY
METRO AND NON-METROPOLITAN
(N = 210)

METRO/OFFER	DISTRICT OFFERS LTD COVERAGE	DISTRICT DOES NOT OFFER LTD COVERAGE
METROPOLITAN	92.9 %	7.1 %
NON-METROPOLITAN	57.8	42.2
Statewide Average	62.1	37.9

Table 85

PERCENTAGE OF DISTRICTS OFFERING
LTD BROKEN DOWN BY
DISTRICT SIZE
(N = 313)

SIZE/OFF	DISTRICT OFFERS LTD PLAN	DISTRICT DOES NOT OFFER LTD PLAN
0 - 49 ENROLLEES	36.6 %	63.4 %
50 - 99 ENROLLEES	67.5	32.5
100 - 249 ENROLLEES	87.9	12.1
250 or more	92.7	7.3
Statewide Average	62.9	37.1

Table 86

PERCENTAGE OF DISTRICTS OFFERING
LTD COVERAGE BROKEN DOWN BY
ECSU REGION
(N = 348)

REGION /OFFER		DISTRICT OFFERS LTD PLAN	DISTRICT DOES NOT OFFER LTD PLAN
N.W. ECSU	(1)	23.1 %	76.9 %
N.E. ECSU	(3)	78.8	21.2
W.CNTRL ECSU	(4)	57.6	42.4
ECSU-Staples	(5)	68.2	31.8
S.W. & W CNTRL	(6)	45.8	54.2
CNTRL MN ECSU	(7)	91.4	8.6
S.CNTRL MN	(9)	50.0	50.0
S.E. ECSU	(10)	70.0	30.0
METRO ECSU	(11)	92.5	7.5
Statewide Average		62.5	37.9

Tables 87, 88 and 89 show the cost distribution of LTD premiums between school districts and their employees. These figures are broken down by metro and non-metro, district size and ECSU region.

Table 87

COST SHARING FOR LTD PLANS
IN SCHOOL DISTRICTS
BROKEN DOWN BY
METRO AND NON-METRO AREAS

METRO/SHARE	EMPLOYER PAYS LTD PREMIUM	EMPLOYEE PAYS LTD PREMIUM	EMPLOYER & EMPLOYEE PAY LTD PREMIUM
METROPOLITAN	84.6 %	- 0 - %	15.4 %
NON-METROPOLITAN	72.9 %	5.6	21.5
Statewide Average	75.0	4.6	20.4

Table 88

COST SHARING FOR LTD PLANS
IN SCHOOL DISTRICTS
BROKEN DOWN BY DISTRICT SIZE
(N = 197)

SIZE/SHARE	EMPLOYER PAYS LTD PREMIUM	EMPLOYEE PAYS LTD PREMIUM	EMPLOYER & EMPLOYEE PAY LTD PREMIUM
0 - 49 Enrollees	73.3 %	4.4 %	22.2 %
50 - 99 Enrollees	73.2	5.4	21.4
100 - 249 Enrollees	69.0	6.9	24.1
250 or more	81.6	2.6	15.8
Statewide Average	73.6	5.1	21.3

Table 89

COST SHARING FOR LTD PLAN
IN SCHOOL DISTRICTS
BROKEN DOWN BY ECSU REGION
(N = 216)

REGION/SHARE		EMPLOYER PAYS LTD PREMIUM	EMPLOYEE PAYS LTD PREMIUM	EMPLOYER & EMPLOYEE PAY LTD PREMIUM
N.W. ECSU	(1)	44.4 %	- 0 - %	55.6 %
N.E. ECSU	(3)	80.8	7.7	11.5
W. CNTRL	(4)	57.9	10.5	31.6
ECSU-Staples	(5)	86.7	- 0 -	13.3
S.W. & W CNTR	(6)	54.5	18.2	27.3
CNTRL MN	(7)	84.4	- 0 -	15.6
S. CNTRL	(9)	70.6	- 0 -	29.4
S.E. ECSU	(10)	85.7	- 0 -	14.3
METRO	(11)	86.5	- 0 -	13.5
Statewide Average		75.0	4.6	20.4

PART 3: FEASIBILITY OF PROVIDING UNIFORM COVERAGES TO
ALL SCHOOL DISTRICT EMPLOYEES.

There are two basic approaches to providing uniform coverages to all school district employees. One approach is to mandate that every plan purchased by a school district contain certain benefit provisions. The second approach is to create an insurance pool on a statewide or regional basis to provide uniform coverages. There are advantages and disadvantages in the adoption of either approach. The actual and potential advantages and disadvantages of each approach should be considered.

MANDATING COVERAGES

Actual or Potential Advantages

1. Elimination of any "substandard" plans which might exist in certain school districts
2. Mandating coverages has been used in the past to make changes in health plans in Minnesota
3. More generous benefits being mandated would make smaller school districts more "attractive" to job applicants

Actual or Potential Disadvantages

1. Mandating specific coverages may result in higher premium rates for all districts
2. Districts with already high benefit levels would not be as significantly affected as districts with low benefit levels and low premiums. Lower spending districts would have to change spending priorities to pay for increased health insurance pre-

miums

3. Mandating insurance coverages may intrude on the scope of bargaining or matters traditionally discussed at the collective bargaining table.

CREATING A STATE INSURANCE POOL FOR SCHOOL EMPLOYEES

Actual or Potential Advantages

1. Negotiating leverage with health care providers would be enhanced since districts would combine their market power

2. Reduction in loading/administrative fees since carriers would have to deal only with the insurance agency or plan administrator of the state-wide plan (or regional plan)

3. Greater stability in experience under the plan since there would be a large and stable enrollee population

4. Better coordination in plan design with other programs such as worker's compensation

5. Improved cash flow by controlling the timing of contributions.

Actual or Potential Disadvantages

1. Loss of control for the school board to determine the type of benefits it wants to provide to school district employees

2. Increased insurance costs for insurances since certain plans would be brought up to some floor level of benefits

3. Increased insurance costs for districts who prior to the uniform coverage had favorable experience and low insurance rates

4. Fear of the unknown such as hidden administrative

expenses, danger of miscommunicating benefits to participants, punitive damages if a benefit payment is mishandled, a third party not performing as expected.

Some of the advantages and disadvantages listed above are applicable to both the mandating benefits proposal or to the alternative proposal of creating a statewide insurance pool.