

ANN ARBOR PUBLIC SCHOOLS
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AAPS Health Insurance Benefits Update

Board of Education
November 6, 2024

Immediate Actions Taken

- Demand to bargain request for benefits sent to all of our employee groups although we already had agreements
- Attempted to re-negotiate rates with Priority Health Insurance
 - History of increases/claims
- Requested rates from all five major insurance carriers doing business in Michigan and rates were either unfavorable or they declined to quote
- Comparables from other school districts - overall findings:
 - Plans show much higher deductibles/co-insurance than AAPS
 - Employee insurance contributions higher than AAPS

Timeline & Actions

September 24, 2024- Benefits Renewal Meeting with Kapnick (third party administrator) for benefits:

Increases as follows: (Unusually higher than in the past)

- Priority Health- **24 %**
 - MESSA-**16%**
 - Blue Care Network- **6%**
-
- **Increases due to a higher number of claims/usage over the last 24 months**

Items of Concern/Impact

- **Increased insurance cost to some of our employee groups under our current agreements**

For AAEA (Teachers) and AAAA (Principals) current contract agreements allows for the District contribution toward medical benefit plan annual costs to increase annually by the same percentage as the State of Michigan Department of Treasury memo pursuant to current PA152.

Hard cap increased very minimally at 0.2% for 2025.

- **Increases place the district in violation of Public Act 152 (PA152)**
 - PA 152 regulates the maximum amount a district can pay for coverage (In Michigan, a hard cap and 80/20 are two cost-sharing options for public employers)
 - 80/20 cost sharing vs. current hard cap method for all employees complies with PA 152 but would cost the district a minimum of an additional \$6 million on top of current cost in health care alone
 - If we make no changes at this time we will be in non-compliance with PA152
 - Non-compliance results in a fine of 10% of state aid which equates to about \$16.5 million for AAPS

Comparables Teacher HMO

Ann Arbor Public Schools - Teachers
Health Plan Benchmarking Data - 2024

Plan Design Features	Competing School Districts (HMO Plans)								
	AAPS		Saline			DPSCD			
	PH	PH NEW	MESSA	MESSA	MESSA	BCN	BCN	BCN	HAP
	New HMO 1								
	Current HMO	(\$250)	Balance +	ABC 1 HSA	Essential	HBL Core	HBL Core +	Economy	HMO
Deductible - Individual	\$0	\$250	\$1,600	\$1,600	\$375	\$500	\$0	\$1,500	\$1,200
Deductible - Family	\$0	\$500	\$3,200	\$3,200	\$750	\$1,000	\$0	\$3,000	\$2,400
Medical Coinsurance	0%	10%	20%	0%	20%	10%	0%	20%	20%
PCP Copay	\$5	\$20	\$25	Ded & Colns	\$25	\$20	\$20	\$20	\$20
Specialist Copay	\$5	\$40	\$50	Ded & Colns	\$50	\$40	\$20	\$30	\$40
UC Facility Copay	\$5	\$50	\$50	Ded & Colns	\$50	\$40	\$50	\$35	\$75
ER Copay	\$25	\$150	\$200	Ded & Colns	\$200	\$100	\$100	\$250 after Ded	\$250
Generic Rx	\$15	\$10	\$10	Ded & Colns	Ded & Colns	\$7	\$5	\$15	\$20
Preferred Brand Rx	\$30	\$40	\$40	Ded & Colns	Ded & Colns	\$25	\$25	\$40	\$30
Non-preferred Brand Rx	\$30	\$80	\$80	Ded & Colns	Ded & Colns	\$50	\$40	\$80	\$60
Preferred Specialty Rx	\$30	\$40	20% Coins	Ded & Colns	Ded & Colns	\$25	\$25	20% Coins	20%
Non-preferred Specialty Rx	\$30	\$80	20% Coins	Ded & Colns	Ded & Colns	\$50	\$40	20% Coins	50%

Annual Employee Costs	PH 2025	PH 2025	Competing School Districts (HMO Plans)						
	Current HMO	New HMO 1	Balance +	ABC 1 HSA	Essential	HBL Core	HBL Core +	Economy	HMO
		(\$250)							
Employee Only			\$ 466	\$ 1,676	\$ -	\$ 1,812	\$ 4,188	\$ 732	\$ 288
Two Person			\$ 1,972	\$ 4,696	\$ 328	\$ 3,792	\$ 8,748	\$ 1,524	\$ 900
Family			\$ 5,745	\$ 9,135	\$ 3,700	\$ 4,740	\$ 10,920	\$ 1,896	\$ 1,128
Composite	\$ 10,308	\$ 5,542							

Comparables Teacher PPO

Plan Design Features	AAPS			Competing School Districts (PPO Plans)						Competing School Districts (PPO Plans)				Rochester		DPSCD
	PH	PH NEW	PH NEW	Plymouth Canton						Dexter				BCBS	BCBS	BCBSM
	Current PPO	New PPO 3 (\$500)	New HSA PPO 1 (\$1650)	BCBS	BCBS	BCBS	BCBS	BCBS	BCBS	MESSA	MESSA	MESSA	MESSA	PPO	PPO HSA	PPO
Deductible - Individual	\$250	\$500	\$1,650	\$100	\$500	\$500	\$1,250	\$1,450	\$2,000	\$2,000	\$500	\$1,300	\$1,600	\$1,000	\$1,600	\$500
Deductible - Family	\$500	\$1,000	\$3,300	\$200	\$1,000	\$1,000	\$2,500	\$2,900	\$4,000	\$4,000	\$1,000	\$2,600	\$3,200	\$2,000	\$3,200	\$1,000
Medical Coinsurance	0%	10%	0%	10%	10%	20%	0%	10%	20%	0%	0%	0%	20%	10%	0%	20%
PCP Copay	\$20	\$20	Ded & Coins	\$20	\$20	\$20	\$30	\$15	\$30	Subject to Ded	\$20	Subject to Ded	\$25	\$20	Ded & Coins	\$20
Specialist Copay	\$20	\$40	Ded & Coins	\$20	\$20	\$20	\$30	\$15	\$30	Subject to Ded	\$20	Subject to Ded	\$50	\$20	Ded & Coins	\$20
UC Facility Copay	\$40	\$50	Ded & Coins	\$20	\$20	\$20	\$30	\$40	\$60	Subject to Ded	\$25	Subject to Ded	\$50	\$20	Ded & Coins	\$40
ER Copay	\$50	\$150	Ded & Coins	\$100	\$100	\$150	\$150	\$150	\$250	Subject to Ded	\$50	Subject to Ded	\$200	\$250	Ded & Coins	\$150
Generic Rx	\$10	\$15	\$10 after Ded	\$10	\$10	\$10	\$10	\$10	\$15	\$10	\$10	\$10	Ded & Coins	\$5	\$10	\$15
Preferred Brand Rx	\$40	\$50	\$40 after Ded	\$40	\$40	\$40	\$40	\$40	\$50	\$40	\$40	\$40	Ded & Coins	\$35	\$40	\$30
Non-preferred Brand Rx	\$80	\$80	\$80 after Ded	\$40	\$40	\$40	\$40	\$40	50% Coins	\$40	\$40	\$40	Ded & Coins	\$50	\$80	\$60
Preferred Specialty Rx	\$40	\$50	\$40 after Ded													\$30
Non-preferred Specialty Rx	\$80	\$80	\$80 after Ded													\$60

Annual Employee Costs	PH 2025	PH 2025	PH 2025	Competing School Districts (PPO Plans)						Competing School Districts (PPO Plans)			PPO	PPO HSA	PPO	
	Current PPO	New PPO 3 (\$500)	New HSA PPO 1 (\$1650)	PPO 1	PPO 2	PPO 3	PPO 4	PPO 5	PPO 6	Pak A	Pak C	Pak D	Pak F			
Employee Only				\$ 5,945	\$ 4,525	\$ 3,663	\$ 2,660	\$ 1,752	\$ 1,066	\$ 810	\$ 2,388	\$ 1,328	\$ 117	\$ 1,617	\$ 1,512	\$ 4,152
Two Person				\$ 11,248	\$ 8,423	\$ 6,699	\$ 5,557	\$ 3,664	\$ 2,230	\$ 1,947	\$ 5,498	\$ 3,112	\$ 387	\$ 11,319	\$ 11,088	\$ 12,264
Family				\$ 16,604	\$ 12,633	\$ 10,262	\$ 7,254	\$ 4,791	\$ 2,907	\$ 3,240	\$ 7,659	\$ 4,689	\$ 1,299	\$ 16,170	\$ 15,162	\$ 15,348
Composite	\$ 9,237	\$ 7,258	\$ 4,321													

Immediate Actions Continued

District requested Kapnick to find plans that offer our employees quality and affordable coverage.

October 3, 2024- Kapnick presents new plans to the district:

Offer additional Priority PPO, HMO and HSA

Plans offer reasonable deductibles/co-insurance

- District would contribute portion to HSA
- Employee contribution cost is less out of pocket for some new plans than current plans
- New plans are in addition to the current benefits options which would give the employees more choice with a total of six (6) plan options.

Week of October 14-18, 2024

- District initiated benefit negotiations with all groups and proposed new plans in addition to current insurance offerings and cost to provide additional new plans that are of good quality and more affordable.
- Non-bargained employees were notified of increases to employee contribution towards insurance.
- Kapnick presented new plan designs and reviewed contribution rates.

AAEA Teacher Current Plans & 2025 Renewal Rates

Proposed on October 16, 2024

New Plan Menu - Ann Arbor Public Schools (Teachers - Proposal 2)

Renewal Period: 01/01/2025 - 12/31/2025



Deductible: Individual/Family or Single/Family

Coinsurance:

Coinsurance Maximum:

Out of Pocket Maximum:¹

Hospitalization:

Office Visit Copay:

Specialist Office Visit Copay:

Chiropractic Office Visit Copay:

Urgent Care Copay:

Emergency Room Copay:

Prescription Drug Benefit:

	Priority Health HMO		Priority Health PPO		MESSA PPO	
	Teachers		Teachers		Teachers	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible:	None	None	\$250/500	\$500/1000	\$1,650 Single / \$3,300 Family	\$3,300 Single / \$6,600 Family
Coinsurance:	100%	100%	100%	80/20%	100%	80/20%
Coinsurance Maximum:	None	None	\$2500/5000	None	None	None
Out of Pocket Maximum: ¹	\$9,100/18,200	\$9,100/18,200	\$18,200/36,400	\$2,650/5,300	\$5,300/10,600	\$5,300/10,600
Hospitalization:	Covered 100%	100% after ded.	20% after ded.	100% after ded.	20% after ded.	20% after ded.
Office Visit Copay:	\$5	\$20	20% after ded.	100% after ded.	20% after ded.	20% after ded.
Specialist Office Visit Copay:	\$5	\$20 after ded.	20% after ded.	100% after ded.	20% after ded.	20% after ded.
Chiropractic Office Visit Copay:	\$5; 30 visits	100% covered after ded.; 30 visits max	20% after ded.	100% after ded.; 38 visits max	20% after ded.; 38 visits max	20% after ded.; 38 visits max
Urgent Care Copay:	\$5	\$40 after ded.	20% after ded.	100% after ded.	20% after ded.	20% after ded.
Emergency Room Copay:	\$25	\$50 Copay after ded.	20% after ded.	100% after ded.	20% after ded.	20% after ded.
Prescription Drug Benefit:	\$15 Generic \$30 Brand Mail Order 2x	\$10 Generic \$40 Brand Mail Order 1x	<div style="border: 1px solid black; padding: 5px; text-align: center;"> After Deductible: \$10 Generic \$40 Brand Mail Order 2x </div>			

Total Monthly Rate	PH HMO	PH PPO	MESSA	Current Rates		Renewal Rates		Current Rates	Renewal Rates
				Current Rates	Renewal Rates	Current Rates	Renewal Rates		
Single	17	242	8	\$770.13	\$982.62	\$707.09	\$881.35	\$854.68	\$1,004.26
Two Person	23	132	15	\$1,694.29	\$2,161.77	\$1,697.02	\$2,115.24	\$1,923.02	\$2,259.58
Family	109	400	71	\$2,002.34	\$2,554.81	\$2,121.27	\$2,644.05	\$2,393.09	\$2,811.91
Monthly Composite Rate	149	774	94	\$1,783.36	\$2,072.54	\$1,592.46	\$1,983.27	\$2,416.77	\$2,817.49
Annual Composite Rate - Proposal 2				\$21,400.32	\$24,870.48	\$19,109.52	\$23,799.24	\$29,001.24	\$33,809.88
Annual District Contribution - Proposal 2				\$14,533.16	\$14,562.23	\$14,533.16	\$14,562.23	\$14,533.16	\$14,562.23
Annual Employee Contribution - Proposal 2				\$6,867.16	\$10,308.25	\$4,576.36	\$9,237.01	\$14,468.08	\$19,247.65

¹ Annual out-of-pocket maximums - applies to deductibles, copays and coinsurance amounts for all covered services - including cost sharing amounts for prescription drugs.

Current & renewal monthly premium calculation assumes the composite rates and September 2024 enrollment from Bswift. Tiered rates and enrollment are illustrative only and not a factor in the monthly cost development of this exhibit.

AAEA Teacher Additional Plans w/2025 Rates

Proposed on October 16, 2024

New Plan Menu - Ann Arbor Public Schools (Teachers - Proposal 2)

Renewal Period: 01/01/2025 - 12/31/2025



Deductible: Individual/Family or Single/Family

Coinurance:

Coinurance Maximum:

Out of Pocket Maximum:¹

Hospitalization:

Office Visit Copay:

Specialist Office Visit Copay:

Chiropractic Office Visit Copay:

Urgent Care Copay:

Emergency Room Copay:

Prescription Drug Benefit:

	PH HMO - NEW Teachers		PH PPO - NEW Teachers		PH HSA PPO - NEW Teachers	
	In-Network		In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible:	\$250/\$500	\$500/\$1,000	\$1,000/\$2,000	\$1,650 Single / \$3,300 Family	\$3,300 Single / \$6,600 Family	
Coinurance:	90/10%	90/10%	70/30%	100%	70/30%	
Coinurance Maximum:	\$1,500/\$3,000	\$1,000/\$2,000	\$2,000/\$4,000	None	None	
Out of Pocket Maximum: ¹	\$9,200/\$18,400	\$9,200/\$18,400	\$18,400/\$36,800	\$3,000/6000	\$6,000/12,000	
Hospitalization:	10% after ded.	10% after ded.	30% after ded.	100% after ded.	30% after ded.	
Office Visit Copay:	\$20	\$20	30% after ded.	100% after ded.	30% after ded.	
Specialist Office Visit Copay:	\$40	\$40	30% after ded.	100% after ded.	30% after ded.	
Chiropractic Office Visit Copay:	\$20; 30 visits max	\$20; 30 visits max	50% after ded.; 30 visits max	100% covered after ded.; 30 visits	30% after ded.; 30 visits	
Urgent Care Copay:	\$50	\$50	30% after ded.	100% after ded.	30% after ded.	
Emergency Room Copay:	\$150 after deductible	\$150 Copay after ded.		100% after ded.	30% after ded.	
Prescription Drug Benefit:	\$10 Generic \$40 Preferred Brand \$80 Non Preferred Brand Mail Order 2x	\$10 Generic \$40 Preferred Brand \$80 Non Preferred Brand Mail Order 2x		After Deductible: \$10 Generic \$40 Preferred Brand \$80 Non Preferred Brand Mail Order 2x		
				Employer HSA Funding \$1,650 Single/Family		

Total Monthly Rate	PH HMO	PH PPO	MESSA	PH HMO - NEW Rates	PH PPO - NEW Rates	PH HSA PPO - NEW Rates
Single	17	242	8	\$794.29	\$808.09	\$638.18
Two Person	23	132	15	\$1,747.44	\$1,939.42	\$1,531.63
Family	109	400	71	\$2,065.15	\$2,424.27	\$1,914.54
Monthly Composite Rate	149	774	94	\$1,675.32	\$1,818.41	\$1,436.07
Annual Composite Rate - Proposal 2				\$20,103.84	\$21,820.92	\$18,882.84
Annual District Contribution - Proposal 2				\$14,562.23	\$14,562.23	\$14,562.23
Annual Employee Contribution - Proposal 2				\$5,541.61	\$7,258.69	\$4,320.61

¹ Annual out-of-pocket maximums - applies to deductibles, copays and coinsurance amounts for all covered services - including cost sharing amounts for prescription drugs.

Current & renewal monthly premium calculation assumes the composite rates and September 2024 enrollment from Bswift. Tiered rates and enrollment are illustrative only and not a factor in the monthly cost development of this exhibit.



October 28-November 4, 2024

- District has Memorandum of Agreements with three (3) Union groups who have accepted the new plan menu.
- District and the remaining three (3) Unions had second round of negotiations on November 1, 2024 - we do not yet have agreement with these remaining three (3) Unions.
- Additional dates are being scheduled for the three (3) Union groups that we have not yet reached agreement.

Future Plans

- Collaboratively agree upon health care benefits with three (3) remaining Union groups
- Work with Kapnick to schedule informational sessions on new plans for all employees; first meeting scheduled for November 7, 2024
- Open Enrollment- November 22, 2024- December 6, 2024
- Create a Healthcare Advisory Committee with District and Union Representatives