

Important Facts, Text and Resources in Consideration of Issues Relevant to Reducing Health Care Costs in the Madison Metropolitan School District In Order to Save Direct Instruction and Other Staffing and Programs for the 2005-06 School Year

- **Context Facts:**
 - 1997 Health Plan Enrollment was 80% WPS, 20% GHC, current is 53% WPS, 47% GHC
 - MMSD's contract with WPS represents ~8% of WPS's Group Health business (2003 WPS Total Group Health Premiums Earned = \$223 million)
 - 2001 WPS Premium Cost (MMSD Share Only) =135% of GHC Premium Cost; 2003 WPS Premium Cost (MMSD Share Only) =137% of GHC Premium Cost; 2005 WPS Premium Cost (MMSD Share Only) =150% of GHC Premium Cost
 - WPS only Carrier serving Madison Area on OCI's Annual Above Average Complaint List in all 6 of 6 years published 1998-2003
 - 2003 WPS Grievances Per 10k Enrollees rate is more than 10 times WEA Trust's rate; more than 3 times Dean and Physicians Plus' rates; and more than twice GHC's rate
 - Savings potential for reducing costs while maintaining and/or increasing teacher benefits is in range of \$1 – 6 million for teacher bargaining unit only; additional corresponding savings to be had from other units
- **Spreadsheets attached:**
 1. Analysis of Potential for Savings on Teacher Health Insurance Costs Under 4 Scenario Projections
 2. Analysis of Potential for Savings on Teacher Health Insurance on Various Average Premiums as an Increase Over GHC Premiums
 3. SUMMARY of Complaints and Grievances for Various Group Health Carriers
- **A very important footnote at the end of the 1986 Appeals Court ruling that upheld the WERC determination that specifying insurance carriers is a mandatory bargaining issue. It contains 2 very important points - 1) that nothing in the ruling/determination precludes the district from making a counter proposal and 2) that the ruling was based on the specific bargaining proposal at the time.**

From the case law text of Court of Appeals of Wisconsin:

**MADISON METROPOLITAN SCHOOL DISTRICT, Plaintiff-Respondent,
v. WISCONSIN EMPLOYMENT RELATIONS COMMISSION, Defendant-Co-Appellant,
Madison Teachers Incorporated, Intervenor-Appellant.
No. 85-1493. Opinion Filed Sept. 25, 1986:**

"Responding to the argument, the commission noted that "the specific interest identified by the District" was the "need for freedom to shop the insurance marketplace ... in the least expensive manner" in order to meet its "statutory obligation ... to 'manage' and to provide for the 'welfare of the public' ... through [the] lowest possible tax levies." The commission also noted the district's "management interests" in securing a reliable and cooperative carrier and stated that the interests so identified "must be balanced against the proposals' relationships to wages." The commission discussed the latter relationship at some length and eventually concluded that, "[o]n balance, ... the proposals' relationships to wages predominate." [FN3].

FN3 In so ruling, the commission noted that its conclusion that the proposal must be bargained does not foreclose the district from offering counterproposals on the subject which, in its view, might ameliorate its management concerns. We note, too, that the commission's decision, and our own, are based on the specific proposal made by the union in this case and on the record made before the agency.

- **Important text from the original ruling by the WERC made 23 years ago regarding "...our holding herein does not necessarily render mandatory other health insurance proposals made in different time frames.":**

Wisconsin Employment Relations Commission Decision No 22129 & 22130, page 10-11:

Given the foregoing analysis and the specific record before us, we have found that MTIs proposals herein, which we are satisfied identify a unique set of benefits, are mandatory subjects of bargaining. Our conclusions in this regard do not of course, preclude the District from proposing in bargaining any of the following: different benefits than the existing agreement provides; removal of all specifications of carrier/administrator; or an express District right to change carrier/administrators. Nor does our holding herein mean that where a contract does not specify an insurance carrier and/or administrator, the employer necessarily commits a per se unilateral change refusal to bargain if, during the term of the contract, it chooses to purchase insurance from a different source. Whether such a change would be unlawful in those circumstances, will depend on whether the union involved shows that a unilateral change in benefits (including coverage and/or administration) had occurred by means of specific proof. In the instant case, MTI has, to our satisfaction, demonstrated by specific proof that, within the time frame in question, the WPS plan benefits it proposes to maintain are unique.

It should also be emphasized that our holding herein does not necessarily render mandatory other health insurance proposals made in different time frames. Nor does our conclusion necessarily apply to carrier proposals for life, dental, disability, or other types of insurances. Our conclusion herein is tied directly to this record and, while this record may well be a relevant consideration in future cases, proof as to change or lack thereof in the industry will be necessary.

- **Additional Informational Resources:**

**Center For Studying Health System Change
<http://www.hschange.com/index.cgi?file=about>**

**Kaiser Family Foundation National Annual Health Insurance Cost Survey
<http://www.kff.org/insurance/index.cfm>**

**State of Wisconsin Office of the Commissioner of Insurance
<http://oci.wi.gov>**