

Minutes from
ISD Committee Meeting
November 16, 2023
9:30 a.m.
MSBO, Lansing and Zoom

Handouts are posted on the [ISD Committee](#) webpage

Officers: **Shay Anderson**, Chairperson, Clare-Gladwin RESD
Christopher Lamer, Vice Chairperson, Ottawa Area ISD
Scott Kemmer-Slater, Secretary, Gratiot-Isabella RESD
TBD, Officer of Special Projects,
Kerri Harrie, Officer-Elect, West Shore ESD
Kevin Kolb, Past-Chairperson, Gratiot-Isabella RESD

AGENDA

- I. Shay Anderson, Chairperson called the meeting to order at 9:30 a.m.
- II. Members/Guests in attendance: Shay Anderson, Chris Lamer, Scott Kemmer-Slater, Kerri Harrie, Kevin Kolb, Brian Marcel, Stephanie Weese, Becky Hills, Mark Ludlow, Jason Helsen, MSBO
- III. Approval of October 6, 2023 Meeting Minutes. Stephanie Weese made the motion, Chris Lamer supported - approved unanimously.
- IV. Health Care Update – *Chris Glass and Mike Hagerty, Gallagher*
 - PA 152 nothing done with it. Potential considerations of stakeholders. Give perspective and insights. What could be on the horizon? Using data and trends - Mike Hagerty.

- What is PA 152 (2011)? Limits amount public employees are allowed to pay towards employee medical benefit plans
- Employers have two options
 - 80/20
 - Hardcap (86% utilizing it)
- Why did they choose the hard cap?
 - Takes stress out
 - Hard cap allows more plan offerings.
 - District typically pay more than 80% of cost (around 85% on average)
 - In some cases districts pay for all of it.
- Understanding Medical Consumer Price Index
 - Capped rates increase annually by Medical CPI
- Medical CPI vs Premium Trends
 - Was never intended for Medical CPI to determine the increase in premiums.
- PA 152 Cap Increase Calculation
 - March to February
 - 2025 first time deflation (4.1%)
 - Have not seen deflation in one month since 1948
 - Districts will have to pay less for employee premiums
- Looking Ahead to 2024
 - Most proposed rate increase for 2024 ACA Marketplace plans fall between 2% to 10%
- Impact on Employees
 - Any reduction in employer capped is on employees
- Potential Reforms - PA 152
 - School districts spent over \$1.56 billion on insurance
- Barriers to PA 152 Reform
 - Disrupting the current public employer health insurance landscape
 - Reforms could impact entities who have opt-out abilities
 - Conflicting ideas on solutions between stakeholders (administrators, unions, etc.)
 - Cost implications
- Reform options
 - Full repeal - Least likely
 - Hybrid approach
 - Increase "hard cap" amounts
 - Migrate rate adjustments from Medical CPI to a different factor such as the Millman Medical Index
 - Eliminate the Hard Cap Option
 - Subsidizing Healthcare Costs
- Estimating Cost - Hybrid (MEA) Proposal
 - Worked with business manager
 - Total financial impact - approx. \$204 million
- What is Plan Migration?
 - Occurs when employees are incentivized to move to a different healthcare plan.

- If out-of-pocket costs increase for employees, they're likely to move to a cheaper plan.
- If out-of-pocket costs decrease...
- Illustrations
 - Max Out of Pocket Exposure - Hardcap
 - Higher deductible plans are less expensive for employees.
 - Max Out of Pocket Exposure - 90/10
 - Lower deductible plans are less expensive for employees
- Looking Ahead - Questions to Ask
 - What if any are your preferred changes to PA 152?
 - What are the impacts of potential reforms for my district or employee finances?
 - What steps can I take to prepare or mitigate impact?
- Using Data and Staying Ahead of Trends
 - % increase is going down
 - Average Premium Cost going up
 - Top 5 most popular plans
 - Single deductible
 - 67% of families do not hit their deductible
 - Case study - plan selection
 - Reducing costs - factors to consider
 - Choosing correct partner
 - Structure matters
 - Networks impact costs
 - Plan options matter
- Who's in the Pool?
 - Made up of over a 150 member entities across Michigan
 - 102 school districts and ISDs
 - Pool Membership
- Questions
 - Is the Millman index trending down?
 - Answer - It is volatile
 - There has been a big push to move to 90/10. Is that still the case?
 - Answer- Hybrid approach. Letter in March will be the lightning rod.
 - Industry trends. Seeing more mergers, closing of small hospitals. How will that impact costs?
 - Answer - Michigan has less competition with options compared to other states. The Blues have 80-85 of market, Priority Health next. Don't know where it is going. It is an unsustainable increase over time.
 - Should districts be looking at self-funding instead of being in a pool with most employees choosing less deductible plans?
 - Answer - The pool is a self-funded pool. You have a loss ratio regardless.
 - Should districts be looking at tools to help educate employees?

- Answer - Absolutely, we need to find a better way to educate employees.
- Can districts have some employees self-funded and other employees as part of the pool?
 - Answer - There are districts doing that but districts have to make the option available to all employee groups.

V. Legislative Update – *Eddie Kindle, Genesee ISD*

- [Linked legislative update](#)
- Legislation currently following
 - SB 463; HB 4752; SB 395; SB 280; HB4341; SB 169; HB 5021; SB 174; HB 4292; HB 4671; HB 4734-4737; and SB 23
- Both chambers passed resolutions establishing November 14, 2023 as Sine Die
- Legislature expected to officially return on January 10, 2024

VI. MSBO Update – *Jason Helsen, MSBO*

- Busy fall season
- Leadership conference - Nov 8-9
 - Great highlights/sessions
 - Planning for annual conference
- Annual conference - Apr 23-25, 2024
 - Hotel block will open up on Nov 28
- Financial Strategies - Jan 16-17, 2024 - Online
- Leadership Institute - Accepting applications now.
- Awards and scholarships - Deadline Jan 31, 2024
- Investing in Members - PD Opportunities
- State Grants Repository
 - Living document
 - All state budget changes
- School Finance Committee - Meeting Nov 17
 - Phil Boone speaking
- ISD Committee Meeting in Dec 2023 - Hiring Solutions
- ISD Committee Meeting in Feb 2024 - GSRP
- Payroll Group Solutions on Dec 12 at MSBO (Lansing)
- Sec. 147a(3) - MPSERS Retirement Funds for ISDs and Libraries - Inadvertently paid to locals - Will be recaptured in Dec state aid payment.

VII. Old Business/Roundtable

- Chris Frank - Section 221
 - Nov state aid financial status report
 - \$125 million appropriated
 - Plan to continue funding - Not sure how long, how much
 - Reimburse 25% of total costs
 - Allocation will change
 - Quartile - Riders per square mile

VIII. Adjournment - adjourned at 11:15 AM by Shay Anderson.

Next meeting: Thursday, December 14, 2023, MSBO, Lansing and Zoom