

THE TRUSTEE

April 2017
TRUST HISTORY

As the Trust finishes up its 20th year of providing health care benefits to eligible unit members, there has been a generational change in membership. The newly hired unit members lack the history of the Trust and the reason for its existence. Professional benefits are never gifted, but are the result of years of bargaining and negotiating.

During World War II, citizens were asked to sacrifice so as to provide for the war effort. Along with rationing came freezes on salaries. To make up for the loss in wages, the benefit of health insurance was bargained and became a part of union contracts. Unions accepted the deal because they were already viewed by many as socialist organizations much like the governments of the enemy countries we were fighting. The health care industry was small and the benefit was not seen as significant until the post war years of the 1950's and 60's. By the 1970's, the cost of medical care made health insurance a significant benefit.

In the 1980's, health insurance benefits were funded by insurance companies using a "balloon" of premium monies to fund benefits. As the calendar year wore on, the amount paid toward benefits dwindled and some benefits were eliminated. Ironically, Health Maintenance Organizations (HMO's) followed and used the same concept where providers were limited to specific amounts to expend on each patient. Obviously, a serious illness left the patient vulnerable to catastrophic costs.

In the 1990's, health insurance had become big business. The Blue Cross Office in Albany had million dollar works of art on the walls. Some hospitals and providers had carte blanche with BC where whatever charges were submitted were paid. No adjudication of claims needed! In KTF negotiations during this time, the Board of Education and administration wanted KTF members to pay 25% of the ever-increasing premium rates. Many educators were hired during the IBM boom of the 1960's and would be reaching retirement age before the end of the century and would be on a fixed income. A 25% premium co-pay of ever-increasing premiums could be devastating. The KTF Negotiating Team refused the demand and sought alternatives. Self-funded health insurance became a possibility.

In self-funding, the district would provide the funding, but the KTF would be responsible for management of the plan, including any deficits. The idea was for the KTF to absorb any premium co-pay on behalf of the members and to replicate the existing benefits of the BC plan. The objective was to be in control of our benefits and of our costs. The 25% co-pay was negotiated down to 5% and the Trust began furnishing health insurance coverage as of October 1, 1997.

Now, 20 years later, members still pay zero toward their medical premiums because the Trust absorbs premium co-pay costs. Over the 20 years, the Trust has saved the district \$148 million in premium costs when compared to the BC policy it replaced. Preventative services were covered by the Trust years before the Affordable Care Act made them mandatory. New benefits, like body scans, hearing aids, and eye exams, including lasik surgery were added. In 1997, the Trust assumed the Dental coverage. In 2007, Long Term Care Insurance was offered at no cost and a \$50,000 life insurance policy was made available at no cost in 2009. In 2014, Telemedicine was offered, again, at no charge to members. And, CanaRx was made available to save members any Rx brand name co-pay and to provide great cost savings to the Trust.

The Trust plan is superior to any other plans offered in our area. And, the district is realizing the 25% premium co-pay savings they sought in the 1990's. There have been six contract signings during this

score of Trust years and, in each, Trust savings have provided significant salary benefits for members, be it across the board, in Schedule C, in electives, or in retirement benefits.

Health insurance benefits, like many other contractual benefits, were not always here. They have been earned, preserved, and enhanced by the KTF over the years. They should never be taken for granted. Unlike other health plans, the Trust has personnel dedicated to addressing member concerns. Unlike other plans, we are in control of our benefits. And, unlike other plans, the Trust gives back to the members and to the district. It is a concept that needs to be understood by the newest generation who are now charged with continuing the KTF tradition of providing for the common good.

CRESTOR: Off Patent

The cholesterol drug, Crestor, has lost its patent and, thus, is no longer a Brand Name drug. Therefore, as a generic, it is not available through CanaRx and members need to access it, with a new prescription, through the ProAct Mail Order service. If you are not enrolled, go to the Trust website, Forms, Rx, download the ProAct Profile and order form. Your doctor can fax it or you can mail it in.

IN MEMORIUM: Dorothy Henry