

ALASKA STATE LEGISLATURE

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Mike Dunleavy
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SPONSOR STATEMENT

Senate Bill 90 School District Employee Health Insurance

The cost of health care insurance for all employees has escalated far greater than the rate of inflation and Alaska's 53 school districts have felt the financial pinch. Under Senate Bill 90, all Alaska public school districts employees will be covered by a state-managed group health insurance program. Approximately 19,000 school district employees and their families, an estimated total of 47,000 individuals, would be added to the State of Alaska's Employee Health Plan.

This larger insurance pool places the State of Alaska in a position to negotiate a more favorable employee health care insurance plan. By moving school districts into an integrated state plan, the state and school districts benefit from the economies of scale. Currently each school district must obtain its own insurance coverage; consequently, the level of coverage and the cost of premiums vary widely throughout the state.

In addition to the potential savings with lower insurance premiums, two other advantages are afforded school districts and the state through this legislation. Senate Bill 90 will provide standardized health care coverage statewide for all school district employees. A person who may elect to move between school districts will know the basic insurance coverage offered before the transfer.

Secondly, the need for administrative time and effort by each school district to secure and negotiate a health insurance plan for its employees is eliminated. This responsibility shifts to the Department of Administration, a department that routinely manages insurance policies for all state employees, and allows school districts to focus on educational policy issues.

Starting July 1, 2014, school districts will transition to the new state health care insurance plan as each school district's existing employee contracts expire. All school districts are expected to changeover to the State of Alaska plan within three to five years.