

WHY WE NEED THE HEALTH INSURANCE TRANSPARENCY AND ACCOUNTABILITY BILL

Why we need to extend the gift ban to school board members and administrators

We have numerous reports of school district officials accepting gifts from insurance and school supply companies. We've heard of everything from expensive fishing trips with free food and drink to free Minnesota Wild tickets and golf events. While activities like these are legal, we believe restricting them could help to avoid any potential conflicts of interest.

Why we need to require multiple bids

Districts that have a long history with one company often decline to seek bids beyond just a renewal from their current provider. Many of our locals report times when their district superintendent discouraged them from even seeking a bid from the Public Employee Insurance Program (PEIP). In the East Central School District, which gets its insurance through the local service cooperative, the district doesn't seek multiple bids unless our members ask.

Getting multiple bids ensures competition and drives down premiums. In South St. Paul, after an unusually large claims year, the district received just one bid that came in at a 36 percent increase. The district went out for a PEIP bid and ended up with a 16 percent increase instead. In other cases, districts have sought PEIP bids and the threat of competition led their current providers to reduce their rates. Both our members and the district saved money.

Why the bids need to be sealed

With the current process, a provider may send in a bid, find out it was not the lowest and then resubmit its bid at a lower cost. This happened in Edina recently. With thousands of people's lives and millions of dollars at stake, we shouldn't have to barter for insurance like it is a used car. Many other government entities require sealed bills for insurance and other products. School employee health insurance should be no different.

Why the claims data mandate is important

Right now if the current provider and another company want to submit bids, the other company is at a disadvantage. That's because only the current provider has the claims history and other key information to make an actuarially sound premium determination for their bid. The other provider can only estimate, which will often be less effective and result in higher premiums. That second provider must be able to access claims data.

Why there must be protections to ensure surpluses are used to offset premiums

In at least two cases, Caledonia and Detroit Lakes, the districts received refunds of surplus premiums from service co-ops. In both cases the districts kept the entire surplus, even though employees had paid a significant share of the original premiums. These are just two examples. The practice is likely more widespread.

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