

# DUDLEY-CHARLTON REGIONAL SCHOOL DISTRICT

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Once again the District is looking to involve all employees in a discussion around how we receive our health insurance coverage. Three years ago the District made a major decision to change from offering two different providers, Fallon and Blue Cross Blue Shield, to one provider. This time the large question in front of us is whether or not we wish to remain in the business of insurance, or do we want to join an organization that will get us out of the health insurance business?

We have the opportunity to create a Joint Purchase Group with the towns of Webster, Stoughton and Douglas – the Mass Strategic Health Group (MSHG is the working title). Joining the MSHG would mean that we are no longer solely responsible for the volatility that exists in the world of health insurance. That is not to say that there are no concerns about making this change, and that discussion is the purpose of this letter, and the subsequent meetings that will be held around the District.

## ***How do we currently handle health insurance?***

Currently, the District is self-insured for insurance through the Health Insurance Trust Fund (HITF). Both the District as employer and you as employee pay into the HITF each paycheck based on the health plan you are enrolled in. The HITF subsequently pays the bills received from BCBS for all services. The HITF has historically run fairly well, up until a few years ago when expenses exceed revenues for a number of years, drawing down the balance in the HITF such that it ended up in the negative. That was the event which prompted the District to move to a single provider. That move has been a positive one for the District, such that in two years we not only eliminated the deficit, but were able to show a balance of \$1.8M at the end of the 2017-18 school year.

## ***Why should we change?***

By any measure, the District is very small to be self-insured. While that is not sufficient reason to change, it does provide context for many of the associated arguments. By having a small pool of employees, it does not take more than a couple of cases to start to have a large impact on the expense side. One of the major expenses that is built into the operation of our own HITF is the cost for re-insurance – essentially an insurance policy for our insurance trust. Over the past two years our expenses in the HITF have been nominal, with few major cases crossing the threshold of \$100,000 to activate the re-insurance policy. So of our approximately 1,000 people covered under our HITF, it would only take 10 cases reaching that threshold to cost the HITF \$1M. A scenario similar to this occurred a few years ago, partially causing the HITF to move into a deficit. It is not realistic to count on low expenses to sustain the HITF balances.

## ***What is the major difference between our current model and the proposed new model?***

In many ways, there is no major difference between the current and proposed models. We are simply expanding the size of the group and operating as a separate, independent municipal entity.

The significant different between the models is that under the current model, the District has complete autonomy to do what it wants. Under the proposed model, we would be 1 of 4 votes in the decision making process of the MSHG. This I believe is the ultimate question we have to answer: are we better served to give up some autonomy to gain a better economy of scale, remove the potential liability of health insurance from our books and ultimately pay less as both employer and employee?

As the Finance Director of the District, it would be very easy to look at the bottom line savings – potentially in the 5.8% range – and say this is the right move for the District on that basis alone. However, I think this is the right move for more reasons than just the savings. By sharing with other communities the challenges around health insurance, we are trying to ensure the rich benefits enjoyed under the current plan design remain.

I invite you to join us at one of the proposed meetings in the District to more fully explain and describe this potential change. There will be a presentation from our health insurance adviser at the March 13 School Committee to review the concept of the Joint Purchase Group. It is expected that School Committee will vote on this at their March 27 meeting. This final vote has now been delayed until the April 10, 2019 meeting.

Web link to access Health Plan Inc's (HPI, Harvard Pilgrim) provider network:

<https://www.healthplansinc.com/members/search-for-a-provider/>

If you are looking for doctors under the associated United Health Network component of the new plan (for those who need coverage outside of the three New England states) you would search for United Health Care Choice Plus network. You can search the United Health Care website for their list of providers.

Presentation by Harvard Pilgrim Inc. (HPI, Harvard Pilgrim) to Insurance Advisory Committee members on March 7, 2019.

<https://drive.google.com/open?id=1wpWbJV08SQPKmF6wKtoF8bauzCOMfD4L>

You can view the School Committee discussions at the March 13, 2019 and March 27, 2019 meetings on the District's YouTube channel by clicking on the link below.

<https://www.youtube.com/channel/UC5PuBVpG6Lz382X69tN29WA>

Sincerely,

*Richard Mathieu*

Richard Mathieu  
Director of Finance and Operations