

Gov. Rendell announces proposal for statewide healthcare plan for public school employees; PSBA believes plan has potential

This week **Gov. Edward Rendell** announced that legislation has been introduced for a statewide health care plan for public school employees. The governor said that school districts spend \$1.5 billion on medical and prescription drug coverage and the health care premiums paid by districts soared by 24% from 2003 to 2005. Elements of the proposed system are modeled on the cost control efforts adopted by the Pennsylvania Employee Benefits Trust Fund, or PEBTF, which provides health benefits to state employees.

The legislation, **HB 1841** (not yet introduced), will not annul any existing collective bargaining agreement. Instead, school districts would enter the proposed statewide program after existing contracts expire. Participation would be mandatory for all school districts except Philadelphia and the program could serve approximately 230,000 school employees. The program would be run by a 12-member board divided evenly among the commonwealth, school employees and school boards - with major decisions like plan design and any employee cost-sharing requiring the agreement of representatives of all three parties.

Under the legislation, the commonwealth will become a partner in funding school employee health benefits. Once any initial surplus in the system is exhausted, the state would pay up to half of the annual increase in health care costs. As an incentive for school districts and employees to control costs, the state would not be required to pay more than the inflation rate for private sector health insurance. In addition, the state's payment would be targeted to offset the costs of all school districts but provide the most assistance to the school districts with the greatest financial need.

PSBA issued a statement in support of the concept of a statewide healthcare plan for public school employees that would protect local taxpayers by containing premium costs, assuring a reasonable level of health benefits and eliminating a contentious collective bargaining issue. However, for HB 1841 to accomplish its overall goals in a manner that is feasible, affordable and adequately protects local taxpayers from potential new burdens, significant additional work is needed.

"Throughout these discussions, a number of important provisions were developed that PSBA supports," said **PSBA Executive Director Thomas Gentzel**. "We are pleased that the current draft of the legislation ensures transparency and legislative review before any healthcare plan is implemented. The success of a statewide healthcare plan will be in the details. PSBA looks forward to continuing to work with the Rendell Administration and the General Assembly to address a number of conceptual issues that remain unresolved," he added.