EXHIBIT 1
DATE 1/31/07
HB 297

The Health Insurance Dilemma Among Montana's K12 Schools
HB297/2007 (Rep. Robin Hamilton)

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- FY06 K12 health benefit costs to districts have grown by more than 150% since FY91. In FY91, health care costs were 6% of the budget BUT now consume almost 10% of all fund (minus retirement) expenditures.

HISTORICAL TREND OF SCHOOL DISTRICT EXPENDITURES FOR HEALTH INSURANCE

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Source: OPICORE Budget & Exp files; Coopers-Lybrands, & eBenX, MEA-MFT files. * FY05 is estimated.

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93	47,341,686	40,240,433	9.4%	6.6%	57,673,346	**51,906,011**	6.6%	**7.0%**
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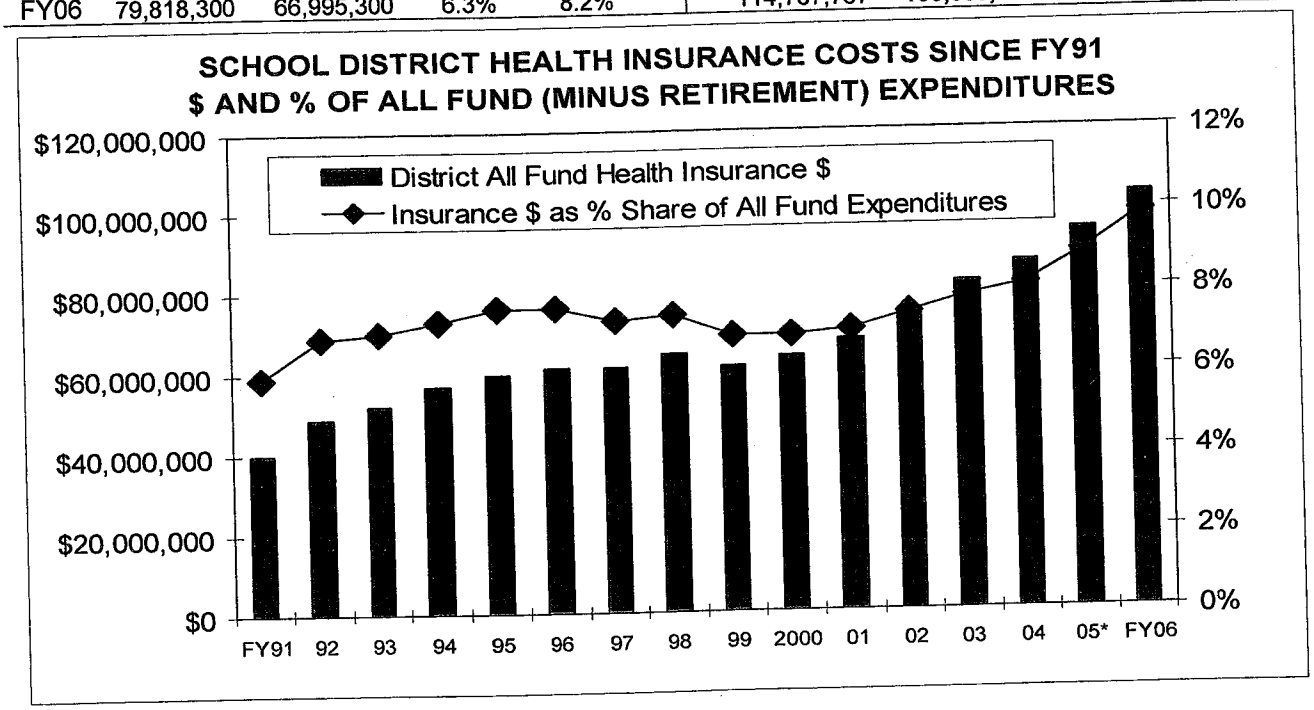

- For FY07, 245 Montana school districts, enrolling more than 60% of Montana K12 students are budget at 97% or more of their maximum budget allowed by law. There simply isn't much available room to fund additional health care costs.
- By last count, 80 – generally very small school districts – don't offer a group health care benefits plan to any of their employees.
- We estimate that as many as ½ (4,000) of Montana's K12 "classified" workforce (paras, secretaries, clerical, custodial/maintenance, bus drivers and food service employees) – do NOT presently "qualify" for the local school health program – OR are not able to afford enrollment when most school's "pro-rate" employer contribution" to 'hours-worked per week."
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FY07 COMPARED TO FY97
INDIVIDUAL, FAMILY & COMPOSITE PREMIUMS & EMPLOYEE PAYMENTS
$ AVERAGES FOR 1st (Large), 2nd (Middle-Size) & 3rd (Small) CLASS DISTRICTS
Source: Annual MtSBA/MEA-MFT/MSSF School Insurance Survey

DISTRICT CLASS	Individual Premium		Family Premium		**Employee Paid Premium to Family Premium**	
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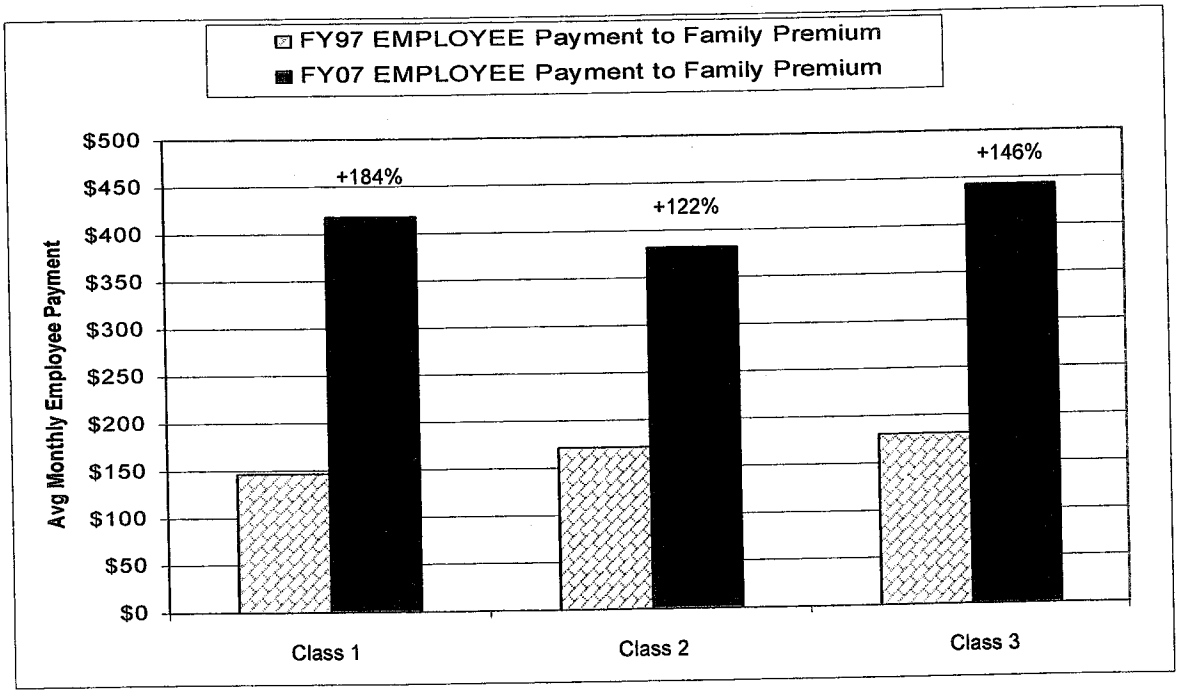

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$ AVERAGES FOR 1st (Large), 2nd & 3rd (Small) CLASS DISTRICTS
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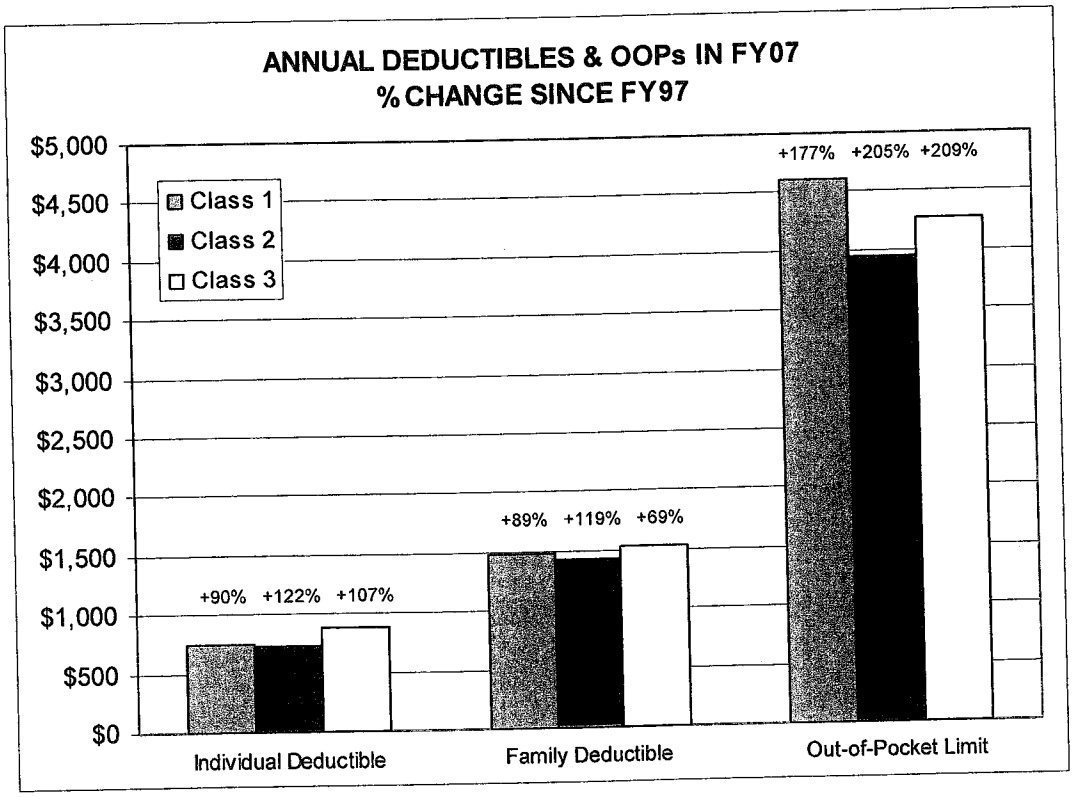

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- Retirees previously enrolled in their local school health plan or new retirees electing continued coverage by the school employer, would also be eligible to participate in the new constituted state and school health benefits program.

- School enrollment in the state health plan is anticipated to be 18,000 active employees, plus 2,000 retirees. This is estimated to be a 2,000 increase in the total number of active school employees being provided with employer sponsored health care.

- **The newly expanded state and school health group would enroll more than 35,000 and provide health benefits to at least as many more dependants. The large group will "equalize" benefits and costs of providing health benefits among school districts, help the state in negotiating favorable medical and administrative provider charge agreements, better "manage" care and wellness programs for members, stabilize cost growth trends and afford better health care for all state and school employees.**

- For each enrolled school member, the school employer will be expected to make the same full employer contribution as expected of the state employer – projected to be $557 per month for FY09. (See Sec 6.) This employer contribution level is expected to exceed actual single employee enrollment costs by approximately $30. (The "excess contribution" could be used by the employee to help pay dependant premiums, like or other insurance.) For 18,000 school employee enrollees, this would amount to slightly more than $120m statewide in FY09.

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I ask for this committee's sincere review of the problems faced by Montana schools in respect to health insurance and health insurance funding.

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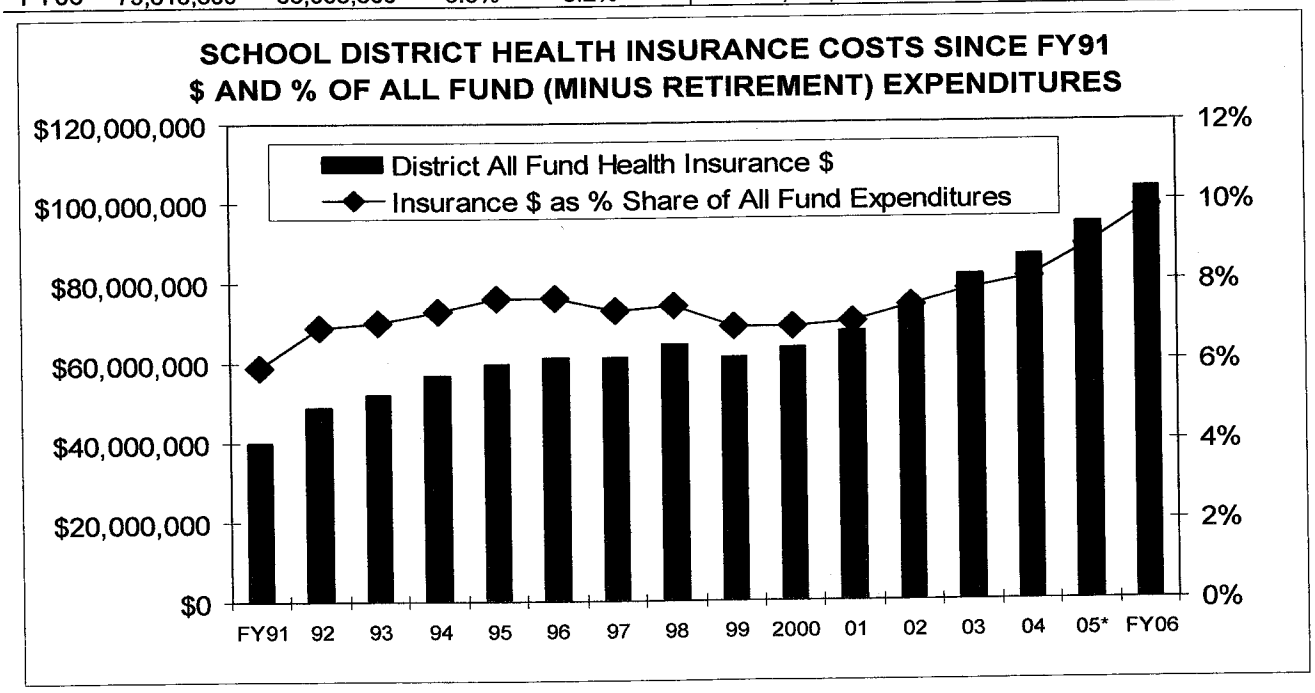

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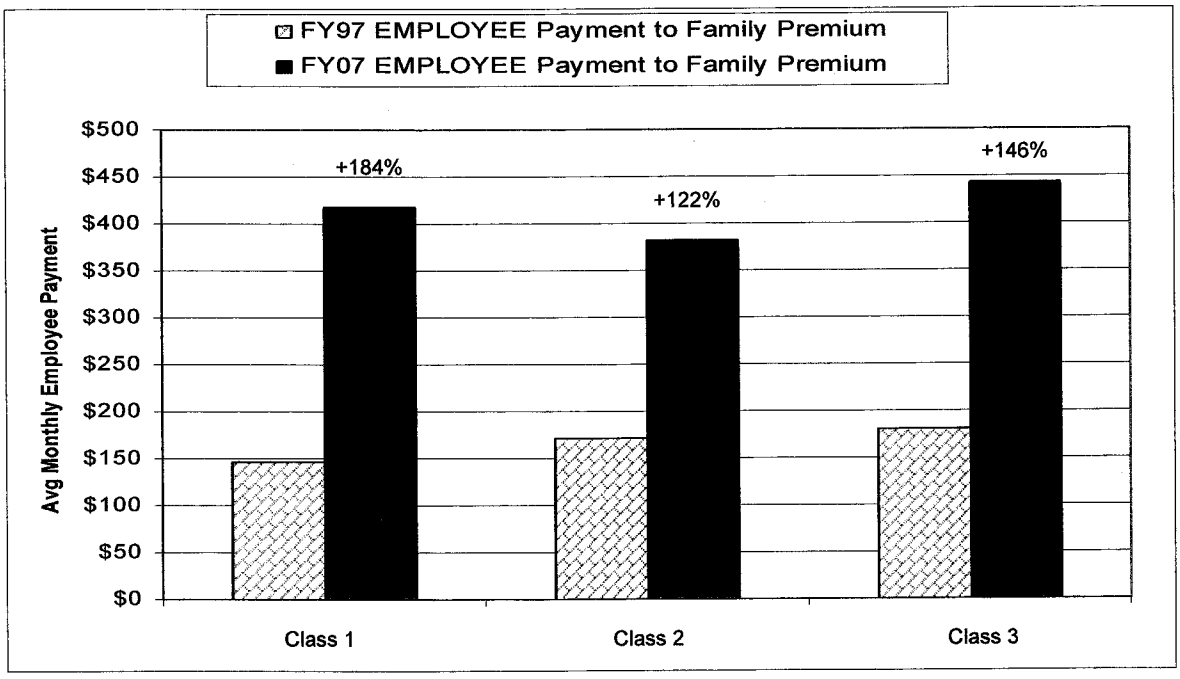

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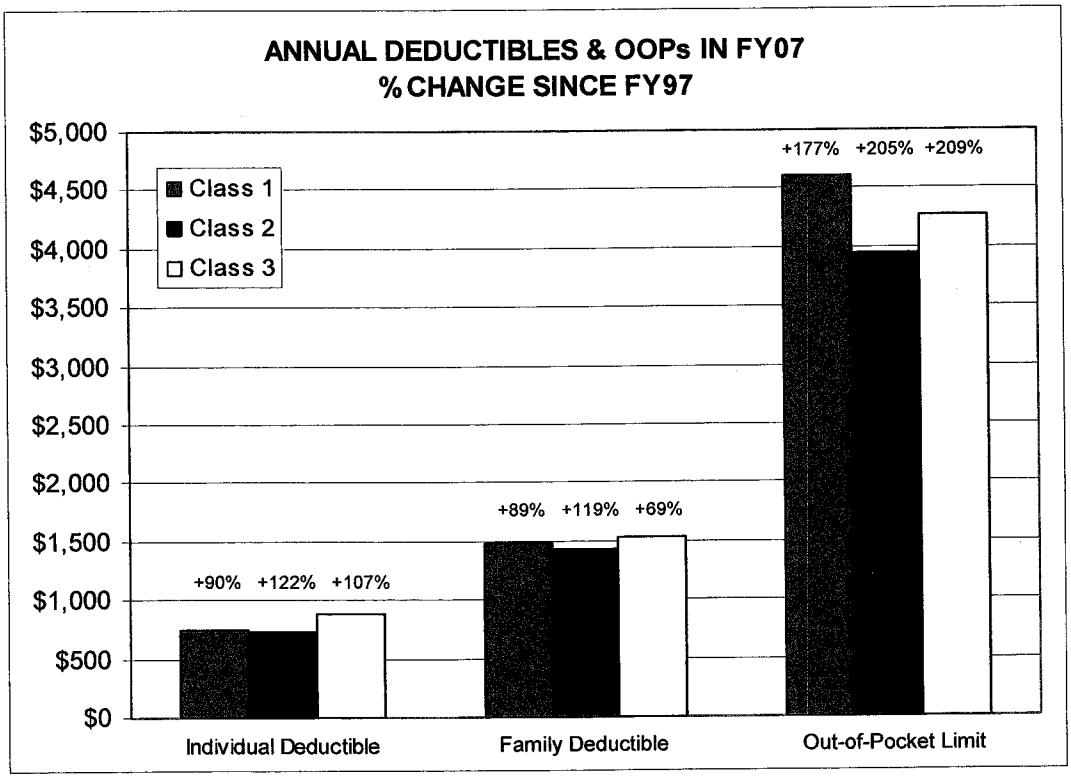

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