



A Union of Professionals

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Dear Members:

The Douglas County Schools Insurance Committee and the Negotiation Teams have been working diligently over the last few months to craft a benefits plan that is both viable and beneficial to employees. The package will maintain employee only coverage with **no cost** to the employee and minimum increases in co-pays. There will be a 12.1% increase for dependent health coverage. This package will go to the Board of Education in the next few weeks for approval.

We recognize the impact this increase will have on families during what are already tough financial times. We worked hard to keep costs down where we could and to maintain an affordable insurance plan. The rising cost of insurance is a nation-wide issue and Douglas County School District is not immune.

One of the ways Douglas County Schools stays competitive and maintains the ability to offer quality insurance benefits is through a self-funded insurance model. Being self-funded means that, although our claims are administered through Cigna, the actual insurance claims are paid out of the Insurance Fund, an account held by Douglas County Schools. Being self-funded allows DCSD to keep costs down by determining the premium and co-pay costs through the Insurance Committee, rather than having them determined by an outside insurance company. Although we have had similar increases in prior years, for the last several years, the Insurance Committee and Negotiation Teams have opted for smaller increases in an effort to reduce the impact on families, as shown in the chart below.

	Cigna HMO	Cigna PPO	Cigna PPO2	Kaiser*	Delta Dental
2008-2009	12.1%	12.1%	12.1%	12.1%	no change
2007-2008	3%	3%	3%	11%	no change
2006-2007	4%	4%	4%	9%	no change
2005-2006	3%	3%	3%		3%
2004-2005	9%	15%	9.6%		1%
2003-2004	8.7%	8.7%	8.7%		11%

*Kaiser is not part of the self-funded model; therefore rate changes for Kaiser are determined by Kaiser.

In determining the plan changes and any possible changes, the committee looks at historical data and uses that information to make predictions for upcoming years. Unfortunately, predictions are just that – educated guesses about what might happen in the future. For the last three years, there have been significantly larger claims than could have been predicted. As a result, we now have a greater need to increase our contributions in order to maintain a fully funded, viable insurance benefit plan for employees.

Through the collaborative effort of DCSD and DCF, we believe we have created a viable plan. Again, we recognize this plan will impact many family budgets, and we hope the knowledge of the process provided above will help you to understand the reasons behind these necessary increases.

Please feel free to contact our office with further questions. Thank you for your continued support.

Sincerely,

Brenda Smith
President