

# coalition of advocates

## FOR MONTANA'S PUBLIC SCHOOLS

MASBO | MREA | MTSBA | MQEC | SAM

### Keys to Health Trust Bill

1. A voluntary incentive for schools to participate. No one is required to join, and no one is required to permanently stay.
2. The incentive is one time only and is contingent upon schools forming together in a voluntary health care trust that meets the following characteristics:
  - a. Must cover at least 12,000 school employee lives.
    - i. There are approximately 22,000 school employees in Montana that regularly work 20 hours or more per week.
  - b. Must involve at least 150 school districts.
    - i. There are 425 school districts in Montana.
  - c. Must keep administrative costs to no more than 12%.
    - i. Admin costs of 12% or below is the gold standard for large group pools.
  - d. Must retain the services of an actuary and set rates based on recommendations of the actuary.
3. The incentives:
  - a. If a pool is formed no later than June 30, 2025 (2 years from enactment), there would be:
    - i. \$20 million distributed to the participating districts on a per employee basis to defray costs of health insurance for school employees.
    - ii. \$40 million to initially fund a capital reserve that a self-funded plan must have to operate. The reserve is intended to stabilize the pool over time and ensure that there are sufficient funds on hand to pay incurred but not reported claims (IBNR).
    - iii. If a pool fails to form by June 30, 2025, the \$20 million incentive is returned to the state general fund.
  - b. If a pool forms after June 30, 2025, but on or before June 30, 2027, there would be:
    - i. \$40 million to initially fund a capital reserve that a self-funded plan must have to operate. The reserve is intended to stabilize the pool over time and ensure that there are sufficient funds on hand to pay incurred but not reported claims (IBNR).
    - ii. If a pool fails to form by June 30, 2027, the remaining \$40 million is returned to the state general fund.
4. Participation rules:
  - a. No one is required to join. If a district does join, it must remain for at least 5 years. After five consecutive years' participation, a district can leave but does not take any reserves with it and it may not come back to the trust for five full fiscal years.
5. Dissolution:
  - a. The trust can be dissolved by failure to remain qualified or voluntarily.
  - b. In either case, the trust must return any remaining funds from the incentive to the state general fund.

Shelley Turner  
MASBO  
[sturner@masbo.com](mailto:sturner@masbo.com)

Doug Reisig  
MQEC  
[dreisig@mqec.org](mailto:dreisig@mqec.org)

Dennis Parman  
MREA  
[dparman@mrea-mt.org](mailto:dparman@mrea-mt.org)

Lance Melton  
MTSBA  
[lmelton@mtsba.org](mailto:lmelton@mtsba.org)

Rob Watson  
SAM  
[samrw@sammt.org](mailto:samrw@sammt.org)