



LAKE TAHOE UNIFIED SCHOOL DISTRICT

PRESS RELEASE

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SOUTH LAKE TAHOE, CA –

Lake Tahoe Unified School District has received notification from its insurance provider, AETNA, that there may be an increase of 29.7%, or approximately \$1 million, on October 1st when the medical insurance plan is renewed for 2006/07.

The certificated and classified employee organizations, South Tahoe Educators Association (STEA) and California School Employees Association (CSEA) transferred from Central Valley Trust to AETNA last year in order to reduce costs to its members and to develop a health history which could be used to shop around for the most cost effective insurance plan. However, AETNA stated that the large increase is based on the experience rating for the first three months of coverage – October, November, and December 2005, citing a cost which was 110% over premiums.

Obviously, news of this potential increase came as a shock to the District. As costs for medical care in general have skyrocketed over the past several years, it is critical to provide adequate coverage for our employees. Due to declining enrollment in our schools and consequent budget cuts in recent years, the District has placed a cap of \$8,964 on health benefits for employees for the past three years. Therefore, any increase in premium costs are absorbed by employees through either monthly contributions or by choosing higher-deductible plans.

Superintendent, Dr. James R. Tarwater, said that he is very concerned that the substantial increase will burden employees and he will work with the Insurance Committee and the Associations to mitigate this problem and come up with the most viable short/long range plan to address health costs. He feels that Aetna has not allowed enough time to evaluate the health history and is working on possible solutions with AETNA through their agent, Mark Garratt of Benefit Resource Group. The District's Insurance Committee will also begin to explore ways to modify the increased cost and/or begin requesting proposals from other insurance carriers.