

NOTICE OF MEETING:

TO ALL BOARD OF EDUCATION MEMBERS

A special meeting of the Board of Education of the Township of Union will be held on Friday, December 5, 2008 at 8:00 a.m. at the James Caulfield Administration Building, 2369 Morris Avenue, Union, New Jersey 07083

A special meeting of the Board of Education of the Township of Union was held at the James Caulfield Administration Building, 2369 Morris Avenue, Union, New Jersey on Friday, December 5, 2008 at 8:00 a.m. pursuant to notice sent to each member.

Mrs. Gaglione called the meeting to order at 8:00 a.m.

PRESENT AT ROLL CALL: Mr. Gary Abraham, Mr. Manuel Figueiredo (telephonically), Mrs. Linda Gaglione, President; Mr. Steven Helmstetter, Mr. Francis Perkins, Mr. Steve Ruhl and Mrs. Salazar

ABSENT AT ROLL CALL: Mr. Anthony Manochio and Mrs. Versie McNeil

Mr. Helmstetter led the board and audience in the Pledge of Allegiance.

Mr. Damato read the statement required under the "Open Public Meeting Act", a copy of which is on file in the office of the secretary.

PERSONNEL COMMITTEE

Moved by Mr. Helmstetter, seconded by Mr. Perkins that the following resolutions be adopted:

P-1. AUTHORIZE CONTINUATION OF PARTICIPATION IN HORIZON BLUE CROSS BLUE SHIELD OF NEW JERSEY MEDICAL PLAN ON A MONTH-TO-MONTH BASIS

That the board authorize the continuation of participation in the Horizon Blue Cross Blue Shield of New Jersey medical plan on a month-to-month basis, beginning January 1, 2009 in accordance with the formal resolution appended to these minutes.

P-2. AUTHORIZE PARTICIPATION IN THE NEW JERSEY STATE HEALTH BENEFITS PROGRAM ACT OF THE STATE OF NEW JERSEY

That the board authorize participation in the New Jersey State Health Benefits Program Act of the State of New Jersey effective February 1, 2009 in accordance with the formal resolution appended to these minutes.

DISCUSSION:

Dr. Jakubowski said that there were several things that he thought should be clarified before the board voted on the resolutions. He said he had a conversation with Mr. Damato yesterday and it will be necessary for the board to continue with its current medical insurance at least through January of 2009 to allow for transition to the State Health Benefits Plan. Dr. Jakubowski said he was not sure of the new plan would take effect on February 1 and asked Mr. Damato if it was okay for the resolution to read that way. Mr. Damato said it was fine. Mr. Helmstetter stated that if a change of date had to be made it could be voted on in January. Mr. Damato said he did not think that the State would require the board to change the date formally. He said that the district had a couple of weeks to get the paper work completed and in place. Dr. Jakubowski said that this change was necessitated by a rise in premiums and he believed that going back to the State Health Benefit plan would allow the district not to have to reduce staff at the end of the year. He felt that approximately 50 teaching positions would have to be eliminated if the district were to remain with the Horizon plan that is the district currently has and this would certainly have an adverse affect on the students in the school district. Dr. Jakubowski said he thought changing to the State Health Benefits Plan would not have an adverse affect on the employees. Mrs. Salazar asked for clarification as to what coverage would change. Dr. Jakubowski said that only the medical plan would change and the district would continue with Delta Dental for its dental coverage and this coverage would not change. He said that the difference with the Blue Cross Blue Shield Plan that the district currently has and the State Health Benefits Plan is that the "Traditional" plan as it currently exists, no longer exists in the State Health Benefit program. Dr. Jakubowski said that it is still Blue Cross Blue Shield and the Direct Access plan is very similar to what will be offered in the State plan. He said that employees would still have the ability to go to any doctor they want and there is still the same 20/80% co-pay. Dr. Jakubowski said that many things in the new plan are very similar and some things have changed a little but the cost is different because of the fact there is no longer a "traditional" plan. Mr. Perkins said that for purposes of the record he thought that it should be made very clear what the differences are in costs and why the board is even considering the change. Mr. Damato introduced Mr. Migdon from Business & Governmental Insurance Agency (BGIA) who is the district's insurance broker who would give a brief outline of the costs of the present plan and the savings to go into the State Health Benefits Plan. Mr. Migdon said that he had a copy of a proposal which he distributed to the board members. He said that

currently the district's Horizon Plan renews on January 1<sup>st</sup> of 2009 and based upon approximately 1021 members in the plan now, the cost prior to the renewal is about \$11,362,000 annual for the medical coverage. Mr. Migdon said that the renewal with Horizon would increase the premium approximately 25.37% increase which would bring the annual premium to \$14,244,000. He felt that this was extraordinarily high. Mr. Migdon said that his firm did go to the marketplace and he did find a carrier by the name of CIGNA who did provide insurance benefits for the district approximately 16 years ago, and their premium did come in a little lower at about \$13,700,000 and as of last night CIGNA decided to reduce their proposal a few hundred thousand dollars; however, the State Health Benefits Plan would have an annual cost from January 1, 2009 through December 31, 2009 of \$10,490,000. He said that the premium for the State Health Benefits Plan is even less than what the current plan rates are. Mr. Migdon said that the State Health Benefits Plan renews on January 1<sup>st</sup> and if the district goes into the plan on February 1<sup>st</sup> or March 1<sup>st</sup> and then on January 1<sup>st</sup>, 2010 the premium will increase. He said that the savings from the Horizon plan to the State Health Benefits Plan is approximately \$3.7 million, which is a significant savings. Dr. Jakubowski said that the increase in the premium for the plan that the district presently has is approximately \$2.88 million. He said that the district cannot increase its entire budget more than 4% of the tax levy. Dr. Jakubowski said that the district could not increase its tax levy enough to cover the cost of maintaining exactly where the district is right now. He said that the only way the district could compensate the cost is eliminating approximately 50 teaching positions. Dr. Jakubowski said that moving to the State Health Benefits Plan would result in a savings to the district and it would mean that no teaching positions would be lost. He said that each month that the district continues with the Horizon Plan will cost the district approximately \$243,000 more than what the district is currently paying. Mr. Perkins said that the only source of revenue for the operation of the district ultimately is the taxpayer. Dr. Jakubowski said that was correct. Mr. Helmstetter asked if there was any possibility that the district could switch over to the plan by January 1<sup>st</sup>. Mr. Damato said that the change would require a full re-enrollment and this would take a period of time to be accomplished. He said that everyone would then have to be entered into the new system and get new identification cards to members for their use before the actual effective date. Mr. Damato said that the person who is the manager of the State Health Benefits Plan has informed him that the district needs to get its forms submitted approximately one month before the plan becomes effective in order to make the transition. Mr. Abraham said that he knew that Dr. Jakubowski has had conversations with representatives of the U.T.E.A. and he was sure that Dr. Jakubowski had clearly made his point that teaching positions would be eliminated if the district remained in the present plan. He asked if their reaction has still been that the U.T.E.A. is not in favor of this change. Dr. Jakubowski said that he was not sure if that was something that he could discuss in public except to say that he has met on more than three occasions to discuss this issue with the U.T.E.A. from the first day that Mr. Damato

told him about the premium increase in the hope that the matter could be resolved so that the district would be ready for January 1<sup>st</sup> but that has not happened. Mr. Damato said that the administration is willing to continue the dialogue with the U.T.E.A. regarding this issue. Dr. Jakubowski said that the U.T.E.A. is fully aware of the positions that will be lost if a change is not made. Mr. Abraham said that last Tuesday Mrs. Gaglione, Mr. Manochio and he attended an advanced legal training seminar which is required by the NJ School Boards Association's new regulations. He said that one of the things that was brought up, which he wanted to make part of the public record, was that the N.J.E.A. was on board and helped the Corzine Administration craft the new State Health Benefits program. Dr. Jakubowski said that in his one conversation with the local UniServe Representative of the N.J.E.A. did know more about the State Health Benefits Plan than he did even after just being briefed by the district's insurance broker, including the coordination of benefits between the 10 and 15 Plan. He believed that N.J.E.A. does have a clear understanding of the new State Health Benefits Plan which eliminated the traditional plan. Ms. Dunn said that if an employee of the district were to retire right now they would automatically be enrolled in this plan. Mr. Perkins asked Dr. Jakubowski to clarify 10 and 15. Dr. Jakubowski said that Direct-10 and Direct-15 are the terms that are used for the Direct Access Plans. He said that Direct-10, which is closest to the traditional plan, requires a \$10 co-pay and Direct-15 is a \$15 co-pay. Mr. Helmstetter asked if the board had the ability to unilaterally change insurance plans if the new plan meets the criteria of being "equal to or better than". Dr. Jakubowski said that there is language in the U.T.E.A. contract which allows the board to switch coverage to State Health Benefits. Mr. Perkins stated that it seemed to him that with regard to contract considerations, the district could have a credible argument of "impossibility of performance" and if the district cannot raise the money to cover the premium, the district cannot perform under the contract. Dr. Jakubowski said that the impact of losing 50 teachers on the students in the district was in his opinion a far greater impact than changing from one Blue Cross/Blue Shield plan to Blue Cross/Blue Shield plan for the district's employees. He did not think that the impact could even be compared.

AYE: Mr. Abraham, Mr. Figueiredo, Mr. Helmstetter, Mr. Perkins, Mr. Ruhl, Mrs. Salazar and Mrs. Gaglione

NAY: None

ABSTAIN: None

MOTION WAS CARRIED

MOTION TO ADJOURN

There being no further business before the board, it was moved by Mr. Helmstetter, seconded by Mr. Ruhl that the meeting be adjourned at 8:30 a.m.

AYE:	Mr. Abraham, Mr. Figueiredo, Mr. Helmstetter, Mr. Perkins, Mr. Ruhl, Mrs. Salazar and Mrs. Gaglione
NAY:	None
ABSTAIN:	None

MOTION WAS CARRIED

Respectfully submitted,

JAMES J. DAMATO  
BOARD SECRETARY