



# GROUP INSURANCE MEMORANDUM

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This communication is provided on behalf of the NLTA Group Insurance Managers, to share a summary of feedback from members of the NLTA Group Insurance Program and to inform you of the decisions made by Managers concerning the Health Plan at their recent meetings. **The summary of feedback is presented first, followed by a synopsis of the decision.**

Managers recognize the significance of their decisions and as such, they solicited input from members for consideration before making a final determination regarding potential changes to the Health Plan. This included a survey and information sessions to address questions.

## SURVEY

In October 2024, Managers commissioned Thinkwell Research + Strategy, an independent research firm, to conduct a survey of Group Insurance members to assist in their deliberations on options for balancing premiums and claims in the Health Plan. Over 4,000 people completed the survey, including 2,726 active teachers and 1,292 retired members. Thinkwell confirmed that this response rate is sufficient to extrapolate results with a margin of error for both the active and retired member sample of + 1.3%, at a 95% confidence level. Demographic data collected indicated that respondents were widely representative of the group in terms of age and teaching experience.

Overall, 62% of survey respondents preferred the current model (members pay only the pharmacist charges) with the required premium increases.

70% of active members preferred the current model over a co-pay structure. 23% chose co-pay and 7% were undecided. For retirees, 46% preferred the current model and 41% supported the adoption of a co-pay design with 13% undecided. For both the active and retiree groups, those who selected a co-pay preferred the 20% option.

If extrapolated to the full Group Insurance Program membership (in other words, if all active and retired members responded in the same way, proportionally, as the survey respondents did) 55.5% of members would prefer the current model and 34.5% would prefer the adoption of a co-pay. 10% would be undecided.

55% of active members reported being very satisfied with the NLTA Health Plan with only 9%

saying they were not satisfied. Retired members indicated 72% are very satisfied versus 4% not satisfied. Most respondent comments regarding the plan were favorable, expressing general satisfaction with the level of benefits and some specific positive references to paramedical coverage. Similar to responses in the 2021 group insurance survey, the most common critiques of the Health Plan were insufficient vision and hearing aid coverage, and dissatisfaction with high and increasing premium costs.

## FEEDBACK FROM INFORMATION SESSIONS AND OTHER MEMBER CONTACTS

The NLTA also held three virtual information sessions in January about the Health Plan and potential changes being considered by Managers. These meetings were attended by over 540 members. NLTA staff presented contextual information to begin each session and then responded to questions submitted by attendees via a dedicated email address. All questions received were read and answered during the presentations, although some were grouped/summarized to avoid repetition. Group Insurance Managers and NLTA staff have also received and responded to hundreds of emails and calls on this issue since October. A number of common themes and concerns arose from the information sessions and other communications:

Members have expressed concern that retirees are considered a financial burden and could be removed from coverage. The NLTA is rightfully proud that our Health Plan provides the same coverage for all members, with no difference in premiums or benefits for active teachers and retirees. It is a statement of fact that this does and will continue to impact costs, but Group Insurance Managers are firmly committed to maintaining one plan for all members (active and retired) and have not considered any changes to retiree benefits.

There were a few suggestions that Managers had already made a decision before seeking input from members. Managers affirm, again, that no decisions were made prior to the February 2025 Group Insurance meetings. They had certainly spent considerable time and effort on this issue, as is their responsibility as fiduciaries, focusing on the overall and long-term sustainability of the Health Plan and taking into account the information and advice from

industry, actuarial and legal experts. They also sought input from members and considered all information extensively in their deliberations before reaching any final determination.

The primary concerns expressed were in relation to the financial burden that the potential introduction of a co-pay model for the Health Plan would place on Plan members, particularly those who require expensive medications. Those who shared this concern felt that premium increases would be a better alternative to a co-pay system.

There were questions on whether similar cost containment could be realized by placing restrictions on certain categories of expensive drugs, limiting coverage on paramedical benefits, or introducing other coverage classes (for example, different premium rates for singles, couples, and families). Managers wish to assure members that they have been investigating a wide range of alternative strategies over a number of years. During this time, they have taken some measures to mitigate rapidly rising costs, including implementing a \$4,000 annual maximum on claims for weight loss drugs and a \$250,000 annual maximum per insured person for all Health Plan benefits. Unfortunately, industry trends indicate that reducing benefits for other, non-prescription drug components of the Plan or placing limits on any particular category of medication would not be sufficient to address the underlying financial risk to the Health Plan. Restricting and/or excluding coverage for expensive drugs is a common cost containment measure in many health plans. NLTA Group Insurance Managers remain committed to providing comprehensive drug coverage for all approved medications.

In light of the questions and concerns from Plan members, Managers made additional inquiries to their consultants and advisors, requesting further research and advice on the likely impact of each proposed alternative. All of this information was examined thoroughly by Managers.

## **THE DECISION**

Group Insurance Managers met on February 15, 2025 and have concluded that the adoption of a co-pay model is necessary to ensure the long-term sustainability of our Health Insurance Plan. It was a difficult decision, and Managers recognize that this will be unpopular with a significant number of Plan members. However, they have determined it is required in order to protect the sustainability of the Plan, which must be their focus as fiduciaries.

Rising prescription medication costs pose the greatest challenge to the NLTA Health Plan and have led to significant deficits in recent years. Drug claims have increased by over 28% just from 2022 to 2024. Industry experts project that drug costs will continue to escalate due to an aging population and the continued development of expensive specialty medications.

NLTA members are and should be proud of the insurance coverage that our Health Plan provides. Managers had been recommending the adoption of a co-pay for prescription drugs, with two options—20% or 15%—under consideration. Following a thorough review of all the information, advice and feedback, Managers decided to implement a 15% co-pay. They are confident that this structure will allow the Health Plan to remain financially viable while continuing to provide excellent coverage to its members.

Each spring, the various insurance policies under the NLTA Group Insurance Program are renewed with the underwriters and the premium rates are negotiated and set at a level sufficient to pay the cost of claims plus expenses predicted for the next Program fiscal year. These new rates become effective during April payroll deductions, with any changes in coverage taking effect on May 1. The 2025-26 premium rates for all areas of coverage will not be finalized until later in March, and members will be informed of all changes as per the usual communications.

Given the significance of this change to a 15% co-pay for prescription medications, Managers have decided to delay implementation of the drug co-pay structure until July 1, 2025. Managers have done this to provide members with more time to prepare for the change with their doctor/healthcare provider and, if necessary, explore potential assistance that may be available for higher priced drugs through patient support or government programs.