



NEW YORK STATE SENATOR

Chris Jacobs

Jacobs, School Superintendents, Announce Passage of Bills to Enable Better Control of Health Insurance Costs

SENATOR JACOBS June 27, 2019

| ISSUE: **SCHOOL DISTRICTS, SELF-INSURANCE, HEALTH INSURANCE, SCHOOL BUDGET**



(Buffalo, NY) – New York State Senator Chris Jacobs (60th SD) was joined by representatives of four local school districts in announcing passage of legislation that would allow each one to establish an insurance reserve fund to better manage escalating health insurance costs.

“While I have always fought for fair funding for our school districts, equally as important is providing them with the tools they need to maximize those resources and more efficiently

manage costs and district finances,” said Senator Jacobs. “Establishing these insurance reserve funds will enable them to accomplish these goals while better serving students, faculty, administrators and taxpayers in each school district.”

The four school districts – Frontier Central, Grand Island Central, Kenmore-Town of Tonawanda Union Free and Tonawanda City – have all opted to self-insure their health benefit programs to more prudently manage their costs. Current state law prohibits school districts from maintaining more than four percent of their budget in an unappropriated fund balance. This created a scenario where any severe or unanticipated claims could cause a district great financial hardship, essentially defeating the purpose of self-insuring.

The bills that Jacobs sponsored and secured passage of provide a vehicle for the school districts to maintain the resources necessary to effectively manage their self-insured programs.

"Senator Jacobs' efforts have provided our district a very important tool to ensure that our health care costs savings can be maintained and safeguarded, while enabling us to allocate valuable resources to other areas of need when necessary," stated Ken-Ton Superintendent Stephen Bovino.

"The ability to establish a local health insurance reserve provides Frontier with an additional tool to manage our long term budget. This has become more critical as the school aid increases for Frontier continue to be under 1% and unpredictable on a year to year basis," said Superintendent Richard Hughes. "Senator Jacobs understands how this practice is unfair to the schools and taxpayers in our area, and we thank him for his continued support for local control."

"The support and leadership demonstrated by Senator Jacobs with this Health Insurance Reserve will be huge for Grand Island," said Superintendent Brian Graham. "Our district assumes the brunt of the expense of our self-funded system and could be exposed to unexpected claims and expenses during the school year. Being able to stabilize the impact of self-insuring by establishing a reserve fund will allow us to better plan for each upcoming school year."

"The passage of this legislation, sponsored by Senator Jacobs, will allow the Tonawanda City School District to better plan for the increasingly volatile costs of providing health insurance coverage for our employees," said Superintendent Timothy Oldenburg. "What once was a fringe benefit, health insurance premiums and claims are now a significant cost driver for school districts operating in a permanent tax cap era. By carefully funding a reserve for unexpected health insurance claims and double-digit premium increases, we will be better positioned to overcome these challenges without changes to student programming."

There are several benefits associated with self-insuring including cost savings, improved loss experience, a safer workplace and individual benefit plan designs more appealing to employees that might not be available in the commercial marketplace. Faster settling of claims and improved cash flow are also among the financial benefits of self-insuring.

All four bills initiated by Jacobs have passed in the Assembly as well and are now awaiting signature by the Governor.

"I want to thank Superintendents Bovino, Hughes Graham and Oldenburg for their vision and leadership of their districts, and for taking proactive measures that benefit their schools and the communities they serve," said Jacobs. "I hope that the Governor will quickly sign these bills into law and that perhaps more school districts in the future will seek similarly creative ways to control their costs," the Senator concluded.

2019-S1732

- Introduced
- - In Committee Assembly
 - In Committee Senate
- - On Floor Calendar Assembly
 - On Floor Calendar Senate
- - Passed Assembly
 - Passed Senate
- Delivered to Governor
- Signed By Governor
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Relates to permitting the Frontier central school district to establish an insurance reserve fund

January 16, 2019

Signed by Governor

Sponsored by **Chris Jacobs**

Do you support this bill?

NAY