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## Support teachers – and taxpayers

By THOMAS W. WASHBURNE

Traveling through Holland these days, one cannot help but notice the green yard signs erected in support of the public school teachers engaged in contract negotiations with the local school district. It's an understandable sentiment. Who doesn't support teachers?

But the signs, along with informational pickets and the rhetoric from the Michigan Education Association, imply that the Holland Public Schools superintendent and board aren't supporting teachers. Why? Because the board has questioned the MEA's health care insurance demands. The MEA has even gone so far as to bring in union consultants from Petoskey and Florida. This no-holds-barred approach in a dispute over health-care coverage suggests precisely why the school board should stand fast for taxpayers – and why the state Legislature should demand more openness from public school health-insurance providers.

Normally, when one thinks of a health-insurance dispute, it is about what's covered and who pays for it. But with the MEA, what teachers actually receive in health-care benefits can be easier to resolve than who will act as the administrator of the health insurance claims.

The MEA has not always been a disinterested party when it comes to health-care administration. In 1960, the MEA established the Michigan Education Special Services Association as a wholly owned subsidiary. MESSA is not an insurance company, but acts as a middleman that collects premiums (estimated to be about \$1.36 billion per year) and processes claims. The claims themselves are handled by an insurance company, such as Blue Cross/Blue

Shield.

The current relationship between the MEA and MESSA is unclear, but it has been valuable to the union in the past. For instance, a 1993 Mackinac Center study showed that after MESSA paid for benefit costs, 35.4 percent of its remaining revenues were paid out in service fees to the MEA and its related Michigan Education Data Network Association.

MESSA had plenty of money to pay these fees. In fact, in 1994, MESSA was audited by the Michigan Insurance Bureau and, as a result, was ordered to refund to Blue Cross/Blue Shield excess reserves of approximately \$70 million. Moreover, according to the Kaiser Family Foundation, the national average premium for family health insurance coverage in 2004 was \$9,602. In 2004, the most common MESSA family plan was estimated to cost public schools \$15,834 per year for each covered employee.

Understandably, districts might want to shop around before agreeing to use MESSA as an administrator. But many districts have reported difficulty in obtaining aggregate claims data from MESSA, which hampers their ability to obtain competitive bids.

The savings could be considerable. Greg Bailey of the Bailey Agency in Royal Oak has worked with school districts for more than 20 years. He reportedly presented Houghton Lake Public Schools with a proposal in 2004 that would have saved the district \$1 million over three years, while providing the district's employees with similar value benefits, and the same hospitals and doctors, as the MESSA plan.

Bailey recommended avoiding MESSA and going directly to Blue Cross/Blue Shield, which he described as "competitive and a much better

value." In the end, however, the union would not budge. Houghton Lake was forced to lay off 15 teachers and cut funding for the sports program.

These are tough economic times in Michigan. General Motors and the United Auto Workers understand the current realities, as shown by the agreement reached between them last week. The UAW and its members now recognize that they must be responsible for controlling more of their health-care costs. Indeed, in discussing the agreement, the UAW local president commented to The Associated Press, "It's going to affect the ... teachers union."

Ultimately, taxpayer money that could be used for salaries, additional teachers or classroom supplies – or simply returned to taxpayers – is being spent elsewhere. Competition is the only market force strong enough to keep health care costs from exploding. Accordingly, the Holland Public Schools board is to be commended for considering all its options for administering the district's health care, especially when faced with a shrinking fund balance. Nevertheless, the state Legislature should help ensure health-care competition by requiring that aggregate claims data be available to all school boards.

The signs around Holland read, "Support our teachers." To express that sentiment even better, perhaps the signs should read, "Support our teachers, not a dysfunctional health care relationship."

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