**What is VEBA?**

SDUSD and SDEA are members of Southern California Schools VEBA (Voluntary Employee Benefits Association), the healthcare trust that works to keep healthcare costs down. Serving 86,000 members in 31 districts and unions, VEBA purchases our healthcare with a “bulk discount” and SDUSD reimburses VEBA for what it spends to buy our healthcare.

**VEBA decides to move from super composite rate to tiered rate**

VEBA paid insurance companies a super composite (or average) rate for our healthcare. In turn, VEBA charged school districts for reimbursement at the super composite rate. The super composite rate has worked for us for many decades.

**DEFINITIONS**

*Super Composite Rate*

The super composite healthcare premium rate is calculated by averaging the premium cost of the three “tiers” or levels of healthcare coverage; employee only, employee plus one, or employee plus family coverage.

*Tiered Rate*

This tiered healthcare premium rate is not an average, and is instead represents the actual – not average or composite -- cost of individual member’s choice of healthcare coverage for employee, employee plus one, or employee plus family coverage.

But in recent years school districts across the state have laid off their least senior educators, who are more likely to be single and without children. As a result, participation in the “employee only” tier – the least expensive tier of coverage – shrank. The super composite rate is now *more* than the actual cost of healthcare. Both VEBA and school districts are paying more than necessary to insurance companies.

Because of the discrepancy between the super composite rate and the actual cost of healthcare premiums, the VEBA Board of Trustees decided that effective 2014 it will no longer use the super composite rate. Instead, VEBA will use a tiered rate, which represents the actual (not average) cost of premiums.

VEBA is offering school districts and unions, including SDUSD and SDEA, the option to move from the super composite to tiered rate starting a year early in 2013. VEBA calculated that if SDUSD moves to the tiered rate early, SDUSD will save $1.9 million in 2013-14. While the actual dollar amount SDUSD would remit to VEBA would be at a tiered rate, when it comes to any impacts to SDEA members, SDEA would retain the right to the super composite rate at least through 2013. SDEA has been in discussions with the other unions to explore if members can benefit from switching to a tiered rate in 2013, a year before it is required, without opening our respective contracts, and all unions will be meeting with VEBA on October 23.

**The bottom line: We’re in this together**

Fully paid healthcare is guaranteed in our current union contract. Per section 9.2.3 SDUSD is required to pay the full cost of our healthcare benefits. SDEA will not open the contract to bargain health benefits.