

Fighting for EGIP - A statewide health insurance pool

Educator Group Insurance Program (EGIP)

Out of control health care costs are affecting members, unions, districts and communities throughout Minnesota. District and individual member budgets are being pushed past their limits and even the most skilled negotiators have been unable to hold the line on excessive cost increases, coverage cuts and more cost shifting on to employees.

Education Minnesota members across the state are working to create EGIP, a statewide insurance plan for all school employees. EGIP would be a huge step forward in addressing the health insurance crisis for our members and positively change a wasteful system in Minnesota.

Why does it matter to us all?

- Health insurance costs are continuing to outpace inflation, funding, and wage increases.
- The health insurance system for our schools is broken. This affects all Minnesotans.
- Teachers, ESPs, and all school employees cannot afford to continue with this system.

What would EGIP look like?

- A statewide health insurance pool would include all school districts.
- Participation by school districts would be required.
- The total pool size is estimated to be over 100,000 employees plus any dependents.
- All public-school employees in school districts would be eligible to participate.
 - Higher Ed and educators in SEGIP would remain in their current plans.
- The Public Employee Insurance Program would merge into EGIP.

What advantages are created by a large health insurance pool?

- Leveraging economies of scale with increased purchasing power for the state.
- Stabilizing costs over time by spreading risk over a larger group.
- Efficiency in management, leading to cost savings.
- No need for district brokers and third-party administrators (Saving millions of dollars)
- A more efficient, cost-effective health insurance system.
- Ability to negotiate and influence cost savings-at other levels of health care (Clinics, PBMs, hospitals and more).

What would be the required minimum employer contributions towards premiums?

- Single plan - 95% by the employer
- Family plan - 85% by the employer
- Locals could bargain higher contribution levels with the district.
- Funding is a part of the bill and would provide state funds to districts.

[Check out the Education Minnesota website for more details](http://www.educationminnesota.org)

[View our bill with embedded explanations](#)

www.educationminnesota.org

Education Minnesota is an affiliate of the American Federation of Teachers,
the National Education Association and AFL-CIO.



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How would plan design decisions be made?

- EGIP would mirror the current design of the State Employee Group Insurance Program
- A state level labor management committee would be created and give input to be a part of the decision-making process around future plan design.

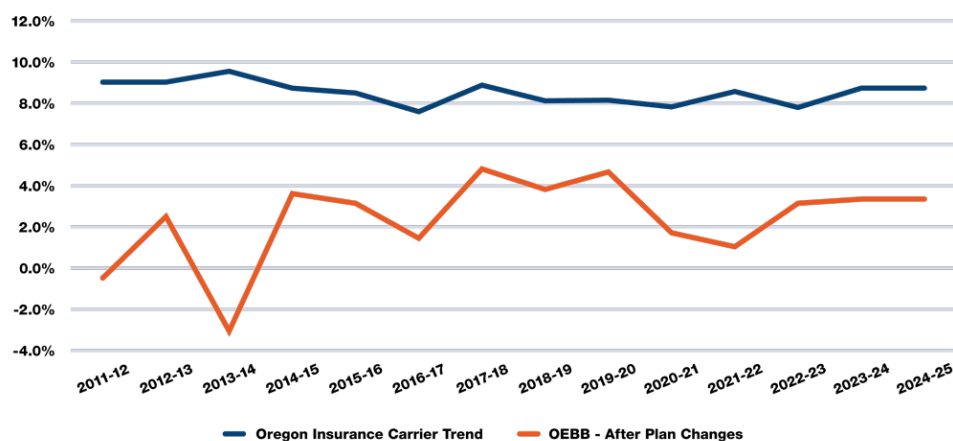
It's clear pooling has an impact:

- Alvarez & Marsal (2017): pooling educators in Kansas would save \$80M annually.
- Carey, Herring & Lenain (2009): fragmented small pools carry significantly higher administrative costs than large pools.
- American Academy of Actuaries; Morrisey (2013): risk pooling in large pools reduces volatility, protects members from adverse selection, & yields more predictable premiums.
- Oregon Studies (2003 & 2007): pooling saves \$99M per biennium in savings; later years show cost growth held to half the commercial market.
- NCSL (2020): pooling state employee benefits increases purchasing power.
- Obama Council of Economic Advisers 2012; Wray et al. 2021 and 2024; Gruber 2017: larger public pools consistently deliver lower administrative costs, greater bargaining power, and better financial protection for members.
- What Health Insurance Risk Pooling Is, and Why it's key to Maintaining Affordability

States are experiencing the benefits of large pooling, here's one example:

The [Oregon Educators Benefit Board \(OEBB\)](#) was created in 2007. It covers over 260 school districts, community colleges, education service districts, and counties with over 151,000 medical members enrolled. They operate with a vision to work with employers, members, plans, and providers to offer benefits that: support better health, improve care, and keep costs affordable.

OEBB has remained well under the 3.4% cost cap and commercial market trend



Over time, the OEBB has reduced cost growth to below market averages. [link to [chart](#)]