

Los Angeles Unified School District

OFFICE OF COMMUNICATIONS

333 S. Beaudry Ave., 24th floor

Los Angeles, CA 90017

Phone: (213) 241-6766

FAX: (213) 241-8952

www.lausd.net



News Release

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CONTACT:

Shannon Haber (213) 241-6766

Los Angeles Unified Initiative Saves \$50 Million Annually In Health-Care Costs

Over 20,000 Medicare-eligible retirees and dependents have been transitioned to a new Medicare Advantage Plan, resulting in \$50 million in annual savings and a \$3.8 billion reduction in long-term liabilities

Los Angeles Unified today announced promising results from a new approach to providing health-care benefits to retired employees. This effort was created by Los Angeles Unified and its labor partners in Summer 2018, and formally implemented in January 2019.

Los Angeles Unified and its Health Benefits Committee implemented a 50 State Anthem Preferred Medicare Advantage Plan for Medicare-eligible retirees and their eligible dependents on January 1, 2019.

The new plan will provide approximately \$50 million in annual savings for Los Angeles Unified and reduce its Other Post-Employment Benefits obligation by \$3.8 billion.

Over 20,000 of the Medicare-eligible retirees and their eligible dependents from Los Angeles Unified have been transitioned to the new Anthem Preferred Medicare Advantage Plan from various other plans.

“We must continue to find savings and make sure all of our money is going to schools and classrooms,” Superintendent Austin Beutner said. “This effort is a great example of the progress we are making working together with our labor partners.”

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“UTLA is very proud to be part of the LAUSD Health Benefits Committee,” Alex Caputo-Pearl, President of United Teachers Los Angeles, said. “Los Angeles Unified and the unions representing their employees have worked together to find significant annual health-care savings for the district and to dramatically decrease future health-care liabilities. This collective effort to reduce costs, without any health-care cuts for the people who dedicate their lives to students, should serve as a model of collaboration for the future.”

“We are proud of the health-care cost savings we achieved through our collaboration with Los Angeles Unified,” Max Arias, Executive Director of SEIU Local 99, said. “It demonstrates that, by working together, we can meet the needs of working families and ensure safe and supportive schools for the students we serve. As parents and dedicated education workers, we know how vitally important health-care benefits are to our children and communities. We look forward to continuing to work with the school district on responsible budget solutions.”

“Thank you to our labor partners and everyone involved with the Health Benefits Committee who are part of the fair and budget-friendly solution for retiree health-care!” Board President Mónica García said. “I am proud that Los Angeles Unified is taking action to address this issue with creativity, sensitivity and urgency.”

“Every day, this district is forced to make hard decisions about whether we can put nurses, counselors, and librarians in schools, keep art and music programs, or do better than a class size of 35 kids per teacher,” Board Vice President Nick Melvoin said. “Reforms like this are necessary to ensure the long-term fiscal health of Los Angeles Unified so we can provide students with the resources they need to graduate college- and career-ready, and keep the best teachers in the classroom to help get them there.”

“We are proud to honor our retirees with continued high-quality health and welfare coverage while maintaining our commitment to hold true to being good stewards of public dollars,” Board Member Dr. George J. McKenna III said.

“As a Board Member who truly believes that we can honor the health-care benefits that we promised our employees in lieu of well-deserved raises during tough economic times, I applaud these savings and the other ongoing efforts of our dedicated Health Benefits Committee and the district to cut costs,” Board Member Scott M. Schmerelson said. “This positive outcome represents how productive Los Angeles Unified can be when we work collaboratively with our labor partners.”

“Los Angeles Unified is making good-faith efforts to get our benefits spending under control,” Board Member Dr. Richard Vladovic said. “The \$50 million in annual savings and the \$3.8 billion reduction in our benefits liability structure is a great step forward, but we cannot do it alone. Health-care spending has been spiraling out of control for decades now, as our employees – and America as a whole – continues to increase in its proportion of retirees and people requiring ongoing medical attention. We need to be more aggressive with our health-care providers to bring costs down and increase services; we need more preventative care to limit spending later on when medical conditions get out of hand; we need all levels of government to take serious the looming crisis of health care and retiree spending before it is too late. Everyone must be all-in on the matter of preserving health care for those in need, all in on reforming our health care to a more productive, affordable structure.”