



## *Knowledge is power...* UNDERSTANDING THE VALUE

We are officially into 2020! As we shared back in November, MUST is excited to be able to offer member schools the option to participate in a MUST Multidistrict Cooperative arrangement. This is a new funding mechanism available to all MUST member districts. With the challenges facing our Montana public schools, the goal is to provide options that utilize flexibility and efficiencies—where it makes sense—to support our schools in their quest to offer quality, cost-effective employee health benefits.

In our travels around the state, your colleagues have asked some great questions and participated in valuable discussion we'd like to share with everyone. You—in your role—know your district best and what makes sense. Our goal is to provide you with options and tools as you work through your ongoing, annual budget process.

Will the Multidistrict Cooperative arrangement include claims experience sharing and renewal rating for participating districts?

*No*

This arrangement does not create an additional “pool” for purposes of rating.

The MUST Multidistrict Cooperative and its associated interlocal cooperative fund is solely for the district's benefit, held in its name, and for the purpose of funding or offsetting their employee's health benefit costs.

To further clarify this important distinction and separation, MUST districts—of all sizes—through the trust model receive a level of security that typical health insurers cannot provide. Our rating methodology considers differences between schools—their age, gender, and risk demographics and claim experience—and arrives at a rate with certain minimum and maximum percent increases/decreases. This approach allows MUST to assist districts in weathering periods

where claims exceed premium. Because of the minimum / maximum limits set by the trust, we are able to insulate districts from the full effect of their claim experience and offer softened rate increases.





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If we don't have funds to move around, can the MUST Multidistrict Cooperative help us?

*Yes*

This may be the case for many districts. There are some districts who experience a “use or lose” situation for certain account funds. With the newly established MUST Multidistrict Cooperative, districts using existing formal processes can with appropriate approvals transfer statutorily permissible funds into an account held in their name for funding or offsetting their employee's health benefit costs. Their respective interlocal cooperative fund can be spent down for current use or deposited until such time the district wishes to tap into the funds consistent with the MUST Multidistrict Agreement.

Through planning and annual budgeting process, Districts can consult with their advisors and school resource organizations—like MFPE, MTSBA, SAM, MREA, MASBO or OPI—to evaluate if this funding mechanism makes sense for or can be of value to the district. As you know, there are clearly defined budget protocols and approvals processes that districts must adhere to. The MUST Multidistrict Cooperative contemplates this timing sequence and is structured to compliment and align with those existing parameters.

Additionally, MUST recognizes that this arrangement may not be suitable for special educational cooperatives, as they are funded differently.

Who has access to spend the funds our district deposits into the interlocal cooperative fund established under the MUST Multidistrict Cooperative arrangement? Can MUST use the district's funds for any other purpose?

*No*

Any and all funds deposited by the district into the interlocal cooperative fund are owned by district. Funds are not co-mingled with funds of MUST or any other district. To use the funds, the district must authorize in writing specifying when and how much before MUST (as the designated prime agency) withdraws monies for the district to fund or offset their benefit costs. For example, a district can elect to have a one-time premium buy-down or elect to contribute a monthly amount toward the district's premium. The district will receive reporting regarding all fund activity associated with their account.

The district owns their fund accounts and any deposited monies. For example, MUST cannot legally or otherwise access district funds for reasons or purposes not provided for under the MUST Multidistrict Agreement. We are continually looking for ways to support and serve our public education community.

**For any additional questions, please contact your MUST representative or our office.**

*Thank you!*