

Wasco County SWCD Follow-Up on Health Insurance Premium Support Options

Following our recent board discussion, Dana and I consulted with advisors from Wheatland Insurance and Pacific Source, reached out to peer districts, and reviewed our current benefits structure to explore ways to support employees who carry spouse or dependent health coverage.

Current Structure

- **The District pays 100% of employee-only premiums** for health, dental, vision, and life insurance. These are mandatory coverages, and per prior legal guidance (received in 2019-20), employee contributions or cost-sharing is not permitted. **The District pays 0% towards spouse/dependent premiums.**
- Health insurance is the primary cost driver for employees with dependents. For 2026, our health insurance plan for family medical coverage alone costs \$2,514/month, or \$30,168/year. After subtracting the District-paid portion, this translates to \$1,632/mo or \$19,584/year out-of-pocket for employees with families.
- Employees may also choose to add dependents to dental and vision plans. These are optional and add between \$9–\$154/month depending on coverage level.
- Each employee receives a **\$150 monthly stipend** (\$1,800/year), which may be used toward dependent premiums (health, dental, or vision), optional insurances such as Aflac, or taken as taxable income.
- Three staff members waive District coverage and receive a **\$375/month opt-out stipend** in lieu of medical insurance.
- Among the employees currently enrolled with dependent coverage, annual out-of-pocket costs range from **\$10,558 to \$21,428**, depending on family size and coverage type. In contrast, employees enrolled in individual coverage pay no out-of-pocket premium costs.

Alternatives Explored

We explored additional benefit mechanisms to help offset this disparity:

- **Health Savings Accounts (HSAs)** are not allowed under our current plan because it is not a high-deductible health plan.
- **Flexible Spending Accounts (FSAs)** must be employee-funded and cannot be used for insurance premiums.

- **Health Reimbursement Arrangements (HRAs)** are not compatible with premium reimbursement under our current structure, which includes a traditional group health plan. HRAs may only reimburse premiums in limited scenarios, such as when paired with individual coverage (ICHRAs) or when no group plan is offered (QSEHRAs).

Options Moving Forward

1. **Maintain Current Structure** - Continue offering 100% employee-only coverage and the \$150 monthly stipend, recognizing that it leaves a significant gap for those with family coverage.
2. **Flat Percentage Contribution Toward Dependent Premiums**- This approach would apply a consistent percentage across all employees who enroll dependents. It's simple to administer and would reduce the financial burden for families while maintaining transparency.
3. **Tiered Contribution Model** - The District could contribute different percentages based on coverage types, such as 30% for spouse, 25% for child or children, and 50% for family coverage. This approach more accurately reflects actual cost differences and can be structured to balance fairness and fiscal impact.
4. **Flat Stipend Increase for All Employees** - While this may feel equitable, it does not directly address the higher financial burden faced by employees with dependent coverage. This option doesn't target those with higher costs and may be less cost-effective per dollar of relief.

Public Sector Comparisons*

- **Wasco County** pays 100% of employee and 75% of spouse and/or family.
- **Gilliam County SWCD** pays 100% of employee and 100% of spouse premiums.
- **Deschutes County SWCD** pays 100% of employee and 75% of family premiums.
- **Tualatin County SWCD** pays 100% of employee and 100% of family premiums.
- **Harney County SWCD** has a max payment per employee (currently \$1,300). This amount can be used to cover the employee, with any remaining balance applied toward dependent costs. Currently, an employee at Harney SWCD is around \$900 so an employee could have \$400 available to offset family/spouse premiums.
- **Malheur County SWCD** pays a flat monthly benefit towards healthcare costs. This benefit currently covers both plan options offered to employees, plus a portion of

dependent coverage. If the employee is covered with other health insurance, they contribute the entire monthly benefit into an HRA/VEBA plan.

- **Oregon school districts** often use tiered contribution models or offer employer-funded HSAs when eligible.
- According to the Bureau of Labor Statistics, **state and local governments cover an average of 72% of family premiums**, typically through tiered contributions or employer-funded accounts.

**Fellow SWCD’s were polled via email, and this information represents those who responded; other data was retrieved from publicly available sources.*

Staff Impact Snapshot

Among the employees currently enrolled in dependent coverage, annual out-of-pocket costs range from \$10,558 to \$21,428, depending on coverage level. These figures reflect the difference between total premiums and the employee-only rate, which is covered by the District. For example, under a flat 25% contribution model, employees would see annual savings of approximately \$2,600–\$5,300; 50% would represent approximately \$5,200 to \$10,600; 75% would represent approximately \$7,800 to \$15,900. A tiered model - aligned as closely as possible with actual premium differences - reduces costs by over \$10,700 for those with family coverage. A hybrid model with a \$10,000 cap provides comparable relief with a cap that limits fiscal exposure.

Contribution & Stipend Models – Fiscal Impact & Equity Comparison

| Option | Description | Estimated Annual Cost | Equity Impact | Notes |
|------------------------------|--|-----------------------|-----------------------------------|--------------------------------|
| Flat 25% Contribution | District pays 25% of dependent premiums for all enrolled | ~\$16,000 | Moderate relief for families | Simple to administer |
| Flat 30% Contribution | District pays 30% of dependent premiums | ~\$20,000 | Stronger relief for families | Still predictable and scalable |
| Flat 50% Contribution | District pays 50% of dependent premiums | ~\$33,000 | Even stronger relief for families | Still predictable and scalable |

| Option | Description | Estimated Annual Cost | Equity Impact | Notes |
|---|--|-----------------------------------|-----------------------------------|--|
| Flat 75% Contribution | District pays 75% of dependent premiums | ~\$48,000 | Very strong relief for families | Matches Wasco County's Benefits Structure |
| Tiered Contribution (25–50%) | 30% for spouse, 25-30% for child/ren, and 50% for family | ~\$24,000 | Most targeted relief | Reflects actual enrollment and premium differences |
| Hybrid Model (Tiered or Flat, Capped at \$10k) | District pays up to 50% or tiered % with a per-employee cap | ~\$23,000** | Balanced relief with cost control | Cap limits fiscal exposure |
| Flat Stipend Increase | Increase monthly stipends for all employees (e.g., add \$200/month to \$400/month) | ~\$24,000-\$48,000 | Equal benefit for all staff | Doesn't target those with higher costs; taxable if taken as income |
| Max Exposure Scenario Example | All 10 staff enroll in family coverage; District pays 50% | \$107,140 (\$100k with \$10k cap) | High relief, high cost | Useful for budget planning |
| Opt-Out Stipends (Current) | Paid to 3 staff who waive medical coverage | \$13,500 | Fixed cost | Offsets overall exposure |

**Hybrid model cost depends on cap level and actual enrollment.

Staff Impact Summary

The table below shows estimated annual out-of-pocket costs by coverage tier under various contribution models, specifically focusing on those closer to 25-50% District contribution per conversation in the prior board meeting. These figures are aggregated to protect individual privacy and reflect the remaining cost to employees after the District's contribution is applied to the premiums. The tiered and hybrid models offer the most targeted relief, especially for family coverage, while flat contributions provide moderate support across the board.

Aggregated Table: Example Annual Employee Out-of-Pocket Costs by Coverage Tier

| Coverage Tier | Current Scenario | District Covers 25% | District Covers 30% | Tiered – 30% Spouse, 25% Child/ren, 50% Family | Hybrid Model (Tiered or Flat, Capped at \$10k) |
|---------------------|------------------|---------------------|---------------------|--|--|
| Employee Only | \$0 | \$0 | \$0 | \$0 | \$0 |
| Employee + Spouse | \$11,444.40 | \$8,583.30 | \$8,011.08 | \$8,011.08 | \$8,011.08 |
| Employee + Children | \$10,558.20 | \$7,918.65 | \$7,390.74 | \$7,918.65 | \$7,918.65 |
| Employee + Family | \$21,427.92 | \$16,070.94 | \$14,999.54 | \$10,713.96 | \$11,427.92 |

Note: All figures represent estimated employee out-of-pocket costs after District contribution. Actual out-of-pocket costs may vary slightly from modeled estimates due to differences in coverage selections (e.g., opting out of vision or dental). The “Current Scenario” column reflects projected payroll deductions for enrolled staff based on 2026 renewal rates and assumes full-year participation.

Equity & Retention Considerations

- Flat stipend increases are simpler but do not address the disproportionate burden on staff with dependents.
- Premium contributions, especially tiered or capped, offer meaningful relief and align with practices in other public agencies.
- Supporting family coverage strengthens staff retention and reflects our commitment to being a family-friendly district that invests in people and community.
- Providing targeted support for dependent coverage helps ensure that staff with families are not disproportionately burdened by benefit costs.

I welcome your input as we consider next steps and explore a benefits structure that supports staff, strengthens retention, reflects our values as a family-friendly district, and compares with similar local governmental employers.

Shilah Olson, District Manager