New York School Districts Face Sharp Increase in Health Care Costs
A New York State ASBO (NYSASBO) survey of our member school districts found that for 2018-19, the average individual health care premium increase will be 5.5 percent. In 28 percent of school districts that responded, the individual premium increase is over seven percent. This will continue a recent trend of health care costs far outpacing inflation.

School districts report health care costs on their Annual Financial Report (ST-3) filings with the state.\(^1\) Over five years, total health care costs for New York school districts grew from $5.5 billion to $6.6 billion. This accounts for 9.6 percent of overall school spending. Figure 1 shows spending on health care from 2011-12 to 2016-17.

Figure 1. Total School District Spending on Health Care, 2011-12 to 2016-17

![Bar chart showing total school district spending on health care from 2011-12 to 2016-17](chart)

Figure 2 compares changes in the inflation rate and health care costs. Inflation is measured using the change in the Consumer Price Index for urban consumers (CPI-U) as measured by the US Bureau of Labor Statistics.\(^2\) While the inflation rate has been fairly low, the costs of health insurance continue to escalate rapidly.

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1 Health care costs reflect the totals reported for the category “hospital, medical, and dental insurance” in the general fund. Totals include all major school districts. The rates of increase of school district spending data calculated in this report exclude New York City.

2 Inflation is calculated for the school year indicated (July 1-June 30).
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Figure 2. Health Care Costs vs. Inflation

Figure 3. Increase in Total Spending vs. Health Care Costs
Increases in health care costs are a major driver of increases in school district spending. Figure 3 compares the increases in total spending and health care costs. In the past two years, relatively modest increases in total spending have been outpaced by the growth in health care spending. In an environment of scarce resources and modest state aid increases, escalating health care costs significantly strain school district budgets.

In a recent survey, 54 percent of our members said individual health insurance premiums increased at least 5 percent in their districts or BOCES. Among our respondents, the largest increases are in the North Country, while the smallest are in western New York (see Figure 4).

Health insurance premium increases far exceed increases in total school district spending in every region of the state. Health insurance costs would have been higher in most regions if not for school districts participation in regional consortiums that pool the buying power of many districts to negotiate better pricing. The state should take a more active role in mitigating health insurance cost increases by facilitating participation in health insurance consortiums and retooling the New York State Health Insurance Plan (NYSHIP) to reduce prescription drug costs.

Figure 4. Planned 2018-19 Health Insurance Premium Increases, by Region

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3 Survey results based on 119 school districts that completed the questionnaire.