



TESTIMONY – ARKANSAS LEGISLATIVE TASK FORCE – STATE AND PUBLIC SCHOOL EMPLOYEES HEALTH INSURANCE PROGRAM

Presented by AEA Executive Director, Tom Dooher
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The health insurance premiums for Arkansas School employees have had a history of large rate increases primarily due to escalating health care costs above the rate of the cost of living and well above the raises seen by many school employees particularly since 2010. The employee cost for the employee only plan has increased and this is also exacerbated by the insufficient salary increase over the same period.

Insurance increases – employee		Salary increases to average teacher salary	
2011	11.6%	2010-11	1%
2012	10%	2011-12	.7%
2013	21%	2012-13	.9%
2014	10%	2013-14	Not Available

AEA believes that the legislature must provide a more equitable funding system for school employee health insurance. Some important facts to consider include: The Kaiser Family Foundation’s (KFF’s) 2013 Employer Health Benefits Survey reports that nationally, employees pay 17 percent and employers pay 83 percent of single coverage premiums, and employees pay 27 percent and employers pay 73 percent of the family coverage premiums. In Arkansas, the PSE members for single coverage pay 47% of the cost while employers pay 53% and for families the employer and state pay 16% and the employee pays 84% of the cost of the plan. We can look to the state employee plan where the employee pays approximately 25% of the cost and the employer pays 75% for a single plan and 50% of the cost of a family plan. When we look at participation in the plans, which would help with funding, we find that when funding above the minimum contribution (\$150 per month) increases so does participation. We reach over 70% participation only when the district contribution is over \$200 per month. Whether from the state or the local district or a combination of the two we believe that 75% of the single premium cost should be borne by the employer.