



STATE OF ARKANSAS
**Department of Finance
and Administration**

EMPLOYEE BENEFITS DIVISION

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Nell Smith
Bureau of Legislative Research

Mrs. Smith:

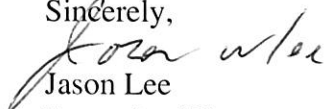
In regards to your previous questions concerning the public school employee health insurance funding, option 1 would provide approximately \$4 million in additional funding for the health insurance rates. Under this option, the current funding of \$55 million provided through the matrix funding would be diverted to EBD directly and increased to \$59 million. This level of additional funding would equate to approximately \$7 per employee per month of new assistance.

Assuming that I understand the additional funding sources correctly, this method would however increase the administrative burden on both EBD and each district. Both entities would have to reconcile not only which employees have insurance and which do not but also which are funded by direct contribution and which would still be invoiced at the \$131 per month due to other funding sourced provided to the district.

Option 2, eliminating the other funding sources and providing only the \$59 million from the matrix would have a catastrophic effect on the plan. It would result in the loss of tens of millions of dollars of funding and would force the Board to reconsider the foundational structure of the plan and which plan options are offered to the employee population.

I hope that this provides some assistance for you. As always, we will be glad to provide any additional assistance regarding plan impact and pricing that may be beneficial in your duties.

Sincerely,


Jason Lee
Executive Director