

MEETING SUMMARY

**JOINT SUBCOMMITTEE ON
PUBLIC SCHOOL EMPLOYEE HEALTH INSURANCE
OF THE
HOUSE AND SENATE INTERIM COMMITTEES ON EDUCATION**

Thursday, November 1, 2012

3:00 P.M.

Room 171, State Capitol

Little Rock, Arkansas

Senator Johnny Key, the Senate Co-Chair of the Joint Subcommittee on Public School Employee Health Insurance of the House and Senate Interim Committees on Education, called the meeting to order at 3:00 p.m.

MEMBERS OF THE SENATE INTERIM SUBCOMMITTEE ON PUBLIC SCHOOL EMPLOYEE HEALTH INSURANCE IN ATTENDANCE: Senator Johnnie Key, Co-Chair; Senator Joyce Elliott; and Senator Jimmy Jeffress, ex officio.

MEMBERS OF THE HOUSE INTERIM SUBCOMMITTEE ON PUBLIC SCHOOL EMPLOYEE HEALTH INSURANCE IN ATTENDANCE: Representative Randy Stewart, Co-Chair; Representative Robert Dale; Representative Karen Hopper; and Representative Homer Lenderman.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Representative Tommy Lee Baker; Representative Nate Bell; Representative David Branscum; Representative Jerry Brown; Representative John Burris; Representative Buddy Lovell; Representative Walls McCrary; Representative Mike Patterson; Representative Johnnie Roebuck; Representative Tiffany Rogers; Representative Jeff Wardlaw; and Representative Bruce Westerman.

Remarks by the Co-Chair:

Senator Key described the contents of the packets and the handouts distributed to members.

Handouts:

Attorney General Opinion 91-244

Attorney General Opinion 2010-049

Dermott Special School District et al. v. Johnson

Discussion of the Potential Impact of the Affordable Care Act on Public School Employee Health Insurance

Presenter & Synopsis:

Ms. Nell Smith, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Ms. Smith provided information about how the Affordable Care Act will affect public school employees' health insurance. She described the major components of the Affordable Care Act, including health benefits exchange, employer requirements, impact of employer requirements on districts, individual mandates, and impact of individual mandates on district employees. Ms. Smith provided an example of how an exchange and premium credits would figure into an employee's decision

making, and included the premium cost for the state plan and the premium cost for coverage through an exchange with premium credits. She described contributing variables that make projections of enrollment numbers a challenge.

Contributors to the Discussion (in order of testimony):

Mr. Jay Bradford, Arkansas Commissioner of Insurance, Arkansas Insurance Department
Ms. Cynthia Crone, Director of Health Insurance Exchange Planning, Arkansas Insurance Department
Mr. George Platt, Deputy Executive Director, Employee Benefits Division, Arkansas Department of Finance and Administration
Mr. Richard Wilson, Assistant Director, Research Services, Bureau of Legislative Research

Issues Discussed:

- ♦ effect, if any, on retired teachers,
- ♦ cost-cutting measures,
- ♦ income levels and definition of an “individual’s household income,”
- ♦ penalties,
- ♦ blended families’ incomes figuring into “household income,”
- ♦ concerns about auto enrollment,
- ♦ impact of the expansion of Medicaid,
- ♦ conclusions able to be drawn about the effect on rates for public school employees’ health insurance going into 2014,
- ♦ consideration of school districts as one large pool for health insurance purposes,
- ♦ unrestricted funds provided for health insurance in the Matrix,
- ♦ creating a new methodology for the Matrix,
- ♦ funding in the Matrix for insurance premiums for non-certified employees,
- ♦ co-pays and deductibles for the Gold, Silver, and Bronze plans,
- ♦ clarification of how funds are sent to schools through the Matrix,
- ♦ participation rates,
- ♦ request for an actuarial study from the Employee Benefits Division (EBD) to show the impact of sending all funds to EBD,
- ♦ difference in cost of coverage for state and public school employees, and
- ♦ qualifications for subsidies on an exchange.

PowerPoint Presentation:

Affordable Care Act and Public School Employees Health Insurance

Handouts:

Affordable Care Act and Public School Employees Health Insurance
BLR Average Cost of Health Insurance
2013 Rate Sheet for Public School Active Employees
Premium Credits

Continued Review of Issues Related to Public School Employee Health Insurance

Presenter & Synopsis:

Mr. Rich Nagel, Executive Director, Arkansas Education Association, was recognized. Mr. Nagel explained the addition of new information and format changes made by the Arkansas Education

Association (AEA) to a series of spreadsheets received by Subcommittee members at the last meeting. He said that in working with the information, the AEA prepared a memorandum with certain findings of facts to share with the Subcommittees. He said the spreadsheets only include data from school districts and do not include charter schools or educational service cooperatives. Mr. Nagel briefly reviewed points in the memorandum.

Issues Discussed:

- o AEA continuing to work on millage rates,
- o school districts employing more/less employees than provided for in the Matrix,
- o in terms of Adequacy, professional judgment panels had far higher numbers of school employees for the needs of Arkansas students than Odden and Picus,
- o reevaluating the Matrix, and
- o making additional revisions to the spreadsheets.

Handouts:

Memo -- Review of Issues Related to Public School Employee Health Insurance and Some Findings of Fact

Spreadsheet - Participation Rate Grouped by Per Member Per Month Contribution

Spreadsheet - Ranked by Per Member Per Month Contribution

Next Scheduled Meeting:

Wednesday, November 14, 2012, at 3:00 p.m. in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 4:36 p.m.

Approved: 12/20/12