

EBD Timeline

1. Print new ID cards 12/01/14
2. Open enrollment- ASE 10/01/14
3. Open Enrollment- PSE 09/01/14
4. Board approval new ASE rates 08/14
5. Board Approval new PSE rates 07/14
6. Board Approval new ASE plan options 07/14
7. Board Approval new PSE plan options 06/14

IF MORE THAN THREE PLAN OPTIONS ARE REQUIRED

1. New claims administrator must be ready to pay claims 1/1/15
 - a. Award contract July, 2014
 - b. Review bid process complete- June 2014
 - c. Bids received in May, 2014
 - d. RFP release- April, 2014
 - e. RFP approved by OSP- April, 2014
 - f. RFP drafted- March, 2014
 - g. Identify additional plan options by March 1, 2014

Public School Employee Health Plan

Issues

1. Non-employee contributions
 - a. Employees contribute 47% of premium
 - b. Goal should be employees contribute 30% for single coverage and 50% of family cost.
2. Participation by employees is less than 65%
 - a. Goal should be 75 % participation
3. Benefit design
 - a. Eliminate parity between PSE and ASE plans
 - b. Offer minimum essential coverage plan
 - c. Require HSA contributions by employees in QHDHP
 - d. Require employer contributions to HSAs.
 - e. Tobacco surcharge
 - f. Mandatory wellness plan with penalties and rewards
4. FICA savings to health plan
5. Coverage for spouses
6. Authority to terminate plan
7. Premium per dependent

Barriers

1. Open enrollment- A.C.A §21-5-405(b)(6)
2. Mandatory Benefits
 - a. Bariatric Surgery- Act 855 of 2011
3. Part-time employees eligibility
 - a. A.C.A.§ 6-17-1111(a)(1)
 - b. A.C.A.§ 6-17-1116 Bus Drivers

6-17-1111. Life and disability insurance — Employee eligibility — Allocation of costs.
Statute text

(a) Eligible employees shall include:

(1) All licensed employees in public schools who are normally expected to work nine hundred (900) hours or more per year, whose salaries are paid from the school district's teacher salary fund, and all other employees of public schools who are normally expected to work nine hundred (900) hours or more per year and whose salaries are paid from the school district's local or state revenue; and

(2)(A) All other employees of the school district whose salaries are not paid from the school district's local or state revenues, provided these employees are licensed or they are normally expected to work nine hundred (900) hours or more per year.

(B) The employing school district is required to pay the same amount per month for the employees in subdivision (a)(2)(A) of this section as the General Assembly appropriates for employees in subdivision (a)(1) of this section.

(C) The State and Public School Life and Health Insurance Board may establish the manner in which this payment is to be made if the manner of payment is not in violation of any other law, rule, or regulation governing the school district.

(b) If an employee draws part of his or her salary from the school district's local or state revenue and part of his or her salary from another fund administered by the school district, the employer's share of the cost of his or her insurance shall be prorated between the provisions of subdivisions (a)(1) and (2) of this section.

History

History. Acts 1977, No. 834, § 12; 1983, No. 321, § 1; A.S.A. 1947, § 80-5112; Acts 1987, No. 632, § 1; 2009, No. 376, § 31; 2011, No. 989, § 54; 2013, No. 1138, § 37.

Annotations

Amendments. The 2009 amendment, in (2)(C), substituted “State and Public School Life and Health Insurance Board” for “committee,” and made minor stylistic changes.

The 2011 amendment substituted “licensed” for “certified” in (1) and (2)(A).

The 2013 amendment subdivided and redesignated part of the former introductory language as present (a) and former (3) as present (b); in (a)(2)(B), substituted “the employees in subdivision (a)(2)(A) of this section” for “these employees” and “(a)(1)” for “(1)”; and, in present (b), substituted “If an employee draws” for “In the event that an employee shall draw” and inserted “(a)” near the end.

6-17-1116. School bus drivers.

Statute text

(a) For the purposes of this section, a full-time school bus driver is:

(1) A person who contracts with a public school district to operate a school bus for at least seven hundred twenty (720) hours during the school year;

(2) A person whose primary source of income during the school year is obtained by operating a school bus for a public school district; or

(3) A person who contracts with a public school district to operate a school bus and is designated by the superintendent as a full-time school bus driver, regardless of the number of hours for which the person contracted.

(b) All full-time school bus drivers who are not under current law eligible to participate in the public school employees insurance program provided for by §§ 6-17-1109 and 6-17-1111 — 6-17-1115 shall hereafter be eligible to participate in the program provided that they pay all costs associated with participating in the program unless the employing school district opts to pay all or a portion of that cost.

History

History. Acts 1991, No. 736, §§ 1, 2; 2001, No. 321, § 1; 2001, No. 1253, § 1.

Annotations

A.C.R.C. Notes. References to “this subchapter” in §§ 6-17-1109 — 6-17-1115 may not apply to this section which was enacted subsequently.

6-17-1117. Health insurance.

Statute text

(a)(1) Beginning on January 1, 2014, a school district shall pay the health insurance contribution rate of one hundred fifty dollars (\$150) per month for each eligible employee electing to participate in the public school employees' health insurance program.

(2) The contribution rate under this subsection (a) shall increase annually by the same percentage that the legislature increases the salary and benefit component of the per-student foundation funding amount under § 6-20-2305.

(b)(1)(A) The Department of Education shall pay the Employee Benefits Division of the Department of Finance and Administration a minimum of sixty-one dollars (\$61.00) per month for each eligible employee electing to participate in the public school employees' health insurance program administered by the State and Public School Life and Health Insurance Board.

(B) The Department of Education shall make the total contributions under subdivision (b)(1)(A) of this section by transferring thirty-five million dollars (\$35,000,000) to the division in eleven (11) equal monthly installments.

(2) The funds provided to the division under this subsection shall be administered by the board for the benefit of the employee participants of the public school employees' health insurance program.

(3)(A) In the event that appropriation or funding is not provided, the department shall not be responsible for the increased payments for the public school employees' health insurance program as established by this section.

(B) If funding and appropriation are provided but are inadequate for the total number of employees electing to participate in the public school employees' health insurance program, the department shall pay a proportional share on behalf of each participant.

(C) If funding and appropriation are provided and exceed the amount needed to make the minimum contribution under subdivision (b)(1)(A) of this section, the department shall pay a proportional share of the excess on behalf of each participant.

(c)(1) A school district shall:

(A) Provide the same employer-provided health insurance benefits for all full-time school district employees; and

(B) Pay the same employer contribution rate for each eligible employee electing to participate in the public school employees' health insurance program.

(2) If a school district entered into a contract with a superintendent, teacher, or other personnel prior to April 11, 2006, and the contract provides for a higher employer contribution rate than is paid for a majority of the licensed personnel in the school district, then the school district may continue to pay the higher contribution rate as provided under the existing contract but not under extensions, addendums, or new contracts created after April 11, 2006, without increasing all other employees to the same rate.

(3) Any school district that entered into contracts with classified personnel prior to July 31, 2007, and the contracts provided for a higher employer contribution funding amount than is paid for licensed personnel in the school district shall freeze the employer contribution funding amount for classified employees until such time as the funding amount contributed for licensed personnel equals or exceeds the funding amount provided for classified employees.

History

History. Acts 1995, No. 1194, § 14; 2001, No. 1745, § 1; 2005, No. 1842, § 1; 2006 (1st Ex. Sess.), No. 24, § 1; 2006 (1st Ex. Sess.), No. 25, § 1; 2007, No. 229, § 28; 2007, No. 306, § 1; 2007, No. 1009, § 18; 2007, No. 1420, § 32; 2013, No. 517, § 1; 2013, No. 1138, § 39.
Annotations

A.C.R.C. Notes. References to “this subchapter” in §§ 6-17-1109 — 6-17-1116 may not apply to this section which was enacted subsequently.

As enacted, this section ended:

“Furthermore, beginning with the 1996-97 fiscal year, the appropriation contained herein for Public School Employee Insurance shall be used to provide the state contribution for insurance premiums for employees of the Cooperative Education Services Areas, Vocational Centers and the school operated by the Department of Correction.”

Acts 2009, No. 1421, § 27, provided:

“PUBLIC SCHOOL RETIREE HEALTH INSURANCE. The Employee Benefits Division of the Department of Finance and Administration may use up to eleven dollars and twenty cents (\$11.20) from each contribution made under Arkansas Code § 6-17-1117 (a) to offset the cost of health insurance premiums to eligible members electing to participate in the public school employees' health insurance program as a retiree.”

Acts 2010, No. 293, § 25, provided: “PUBLIC SCHOOL RETIREE HEALTH INSURANCE. The Employee Benefits Division of the Department of Finance and Administration may use up to eleven dollars and twenty cents (\$11.20) from each contribution made under Arkansas Code § 6-17-1117(a) to offset the cost of health insurance premiums to eligible members electing to participate in the public school employees' health insurance program as a retiree.”

Acts 2011, No. 855, § 1, provided:

“Legislative findings. The General Assembly finds that:

“(1) Morbid obesity causes many medical problems and costly health complications, such as diabetes, hypertension, heart disease, and stroke;

“(2) The cost of managing the complications of morbid obesity, largely due to inadequate treatment, far outweighs the cost of expeditious, effective medical treatment;

“(3) Guidelines developed by the National Institutes of Health, the American Society for Bariatric Surgery, the American Obesity Association, and Shape Up America and embraced by the American Medical Association and the American College of Surgeons recommend that patients who are morbidly obese receive responsible, affordable medical treatment for their obesity; and

“(4) The diagnosis and treatment of morbid obesity should be a clinical decision made by a physician based on evidence-based guidelines.”

Acts 2011, No. 855, § 2, provided:

“Definitions.

“As used in this subchapter:

“(1) ‘Body mass index’ means body weight in kilograms divided by height in meters squared; and

“(2)(A) ‘Morbid obesity’ means a weight that is at least two (2) times the ideal weight for frame, age, height, and gender of an individual as determined by an examining physician.

“(B) Morbid obesity may be measured as a body mass index:

“(i) Equal to or greater than thirty-five kilograms per meter squared (35 kg/m²) with comorbidity or coexisting medical conditions such as hypertension, cardiopulmonary conditions, sleep apnea, or diabetes; or

“(ii) Greater than forty (40) kilograms per meter squared (40 kg/m²).”

Acts 2011, No. 855, § 3, provided:

“Pilot Program on coverage for morbid obesity diagnosis and treatment.

“(a)(1) A state and public school employees health benefit plan that is offered, issued, or renewed on or after January 1, 2012, shall offer coverage for the diagnosis and treatment of morbid obesity.

“(2) The coverage for morbid obesity offered under subdivision (a)(1) of this section includes without limitation coverage for bariatric surgery including:

“(A) Gastric bypass surgery;

“(B) Adjustable gastric banding surgery;

“(C) Sleeve gastrectomy surgery, and

“(D) Duodenal switch biliopancreatic diversion.

“(b) A state and public school employees health benefit plan shall offer the benefits under this section to the same extent as for other medically necessary surgical procedures under the enrollee's or insured's contract or policy with the entity.

“(c) The coverage for morbid obesity diagnosis and treatment offered under this subchapter does not diminish or limit benefits otherwise allowable under a state and public school employees health benefit plan.”

Acts 2011, No. 855, § 4, provided:

“RULES. The State and Public School Life and Health Insurance Board shall adopt rules to implement this subchapter.”

Acts 2011, No. 855, § 5, provided:

“This act shall become null and void and cease to have any effect at midnight on December 31, 2017.”

Acts 2011, No. 1175, § 25, provided: “The Employee Benefits Division of the Department of Finance and Administration may use up to eleven dollars and twenty cents (\$11.20) from each contribution made under Arkansas Code § 6-17-1117(a) to offset the cost of health insurance premiums to eligible members electing to participate in the public school employees' health insurance program as a retiree.”

Acts 2011, No. 1175, § 27, provided: “HEALTH INSURANCE.

The appropriation contained herein for Public School Employee Insurance each fiscal year shall be used to provide the state contribution for insurance premiums for employees of the Cooperative Education Services Areas, Vocational Centers, and the school operated by the Department of Correction who participate in the Arkansas Public School Life and Health Insurance Program.

“The provisions of this section shall be in effect only from July 1, 2011 through June 30, 2012.”

Acts 2012, No. 269, § 25, provided: “PUBLIC SCHOOL RETIREE HEALTH INSURANCE.

The Employee Benefits Division of the Department of Finance and Administration may use up to eleven dollars and twenty cents (\$11.20) from each contribution made under Arkansas Code § 6-17-1117 (a) to offset the cost of health insurance premiums to eligible members electing to participate in the public school employees' health insurance program as a retiree.”

Acts 2012, No. 269, § 27, provided: “HEALTH INSURANCE.

The appropriation contained herein for Public School Employee Insurance each fiscal year shall be used to provide the state contribution for insurance premiums for employees of the Cooperative Education Services Areas, Vocational Centers, and the school operated by the Department of Correction who participate in the Arkansas Public School Life and Health Insurance Program.

"The provisions of this section shall be in effect only from July 1, 2012 through June 30, 2013." Acts 2013, No. 1309, § 28, provided: "PUBLIC SCHOOL RETIREE HEALTH INSURANCE.

The Employee Benefits Division of the Department of Finance and Administration may use up to eleven dollars and twenty cents (\$11.20) from each contribution made under Arkansas Code § 6-17-1117 (a) to offset the cost of health insurance premiums to eligible members electing to participate in the public school employees' health insurance program as a retiree."

Amendments. The 2005 amendment deleted former (a) and (b); redesignated former (c) as present (a); and added present (b).

The 2006 (1st Ex. Sess.) amendment by identical acts Nos. 24 and 25 added (c).

The 2013 amendment by No. 517, in (a)(1), substituted "Beginning on January 1, 2014, a school district" for "Beginning on October 1, 2004, local school districts" and "one hundred fifty dollars (\$150)" for "one hundred thirty-one dollars (\$131)"; and added (a)(2).

The 2013 amendment by No. 1138 substituted "licensed" for "certified" in (c)(2) and twice in (c)(3).

21-5-405. Additional duties.

Statute text

(a) The State and Public School Life and Health Insurance Board and the executive director shall take a risk management approach in designing the state and public school employees and retirees benefit programs. The board shall ensure that the state and public school employees and retirees benefit programs are maintained on an actuarially sound basis as determined by actuarial standards established by the board.

(b) In addition to the objectives stated in § 21-5-404, the board shall:

- (1) Develop uniform standards of vendor plan funding;
- (2) Promote increased access to various plan options and health care models;
- (3) Promote access to those vendors who will enhance plan options availability in rural

Arkansas and in bordering states;

(4)(A) Utilize the combined purchasing power of the state employee and public school personnel programs to foster competition among vendors and providers for the programs.

(B) Any state agency or school district that accepts state funds intended to partially defray the cost of health and life insurance for the employees of the state and public schools shall:

(i) Use those funds only for the state and public school employees health benefit plans sponsored by the board; and

(ii) Agree to rules of participation as stated in the policies adopted by the board and as defined in the regulations and procedures issued by the Executive Director of the Employee Benefits Division of the Department of Finance and Administration, including, but not limited to, timely eligibility reporting, prepayment of insurance premiums, actuarial adjustment for new enrollees, and any other requirements deemed necessary by the board;

- (5) Assure guaranteed issue; and

(6) Ensure an annual enrollment period.

(c) Benefit plan vendors are required to provide detailed information in order to justify rate increases or inadequate performance reporting as defined by the board.

History

History. Acts 1995, No. 1206, § 5; 1997, No. 1295, § 1; 1999, No. 1280, § 5; 2007, No. 1009, § 5.

Annotations

Publisher's Notes. Former § 21-5-405, concerning committee officers and proceedings, was repealed by Acts 1995, No. 1206, § 9. The former section was derived from Acts 1972 (Ex. Sess.), No. 48, § 7; 1981, No. 749, § 3; 1981, No. 838, § 5; 1983, No. 423, § 1; A.S.A. 1947, § 12-3107; Acts 1991, No. 867, § 4; 1992 (1st Ex. Sess.), No. 27, § 1; 1992 (1st Ex. Sess.), No. 28, § 1.

Amendments. The 1999 amendment rewrote this section.

PSE Coverage For Spouse

Versus Exchange Coverage

Exchange Gold \$500 Deductible

Age 64- \$785.04 Per Month

PSE Gold

\$880.54 Per Month

Exchange Bronze \$5500 Deductible

OOPM \$6350

Age 46 - \$256.94 per month

PSE Bronze \$2000/\$3000

OOPM \$6350

\$255.77 per month

School District Example

IRS Penalty Affordable Care Act

500 employees

325 EEs participate = 65% participation level

Current funding at \$150 PPE- $325 \times \$150 \times 12 = \$585,000$ annual or \$1800 per participating EE

IRS Fine= \$2000 per FTE minus first 30

$500 - 30 = 470 \times \$2000 = \$940,000$ per year fine

\$355,000 additional expense to District

To fund \$150 per month per eligible employee= $\$150 \times 500 = 75,000 \times 12 = \$900,000$

200 employees

130 EE's participate= 65% Participation level

Current Funding at \$150 PPE- $130 \times \$150 \times 12 = \$234,000$ annual or \$1800 per participating employee

IRS Fine= \$2000 per FTE minus first 30

$200 - 30 = 170 \times \$2000 = \$340,000$ per year fine

\$106,000 additional expense to District

To fund \$150 per eligible employee = $\$150 \times 200 \times 12 = \$360,000$

