

MEETING SUMMARY

STATE AND PUBLIC SCHOOL
LIFE AND HEALTH INSURANCE PROGRAM
LEGISLATIVE TASK FORCE

Monday, January 26, 2015
Upon Adjournment of Both Chambers
Room 171, State Capitol
Little Rock, Arkansas

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 3:00 p.m.

MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE: Senator Jim Hendren, Chair; Senator Eddie Cheatham; Senator Jason Rapert; Senator David J. Sanders; Representative Bruce Cozart; Representative Bill Gossage; and Representative George B. McGill.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Joyce Elliott; Representative Ken Bragg; and Representative Sheilla Lampkin.

Minutes:

Without objection, the minutes of December 16, 2014, were approved as written.

Exhibit:

Exhibit C – 12/16/14 Minutes

Remarks by the Chair

Senator Hendren welcomed new members of the Task Force, Representative Charlie Collins and Representative Bruce Cozart.

Relevant Action:

The Honorable Bruce Cozart, State Representative, District 24, was recognized, and made a motion to select the Honorable Bill Gossage, State Representative, District 82, as Vice Chair of the Task Force. The motion was seconded by Senator Eddie Cheatham.

Pursuant to the motion by Representative Cozart, and without objection, the motion was carried.

Senator Hendren stated the focus of Task Force meetings for this period would be to determine if there are any legislative changes that need to be made. He said members would review and discuss draft bills for potential recommendations to the General Assembly.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing the numbers from January 1, 2014 through December 31, 2014 with those from January 1, 2013 through December 31, 2013. He said that both plans ended the year in the positive; and 2014 showed an improvement over 2013. He noted the actuary would have a complete recap for 2014 available at the next meeting.

Contributor to the Discussion:

Mr. John Colberg, EA Principal Consulting Actuary, Cheiron

Issues Included in the Discussion:

- actuarial advice on an acceptable level of reserves for plans of this size, and
- differences in allocation of reserves.

Handouts:

ASE and PSE Financials, January 1, 2014 through December 31, 2014 and January 1, 2013 through December 31, 2013

Discussion of Possible Funding Options for Representative Gossage's Proposal for the Provision of Health Insurance to New Certified Public School Employees

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized, and discussed possible strategies for funding of Representative Gossage's proposal within current Employee Benefits Division (EBD) revenues versus utilizing new dollars. He reviewed a handout, *Subsidy Cost for New Teachers*, containing a chart illustrating the cost of paying a premium subsidy for first-year teachers over a five-year period. He noted the increased expense for school districts over that five-year period.

Contributor to the Discussion:

Mr. John Colberg, EA Principal Consulting Actuary, Cheiron

Issues Included in the Discussion:

- affect of new insurance regulations and laws regarding discrimination,
- planned design that might attract younger participants,
- funding through an account similar to a Health Savings Account (HSA),
- coming up with a nondiscriminatory plan, and
- generating funds to pay for new teachers.

Handouts:

Draft Legislation Health Insurance Contribution Requirements
Subsidy Cost for New Teachers

Discussion of Possible Legislation Mandating that any School District Proposal for an Employee Salary Increase Must Contain a Proportional Increase in a School District's Contribution Toward Public School Employee Health Insurance

Presenter:

Senator Hendren introduced a draft bill the subject of which is that when a school district increases salary, the district has to make a proportional increase to benefits. He stated no action would be taken on the bill today; and asked if any organization wanted to make comments.

Contributors to the Discussion:

Dr. Richard Abernathy, Executive Director, Arkansas Association of Educational Administrators (AAEA), was recognized, and said the bill has some merit but needs further exploration.

Ms. Roslyn Middleton, Assistant Attorney General, Office of the Attorney General, was recognized. Ms. Middleton said the Attorney General's Office has no position on the bill.

Ms. Brenda Robinson, President, Arkansas Education Association (AEA), was recognized. Ms. Robinson said the position of the AEA on the bill is that it does have merit; but also has a few challenges that need to be examined.

Dr. Michele Linch, Executive Director, Arkansas State Teachers Association (ASTA), was recognized, and stated that ASTA can definitely support the bill; but raised teacher members' concerns about also meeting the needs of the support staff.

Issue Included in the Discussion:

- providing solutions for fellow employees.

Senator Hendren said he would work with Dr. Abernathy to come up with a little more clarity on the formula and details of this requirement. He commented that he would ask that action be taken on this for presentation as a Task Force bill.

Handout:

Draft Legislation to Establish the New Teacher Health Insurance Incentive Program

Discussion of Possible Client Survey by the Employee Benefits Division (EBD)

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander said several options for conducting a client survey had been reviewed. He stated the cost and time involved with mailing out a survey would be prohibitive. With regard to an online survey, he said that the EBD had studied one that the State of North Carolina had conducted. He commented that this might be a viable method; however, the cost needs to be determined and the details need to be studied. He said questions for the survey would have to be developed professionally, and he had a vendor, Arkansas Center for Health Improvement (ACHI), in mind. He commented that to do an online survey right, it would be time consuming, and the timeframe needed to implement the survey would pass the June 15 Task Force deadline.

Issues Included in the Discussion:

- ◆ necessity or value of doing a survey,
- ◆ input from teachers continues to make a survey necessary,
- ◆ value lies in a survey that is professionally executed and in which complete data is supplied, and

- ◆ necessity of looking at state employees as well as teachers.

Senator Hendren commented that the next meeting of the Task Force would be an action meeting. He said technical correction bills would be reviewed as well as any other proposals on which members would like to have a recommendation for this General Session. He requested the Task Force members to think about the possibility of extending the sunset for the Task Force which is currently June 30, 2015.

Handout:

Employee Survey, Arkansas Center for Health Improvement (ACHI) Memo

Next Scheduled Meeting:

Monday, February 23, 2015, Upon Adjournment of the House and Senate, in Room 171 of the State Capitol in Little Rock

Adjournment:

The meeting adjourned at 3:45 p.m.

Approved: 02/23/15