

State of Arkansas  
86th General Assembly  
Regular Session, 2007

# A Bill

HOUSE BILL 1519

By: Representative Pickett

## For An Act To Be Entitled

AN ACT TO MAKE STATE CONTRIBUTIONS AVAILABLE FOR  
THE PUBLIC SCHOOL EMPLOYEES' HEALTH INSURANCE  
PROGRAM; TO REMOVE THE ALLOCATION FOR HEALTH  
INSURANCE FROM FOUNDATION FUNDING FOR PUBLIC  
SCHOOLS; AND FOR OTHER PURPOSES.

## Subtitle

AN ACT TO MAKE STATE CONTRIBUTIONS  
AVAILABLE FOR THE PUBLIC SCHOOL  
EMPLOYEES' HEALTH INSURANCE PROGRAM.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 6-17-1112 is amended to read as follows:

6-17-1112. Life and disability insurance - Members of retirement  
systems.

(a) Members of the Arkansas Teacher Retirement System and the Arkansas  
Public Employees' Retirement System who have rendered, or shall render,  
service as employees of the public schools who hereafter retire and receive  
retirement benefits under such systems shall be eligible to participate in  
the group insurance program instituted pursuant to the provisions of this  
subchapter and other laws enacted to implement such programs, provided that  
such persons are participating in the group insurance program at the time of  
retirement.

(b) In addition, upon the death of an active member or a retired  
member of the Arkansas Teacher Retirement System, the survivors of such  
member who are eligible for an annuity under the system and who were covered



on the active member's policy at the time of death shall have the option of continuing to be a member of such insurance group at the prevailing rates established for members of the Arkansas Teacher Retirement System, upon application for such coverage.

~~(c) However, persons~~ A person drawing retirement benefits under the Arkansas Teacher Retirement System and the Arkansas Public Employees' Retirement System who ~~wish~~ wishes to participate or continue to participate in the group insurance program provided for ~~herein~~ in this subchapter shall pay the ~~full amount~~ retiree portion of the premium or cost of the policy, and such retiree's portion of the premium or cost shall be deducted from the retirement benefit ~~checks~~ check of ~~such participants~~ the participant.

SECTION 2. Arkansas Code § 6-17-1117 is amended to read as follows:

6-17-1117. Health insurance.

~~(a) Beginning on October 1, 2004, local school districts shall pay the health insurance contribution rate of one hundred thirty one dollars (\$131) per month for each eligible employee electing to participate in the public school employees' health insurance program.~~

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

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

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

~~(ii) 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.~~

~~(B) Notwithstanding the special language provision in the~~

~~department's appropriation act granting transfer authority or any other law to the contrary, appropriation and funding provided for the purposes of this section shall not be transferred by the department for any other purpose.~~

~~(e)(1)(a)~~ A school district shall:

~~(A) Provide 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 certified personnel in the district, then the 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.~~

(b)(1) Beginning April 1, 2007, a public school district shall report to the Department of Education, in the manner required by the department for coding into the Arkansas Public School Computer Network, the information needed to ascertain the eligibility of all employees in the public school district for participation in the public school employees' health insurance program administered by the State and Public School Life and Health Insurance Board.

(2) A public school district shall make its initial report by April 1, 2007, and update the information at least monthly as employees are hired or leave the public school district's employment.

(3) A final adjustment in the reported number of eligible employees shall be made by the Department of Education on September 1 of the reporting year.

SECTION 3. Arkansas Code § 21-5-414 is amended to read as follows:

21-5-414. State contributions generally – Partial state contribution of employees' premiums.

(a) The Department of Finance and Administration shall seek the advice of the Legislative Council and the House Interim Committee on Insurance and Commerce and the Senate Interim Committee on Insurance and Commerce before

1 additional contributions can be made.

2 (b)(1) The State of Arkansas, on behalf of agencies participating in  
3 the plans adopted by the state, is authorized to make a monthly contribution  
4 equal to the number of budgeted state employee positions multiplied by the  
5 monthly contribution authorized by the Chief Fiscal Officer of the State, not  
6 to exceed three hundred fifty dollars (\$350) monthly for each state employee  
7 budgeted position into a fund designated for state employee health benefits,  
8 to partially defray the cost of life and health insurance for employees of  
9 the state participating in the plan sponsored by the State and Public School  
10 Life and Health Insurance Board.

11 (2)(A) The state, on behalf of participating employees in the  
12 public school employees' health insurance program administered by the State  
13 and Public School Life and Health Insurance Board, is authorized to make a  
14 monthly contribution equal to the number of participating employees  
15 multiplied by the monthly contribution authorized by the Chief Fiscal Officer  
16 of the State, not to exceed one hundred ninety-two dollars (\$192) monthly for  
17 each participating employee into a fund designated for public school employee  
18 health benefits, to partially defray the cost of life and health insurance  
19 for participating employees.

20 (B) As used in subdivision (b)(2)(A) of this section,  
21 "participating employee" means a public school employee who meets the  
22 eligibility requirements of § 6-17-1111 for participation and elects to  
23 participate in the public school employees' health insurance program.

24 ~~(2)(3)~~ The department may is authorized to make a monthly  
25 contribution, not to exceed the amount authorized by the Chief Fiscal Officer  
26 of the State, to partially defray the cost of health insurance for:

27 (A) state State employee retirees, utilizing funds made  
28 available for that purpose, not to exceed the amount authorized by the Chief  
29 Fiscal Officer of the State; and

30 (B) Public school employee retirees participating in the  
31 public school employees' health insurance program, utilizing funds made  
32 available for that purpose.

33  
34 SECTION 4. Arkansas Code § 6-20-2305(a)(2)(A) and (B), concerning  
35 public school funding, is amended to read as follows:

36 (2)(A) For the ~~2005-2006~~ 2007-2008 school year, the foundation

1 funding amount is equal to ~~five thousand four hundred eighty-six dollars~~  
 2 ~~(\$5,486)~~ five thousand five hundred fifty-five dollars (\$5,555) multiplied by  
 3 the district's average daily membership for the previous school year.

4 (B) For the ~~2006-2007~~ 2008-2009 school year, the  
 5 foundation funding amount is equal to ~~five thousand six hundred twenty~~  
 6 ~~dollars (\$5,620)~~ five thousand six hundred twenty-five (\$5,625) multiplied by  
 7 the district's average daily membership for the previous school year.

8  
 9 SECTION 5. Arkansas Code Title 19, Chapter 5, Subchapter 12 is amended  
 10 to add an additional section to read as follows:

11 19-5-1230. Public School Employees Health and Life Insurance Revolving  
 12 Fund.

13 (a) There is hereby created on the books of the Treasurer of State,  
 14 the Auditor of State, and the Chief Fiscal Officer of the State, a revolving  
 15 fund to be known as the "Public School Employees Health and Life Insurance  
 16 Revolving Fund".

17 (b) This fund shall be used by the Department of Finance and  
 18 Administration for payment of the state contributions for public school  
 19 employees' health and life insurance benefits as authorized by law and shall  
 20 consist of those funds transferred from the Department of Education Public  
 21 School Fund Account upon certification of the Employee Benefits Division of  
 22 the Department of Finance and Administration, and any other moneys authorized  
 23 by law.

24  
 25 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General  
 26 Assembly of the State of Arkansas that health insurance premiums for public  
 27 school employees participating in the State and Public School Employees'  
 28 Health Insurance Program are significantly higher than state employees  
 29 participating in the program; that the health insurance program is important  
 30 to the recruitment and retention of qualified teachers to the state; that  
 31 this act provides for state contributions needed to offset those premiums;  
 32 and that this act is immediately necessary because public school districts  
 33 must provide essential information to the Department of Finance and  
 34 Administration and the Department of Education by April 1, 2007, in order for  
 35 the Department of Finance and Administration to implement the state  
 36 contributions for the next plan year. Therefore, an emergency is declared to

exist and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.