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## State, school workers' basic health plan OK'd

Move lowering \$12,900 deductible to \$6,450 a year faces legislative review

by [Jordan Gass-Pooré](#) | June 24, 2015 at 4:23 a.m.

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*Correction: The State and Public School Life and Health Insurance Board voted at its June 23 meeting to keep the health insurance rates for state and public school employees the same next year as they are this year. This story incorrectly indicated that the board did not set the rates at the meeting.*

A state board Tuesday approved a basic health plan for state and public school employees that cuts in half the amount of out-of-pocket costs for those workers.

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In doing so the State and Public School Life and Health Insurance Board, which governs health plans for public school and state employees, followed a recommendation from its benefits subcommittee that would lower the annual deductible and coinsurance payment under the basic plan from \$12,900 to a deductible of \$6,450 a year and no coinsurance.

The estimates are based on findings from a report commissioned by the State and Public School Life and Health Insurance Program Legislative Task Force.

The change would affect Arkansas public school employees the most because more of them are covered by these plans, John Colberg, an actuary with the Cheiron financial and actuarial consulting firm, told the board during his presentation.

The board will set rates in July for the three levels of health plans offered to employees. The levels are a basic, high-deductible plan; a midlevel, or classic, plan; and a premium plan with a high monthly premium but lower out-of-pocket costs.

The plans cover about 45,000 school employees and 28,000 state employees, as well as retirees and family members of employees and retirees.

"There's not many state employees in high-deductible plans," said Bob Alexander, director of the state Department of Finance and Administration's Employee Benefits Division.

If the State and Public School Life and Health Insurance Program Legislative Task Force approves the change, it would cost the state's Department of Education \$1 million, Alexander said.

Overall, premium rates for employees should stay flat next year, board members said Tuesday.

Colberg's recommendation that the board go with a less costly basic plan is based on updated projections that medical costs next year would be lower than previously thought.

He told the board in May that earlier projections were calculated using medical and drug costs from June 2013 through May 2014.

Colberg told the *Arkansas Democrat-Gazette* last month that more recent projections are based on costs during all of 2014, which were lower than the previous year.

According to the consultant's May report, overall medical expenses for school employees' plans fell to \$199 million in 2014 from almost \$211 million in 2013.

Cheiron's projections assume that expenses will remain steady, Colberg said.

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That might change if three community colleges exit the state retirement system and opt for a private insurer, board members said.

About 66 community college retirees and Arkansas Lottery Commission members may be at risk of losing their state health insurance next year if their former employers opt for a private insurer.

Board members were concerned that if the community colleges leave the state system there will not be money to subsidize those premiums.

Alexander said one community college has already left the state health insurance plan.

The Arkansas attorney general's office says those retirees are not eligible for the plan in the first place, Alexander said, because those entities do not have state-budgeted positions.

"We've let people in that we knew aren't eligible," he said.

Those community college and lottery commission members under a state health insurance plan currently pay a \$466 premium.

The board agreed to return to this issue at its meeting next month.

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