

Minutes

Local Education Insurance Committee September 22, 2022

The Local Education Insurance Committee met on September 22, 2022, at 1:00 pm (central) in Conference Rooms A and C, 3rd Floor Tennessee Tower, Nashville, Tennessee and via WebEx.

Members participating:

Jim Bryson, Commissioner, Finance and Administration
Jaclyn Harding, representing Jason Mumpower, Comptroller of the Treasury
Rick Dubray, representing David Lillard, State Treasurer
Carter Lawrence, Commissioner, Commerce and Insurance
Sam Percy, Department of Education
Kristy Baddour, west TN School Employee representative (by teleconference)
Erin Johnson, east TN School Employee representative (by teleconference)
Jennifer White, Tennessee School Board Association (by teleconference)

Commissioner Bryson called the meeting to order at 1:00 pm (central) and a roll call of attendance noted a quorum was present. Members were advised of the re-appointment of Erin Johnson as the east TN teacher representative and the appointment of Kristy Baddour as the west Tennessee teacher representative. Commissioner Bryson noted the expiration of Scott Langford's term as the middle Tennessee teacher representative effective June 30, 2022 and advised that staff have requested a new appointment from Speaker Sexton's office.

Agenda Item #1 – Request From Campbell County Board of Education

Commissioner Bryson introduced Jeff Marlow, Finance Director, Campbell County, to address the Committee regarding a request for an exception to the eligibility provisions of the Local Education Plan. Mr. Marlow requested continuation of the current process of having support staff participate in the County plan as opposed to having them enrolled in the Local Education plan. Mr. Marlow stated that this process had been in place since 2011.

Commissioner Bryson requested that Laurie Lee, Executive Director, Benefits Administration (BA) provide background and additional detail. Ms. Lee advised that the Plan Document and Memorandum of Understanding (MOU) executed with all local education agencies detail eligibility for participation in the Local Education Plan. Those documents state that all eligible employees must be offered the opportunity to participate in the Local Education Plan if the agency participates in the Plan and further states that no other health coverage shall be made available to them if they participate in the State's plan. These provisions are in place to protect the fiscal integrity of the plan, ensure equitable treatment of all employees in local education agencies and to be in compliance with TCA 8-27-302 (e).

Director Lee advised that Campbell County was not meeting the plan provisions with regard to their support staff's eligibility for coverage and was, therefore, out of compliance with the Plan Document and MOU. BA learned of this during a routine data match for Other Post Employment Benefits (OPEB) for reporting to BA's actuary. Members were told that Campbell County did indicate the offering of other coverage to support staff in 2014 but it was not flagged as a compliance issue at that point. In updated MOUs signed by Campbell County in 2016 and 2019, there was no mention of the additional coverage offering.

Director Lee noted that local education agencies participating in the Local Education Plan receive funding from the Department of Education through the Basic Education Plan (BEP) formula. Agencies that do not participate in the Local Education plan also receive the funding if the coverage they offer is deemed equal or superior coverage as determined by BA's actuary. Director Lee reported that an actuarial review of the Campbell County offering to their support was determined to be equal or superior in benefits; however, the premiums for the plan are substantially higher. For employee only coverage, the premium rate is 21.8% higher than the Local Education Plan and 29.7% higher for family coverage. For example, a support staff member who elects family coverage in the County plan is paying \$1,222 more than for an equivalent local education plan offering and the board is paying \$5,568 more per year for family coverage in the County plan than for an equivalent local education plan.

Members were advised that for Campbell County to be in compliance, they would need to offer the Local Education Plan to their support staff or move their instructional staff to the County plan. A majority vote of the instructional staff is required to leave the Local Education Plan, and it would result in the retirees in this group being ineligible for the retiree subsidy from the state. Director Lee noted that agencies leaving the Local Education Plan could jeopardize the fiscal integrity of the Plan in its ability to leverage its purchasing power as well as buffering the volatility of the health risk in the plan. Additionally, Campbell County could face possible legal risks relative to tax or employment risks.

Mr. Marlow responded that he was seeking a change to the statute and MOUs going forward. Commissioner Bryson clarified that the focus of the Committee's action for this meeting was specifically limited to Campbell County. Members were advised that the Campbell County request would require that the Committee grant an exception and vote to determine the support staff ineligible to participate in the Local Education Plan. Mr. Marlow expressed concern about transfer of coverage for the support staff with an effective date of January 1, 2023, and requested that the effective date of the transfer be delayed until 1/1/2024. In response to member inquiry, Director Lee committed to provide assistance to Campbell County to educate and enroll the support staff with a January 1, 2023 effective date if approved.

Ms. White, representing the Tennessee School Board Association, stated that conversations with the Campbell County Board of Education indicate that they did not support the higher premiums required if the support staff remain with the county plans and also did not wish to differentiate between instructional staff and support staff.

Commissioner Bryson made a motion that the Local Education Insurance Committee deny the request from Campbell County to continue coverage for their support staff in the county plan. Mr. Percy seconded the motion, which passed with the following roll call vote:

Harding	yes	Dubray	yes
Lawrence	yes	Pearcy	yes
Johnson	yes	Baddour	yes
White	yes	Bryson	yes

Regarding Campbell County's request to delay the enrollment of their support staff in the Local Education Plan, Mr. Percy noted that the state statute has a provision that requires withholding insurance funds under the BEP if local education agencies are not in compliance with the statute. It was noted that the Department of Education legal staff were currently reviewing the exact trigger language. Mr. Percy complimented Campbell County on its support of 82% for insurance premiums. Regarding the request to delay enrollment of its support staff to a January 1, 2024 effective date, Mr. Percy noted the concern about inequitable treatment of staff and recommended that Campbell County seek compliance at its earliest opportunity.

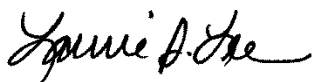
Commissioner Bryson made a motion that the Local Education Insurance Committee approve a deadline of January 1, 2023, for Campbell County support staff to be offered enrollment in Local Education Plan. Ms. Harding seconded the motion, which passed with the following roll call vote:

Harding	yes	Dubray	yes
Lawrence	yes	Pearcy	yes
Johnson	yes	Baddour	yes
White	yes	Bryson	yes

Commissioner Bryson committed to Campbell County that BA staff would work with the Board of Education to provide the resources necessary to facilitate a timely transition of their support staff to the Local Education Plan with a January 1, 2023 effective date.

There being no further business for the Committee, the meeting was adjourned.

Respectfully submitted,



Laurie S. Lee