



Oklahoma
State
Senate

Legislative Brief

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Health Insurance Coverage for Education Employees

History of Health Insurance Coverage for Education Employees

- **1988 House Bill No. 1731**

In 1988 (HB1731), the Legislature mandated that common and career technology school districts offer a health insurance plan. The bill also required school districts to pay for one-third of a school district employee's health insurance if that employee elected to take health insurance (Section 1310.1 of Title 74). This section applied to all education employees who were eligible for health insurance under rules set forth by the Oklahoma Teachers Retirement System and the Oklahoma State Education and Employees Group Insurance Board (OSEEGIB) which are full-time certified and support personnel working 40 hours a week or more and part-time certified and support personnel working 20 hours or more a week.

- **1998 Senate Bill No. 902**

During the 1998 legislative session, the Legislature passed SB 902 which created the Education Flexible Benefit Allowance Act (Sections 25-101 through 25-105 of Title 70). The purpose of this act was to provide classified personnel and other personnel in the common education and the career and technology education system with a state funded flexible benefit allowance to partially offset the cost of health insurance or other benefits such as life insurance, long term disability insurance or dental insurance.¹ In addition, the Legislature amended Section 1310.1 of Title 74 to require school districts to cover 50 percent of the cost of health insurance for every school district employee eligible for health insurance. Districts were authorized to offset their expenses for eligible certified and support personnel with the flexible benefit allowance provided by the state. However, districts were responsible for providing 50 percent of the cost of health insurance coverage for part-time support personnel, since the state does not provide a flexible benefit allowance for this population.

Under the flexible benefit allowance act of 1998, school districts participating in OSEEGIB or districts that are self-insured were eligible to receive a certain amount for each eligible employee.

¹ In 1999, HB 1363 clarified the definitions and defined "classified personnel" as full-time "certified personnel" and "other personnel" as "support personnel" who are employed at a minimum of six (6) hours per day. The rest of this document will use these references for clarification. However, since 1998 the law has always been interpreted to mean those "certified personnel" who are employed either full-time (employed six (6) hours or more per day) or part-time (employed at least four (4) hours per day) and those "support personnel" who are employed on a full-time basis of six (6) hours or more per day.

Employees were required to use the value of the flexible benefit allowance for the cost of health insurance or other benefits if enrolled in such district's plan, or use the flexible benefit allowance as taxable compensation if they were not enrolled.

From FY'99 through FY'02 the state funded between 29 to 33 percent of the cost of health insurance for certified personnel and over 85 to 89 percent of the cost of health insurance through the flexible benefit allowance for eligible support personnel. As a result, the school district's fiscal burden for providing health insurance decreased from 33 percent to 17 to 20 percent for certified personnel and from 33 percent to nothing for eligible support personnel.

Below are two tables listing health insurance premiums and the amount of the flexible benefit allowance for certified and eligible support personnel since the program's inception.

Monthly Premiums	<u>FY'99</u>	<u>FY'00</u>	<u>%Increase</u>	<u>FY'01</u>	<u>%Increase</u>	<u>FY'02*</u>	<u>%Increase</u>
HealthChoice Hi	\$170.88	\$175.24	2.6%	\$198.42	13.2%	\$211.24	6.7%
						\$227.82	7.8%

- Health insurance rates have increased by 33.3 percent since the program began.

Monthly Benefit Allowance Provided by State Funds

Cov.	<u>FY'99</u>	<u>%Cov.</u>	<u>FY'00</u>	<u>%Cov.</u>	<u>FY'01</u>	<u>%Cov.</u>	<u>FY'02*</u>	<u>%Cov.</u>
Certified	\$57	33.3%	\$57.83	33.0%	\$57.83	29.0%	\$69.71	33.0%
							\$69.71	30.5%
Support	\$85	49.7%	\$150.42	85.8%	\$170.24	85.7%	\$189.69	89.7%
							\$189.69	83.2%

- State funds provided are based on the HealthChoice High monthly premium.
- * Health insurance premiums were moved from a fiscal year cycle to a calendar year cycle.

• **2002 House Bill No. 1968 The Larry Dickerson Education Flexible Benefit Allowance Act**

To remain competitive with surrounding states' teacher salaries and benefits, the Legislature substantially increased health insurance coverage for certified personnel in HB 1968. While this bill implemented a number of other changes, the most significant amendment was to teachers' health insurance. The name of the act was changed to the Larry Dickerson Education Flexible Benefit Allowance Act in memory of Senator Larry Dickerson.

Section 1310.1 of Title 70 was amended to increase the percentage of health insurance coverage required of school districts from 50 percent to 75 percent for certified personnel for FY'03 and then to 100 percent for FY'04. The state portion of the flexible benefit allowance was also increased in the act. With the increased flexible benefit allowance offset, the school districts' portion of the cost will remain at 17 percent.

The bill increased the amount of state funding provided to offset the cost of health insurance for certified and eligible support personnel by providing 58 percent of the cost of the HealthChoice Hi-option health insurance premium for certified personnel who select health insurance for FY'03 and 83 percent of the cost of this premium for FY'04. This is a 28 percent increase in coverage for certified personnel in FY'03 and another 25 percent increase in FY'04. Certified personnel electing not to receive health insurance coverage have the choice of receiving \$69.71/month in taxable compensation. This would be only for such personnel whose school district participates in either a plan offered by the State and Education Employees Group Insurance Board or is self-insured.

Eligible support personnel electing health insurance coverage will receive state funding equivalent to the HealthChoice Hi-option in FY'03 and subsequent years. Such personnel electing not to enroll in health insurance coverage may elect to receive \$189.69/month in taxable compensation. This would be only for such personnel whose school district participates in either a plan offered by the State and Education Employees Group Insurance Board or is self-insured.

To ensure that all teachers received the benefits of HB 1968, section 4 of SB 1003 requires school districts that provided more benefits than the state required in past years to continue to maintain these benefits in the form of additional benefits for teachers or as taxable compensation. A school district and their collective bargaining unit may agree to utilize these excess benefits or the dollar value thereof for other compensation purposes.

The fiscal impact to implement all of the changes in FY'03 is estimated to be \$35 million. For FY'04 the fiscal impact is projected to be \$52.2 million.

Information regarding the state appropriations to the State Department of Education and the State Department of Career and Technology Education to be distributed to districts for the program and the number of participants eligible for the flexible benefit allowance are listed below.

Appropriations for Common Schools for Flexible Benefits Program

	<u>FY'99</u>	<u>FY'00</u>	<u>FY'01</u>	<u>FY'02</u>	<u>FY'03</u>
Certified	\$29,450,366	\$30,609,832	\$33,067,233	\$40,128,129	\$67,128,062
Support	\$22,976,244	\$42,070,389	\$52,206,465	\$58,393,056	\$68,705,321
Supplementals					
Certified	\$1,159,466	\$2,417,679		\$639,674	
Support	\$675,516	\$3,177,150		\$3,066,412	
Totals:	\$54,261,592	\$78,275,050	\$85,273,698	\$102,227,271	\$135,833,383

- Since FY'99 appropriations for certified personnel have increased by 119 percent and by over 190 percent for support personnel for common schools.

Appropriations for Career and Technology Center Schools for Flexible Benefits Program

	<u>FY'99</u>	<u>FY'00</u>	<u>FY'01</u>	<u>FY'02</u>	<u>FY'03</u>
Certified	\$1,423,431	\$1,423,431	\$1,423,431	\$1,576,822	\$2,599,520
Support	\$1,326,618	\$2,351,198	\$2,991,574	\$3,368,957	\$3,767,809
Totals:	\$2,750,049	\$3,774,629	\$4,415,005	\$4,945,779	\$6,367,329

Flexible Benefit Allowance Participants in Common Schools

Total Head Count	<u>FY'99</u>	<u>FY'00</u>	<u>FY'01</u>	<u>FY'02</u>	<u>FY'03</u>
Certified	47,257	47,633	47,957	48,735	48,735
Support	23,366	24,996	25,656	27,098	27,098

- Since the program's inception, the number of certified personnel receiving the flexible benefit allowance has increased by 3.1 percent (1,478) and the number of support personnel by 16 percent (3,732).

Flexible Benefit Allowance Participants in Career and Technology Center Schools

Total Head Count	<u>FY'99</u>	<u>FY'00</u>	<u>FY'01</u>	<u>FY'02</u>	<u>FY'03</u>
Certified	1,794	1,783	1,864	1,885	1,730
Support		1,292	1,322	1,455	1,291

- Since the program's inception, the number of certified personnel receiving the flexible benefit allowance in the career and technology system has decreased by 3.5 percent (64) and the number of support personnel has remained stable at 1,291.

**Please note: FY'03 numbers are estimates. Audited numbers will be available in October of 2002.

Contact For More Information:

Claudia San Pedro
(405) 521-5773

sanpedro@lsb.state.ok.us

Selden Jones
(405) 521-5559

jones@lsb.state.ok.us

Prepared By: The Oklahoma State Senate, Senate Staff

Senator Stratton Taylor, President Pro Tempore