

Continuation of School and Municipal Health Insurance Policies

S.5928-A (Seward)/A.8134-A (Seawright)

June 15, 2015

THE COUNCIL SUPPORTS this proposal to allow for continuation of health insurance policies participated in by municipal entities and school districts with 51-100 employees.

A recent change in state law altered the definition of a “small group” for the purposes of health insurance coverage to entities having between 1-100 full time employees. Previously the threshold had been 1-50 full time employees. Under the law, these small groups will become ineligible to participate in health care consortiums after January 2016 and must instead purchase coverage on the open market.

While seemingly meant to compel greater participation in the open health insurance market, this change in definition did not differentiate between public entities and private employers. It left several school districts in the state (those having between 51-100 full time employees) ineligible to continue participation within their current local health care consortiums, and insurers unable to continue providing such coverage. Participation in these consortiums helps to hold down health insurance costs to school districts by pooling coverage with other districts.

Inability to continue participation in such consortiums would require these school districts to purchase coverage on the open market at a significantly increased cost, a cost born by the school districts and ultimately by taxpayers.

By providing for continued health insurance coverage for municipal entities and school districts through health insurance consortiums, the state will be helping to keep costs down for these entities and thereby saving taxpayers money.

THE COUNCIL therefore SUPPORTS this legislation and urges lawmakers adopt it immediately.