

SENATE BILL 3125

By Burks

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 27, Part 3, relative to health insurance coverage for employees of Local Education Agencies.

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

SECTION 1. Tennessee Code Annotated, Section 8-27-302(a), is amended by substituting the words “eligible employees of local education agencies” for the words “eligible local education employees” in the initial sentence of the subsection.

SECTION 2. Tennessee Code Annotated, Section 8-27-302, is amended by deleting subdivision (a)(4) in its entirety and substituting in lieu thereof:

(4) The committee may, at its discretion, and with the approval of the state insurance committee created under § 8-27-101, develop the plan in such a way that the eligible employees of local education agencies are covered under the same group plan for general state employees authorized under § 8-27-201, or the committee may provide for the separate operation of a plan exclusively for eligible employees of local education agencies.

SECTION 3. Tennessee Code Annotated, Section 8-27-302, is amended by deleting item (e) in its entirety and substituting in lieu thereof:

(e) As used in this part:

(1) “Committee” means the local education insurance committee created in § 8-27-301;

(2) “Instructional employee” means those persons employed by a local education agency who are included within the definition in § 8-34-101(46), and who are not eligible for insurance coverage under § 8-27-201;

(3) "Support staff" means those persons employed by a local education agency who are not defined as an "instructional employee" and

(4)

(A) "Local education agency" has the same definition as used in § 49-3-302 and includes educational cooperatives created pursuant to title 49, chapter 2, part 13.

(B) An educational cooperative must exist under the provisions of title 49, chapter 2, part 13, for five (5) years before it is eligible to have its employees participate in the health insurance plan authorized in this section.

SECTION 4. Tennessee Code Annotated, Section 8-27-303(a)(1), is amended by deleting the subdivision its entirety and substituting in lieu thereof the following:

(a)

(1)

(A) From the appropriations made each year in the general appropriations act for that purpose, the department of education is authorized to pay, on behalf of each eligible instructional employee of a local education agency, and the employee's dependents, an amount, determined annually in the general appropriations act, on the total cost of such person's participation in the basic insurance plan. Effective July 1, 1992, each local education agency shall provide for any increased amounts needed for its instructional employees and their dependents, above the amount funded by the state for fiscal year 1991-1992, from funds appropriated for the basic education program.

(B) No state funds appropriated to fund the provisions of this part shall be distributed to any local education agency which, on April 1, 1986, was paying the total cost or a portion of the total cost of insurance for instructional employees as defined in this part, if such local education agency reduces the funding for such insurance in any fiscal year below the level of funding for such purpose in the immediately preceding fiscal year; provided, that such local education agency shall have the option to expend such funds to continue to fund such insurance, to increase the local salary supplement, to provide other employee benefits that accrue to the instructional employees and continue to be eligible to receive such state funds, or for any other improvement in the education program.

(C) From the appropriations made each year in the general appropriations act for that purpose, the department of education is authorized to pay, on behalf of each eligible support staff employee of a local education agency, and the employee's dependents, an amount, determined annually in the general appropriations act, on the total cost of such person's participation in the basic insurance plan. The amount set for support staff may be different than the amount set in (a)(1)(A) of this section.

SECTION 5. Tennessee Code Annotated, Section 8-27-303, by deleting subdivision (a)(2) in its entirety and substituting in lieu thereof:

(2) If a local education agency makes medical insurance available to its instructional employees and support staff and the benefits are equal or superior to the benefits of the basic plan established pursuant to § 8-27-302(a), the local education agency shall be eligible to receive directly the payments provided for in subdivision

(a)(1). Participation in an insurance trust, county-wide policy, self-insurance or similar benefit plan shall not disqualify the local education agency from these payments. The determination on the equivalency or superiority of the local benefits shall be made by an outside, independent firm or consultant. A written report shall be supplied to the local education agency in the event that local medical benefits are determined not to be equal or superior. In order to be reviewed for eligibility, a local education agency must make application to the local education insurance committee within sixty (60) days of the organization of the committee. The provisions of § 8-27-302(d) shall not be used in determining the equivalency or superiority of the local benefits. Local education agencies not making a timely application, or having medical benefits that are not equal or superior to the basic plan, shall not be eligible for direct payments.

SECTION 6. Tennessee Code Annotated, Section 8-27-303, is amended by deleting the word "eligible" from wherever it appears in subsection (c) and subdivision (e)(2):

SECTION 7. Tennessee Code Annotated, Section 8-27-303, is amended by deleting item (j) in its entirety and substituting in lieu thereof:

(j) Beginning July 1, 1998, each local education agency shall pay on behalf of each instructional employee, as defined in § 8-27-302(e)(2), participating in the health insurance coverage authorized by § 8-27-302(a) or subdivision (a)(2) as a minimum the percentage specified in the general appropriations act of the premium collected on behalf of each such employee of the local education agency. Beginning January 1, 2011 each local education agency shall pay on behalf of each support staff employee, as defined in § 8-27-302(e)(3), participating in the health insurance coverage authorized by § 8-27-302(a) or subdivision (a)(2) as a minimum the percentage specified in the general appropriations act of the premium collected on behalf of each such employee of the local education agency. Distribution of a like amount to each eligible employee through a

flexible spending arrangement authorized by § 125 of the Internal Revenue Code shall satisfy the requirements of this subsection (j). Such amounts shall be certified to the commissioner of education and the director of each local education agency by the local education insurance committee each fiscal year.

SECTION 8. This act shall take effect upon becoming law, the public welfare requiring it.