

MEMORANDUM

TO: Health Care Commission
Jim Clark
J. Scott Day
Steve Dechant
Kenneth Selzer
Heather Young

FROM: Mike Michael

DATE: February 19, 2015

SUBJECT: **Approval for New Non State Public Employer**

The State Employee Health Plan (SEHP) has been contacted by a public employer interested in joining the plan that has not previously been recognized by the HCC to join the plan. The information provided by the Salina Airport Authority would make them eligible under the provision that allows for local governmental entities to join the SEHP.

When a public employer is interested in joining the SEHP, a two-part review occurs to determine eligibility. First, we ask them to document that they are eligible for coverage under the statute, which may include providing articles of incorporation, bylaws, tax status, enacting statutes, etc. KDHE legal staff reviews the prospective group's documentation as well as K.S.A. 75-6506 to determine if the group is an eligible public employer to participate. If the group is eligible under the statute, then a second review is done to determine if the type of group has been recognized by the Health Care Commission as eligible to join. K.S.A. 75-6506(c) sets out the eligible groups that the HCC may recognize for inclusion in the SEHP. With regard to the above group requesting inclusion, K.S.A. 75-6506(c) permits the HCC to designate "by rules and regulations a group of persons on the payroll of a county, township, city, special district or other local governmental entity..., as qualified to participate in the state health care benefits program." Based on the information provided which included a review of the Authority's enacting statute of K.S.A. 27-315 et seq. and a Salina city ordinance dated April 26, 1965, KDHE legal staff has indicated that public airport authorities are eligible to participate in the health plan as non state groups based on being local governmental entities.

Staff surveyed the other two airport authorities identified to determine the interest level and potential impact to the plan. All Airport Authorities have current coverage available to their employees.

Here is a summary of the responses received regarding interest in the plan:

Name	Number of Employees	Interested in joining SEHP
Pratt Airport Authority	4 employees	Maybe
Salina Airport Authority	14 employees	Yes
Topeka Metropolitan Airport Authority	42 employees	Yes

Aon has provided the following estimated financial impact of adding these three airport authorities to the SEHP. The table below shows the expected revenue and expense across all three and the net fund impact.

Revenues (ER+EE)	\$745,000
Expenses	<u>\$683,000</u>
Net Fund Impact	\$62,000

Caveats / Assumptions:

1. We relied on the total number of employees (60 across all 3 authorities) in preparing our estimate. We did not receive any additional data other than employee counts so we assumed the contributions and costs of these additional employees would be the same as existing SEHP non-state active members. Actual financial impact will vary from these estimates. Additional data would be needed to arrive at a more refined estimate.
2. The numbers presented above are based on CY2016 expected values taken from the HCC approved projection model from August 2014.
3. The numbers presented above assume 100% enrollment by the airport authority employees in medical / dental / vision plans offered by the SEHP.

Recommendation:

Authorize the inclusion of public airport authorities as local governmental entities for participation in the non state public employer portion of the SEHP.