

Statewide Pooling of Public School Employee Health Benefits— Previous Montana Legislative Proposals

prepared for the School Funding Interim Commission
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The commission requested information on previous proposals to pool public school employees for health benefits. There have been several proposals to accomplish this in various ways in the

- HB 302 (2003; Lewis)**
- Created statewide plan for K12
 - Mandatory participation
 - Required multiple plans; selection by employee
 - Premium cost-sharing decided at local level
 - 7-member, governor-appointed board
 - Start-up funding via Board of Investments loan and line of credit
 - 70+ co-sponsors
 - Narrowly failed in Senate

last 15 years, with a great deal of effort and attention devoted to this in the mid-2000s, the same time that school funding generally was receiving a lot of scrutiny.

This brief will provide an introduction to some of the issues and a cursory overview of several legislative proposals that have been considered since 2003. Pooling public school employees for health benefits is a major policy decision involving many other policy choices along the way. The Montana legislative proposals described in the text boxes can be viewed through two basic structural questions:

1. Will this be a new, separate plan established for K12 employees or will it utilize the existing state employee plan?
2. Will districts be required to participate or will it be optional?

Numerous other questions follow:

1. If participation is optional, will it be incentivized, and if so, how?
2. If participation is optional, can districts join and then leave?
3. How will collective bargaining be addressed?
4. What about part-time employees and retirees?
5. How will the plan be governed?
6. How will initial and ongoing administrative costs be addressed?
7. How will initial claims be paid?
8. What happens to district self-funded insurance reserves?
9. How will districts pay premiums?

- HB 124 (2005; Facey; “K12-SHIP”)**
- Created statewide plan for K12
 - Optional, incentivized participation (\$200/FTE/month; once in, always in*)
 - Required multiple plans; selection by employee
 - Premium cost-sharing decided at local level
 - 9-member, governor-appointed board
 - Start-up funding via Board of Investments loan and line of credit
 - Committee bill with unanimous endorsement from ELG
 - Do pass from Select Committee on Education, 7-3; passed second reading 74-26; tabled in House Approps
- *as introduced; amended to allow out with notice, but once out, always out

One mechanism utilized in HB 297 (2007; Hamilton) to address that last question is amending [2-9-212, MCA](#), which reads in part “...a political subdivision, *except for a school district*, may levy an annual property tax in the amount necessary to fund the contribution for insurance...” By

striking the language in bold italics, school districts, like other political subdivisions, would be able to permissively levy for health benefit costs.

The 2005 Quality Schools Interim Committee looked at school employee health benefits and received a proposal from OBPP that involved districts providing health benefits as they do now, but with the state assuming responsibility for school employee health care costs exceeding \$150,000, providing wellness programs, and assisting districts with health benefit plan decisions. The QSIC instead recommended bringing public school employees into the state employee health plan in a manner very similar to that proposed in HB 297 (2007, Hamilton).

HB 297 (2007; Hamilton)

- K12 into state employee plan
- Mandatory participation
- Amended 2-9-212 to allow permissive levy for health insurance premiums
- Expanded state group benefits advisory council to include public school employees
- Tabled in first committee—House Education

HB 590 (2011; McClafferty)

- Created statewide plan for K12
- Required participation, except optional for district with a self-funded plan; once in, always in
- Required multiple plans; selection by employee
- Premium cost-sharing decided at local level
- 9-member, governor-appointed board
- Start-up funding via Board of Investments loan and line of credit
- Tabled in first committee—House Approps

The commission previously received this [brief](#) from the Education Commission of the States describing other state approaches to statewide pooling of public school employees.