

Health Plan Financial Challenges Remain if State Ends Coverage for Part-Time School Workers and Their Dependents

By Tim Sweeney, Director of Health Policy

Georgia's governor proposes in the 2016 fiscal year to eliminate State Health Benefit Plan (SHBP) coverage for bus drivers, school nutrition workers and other "non-certified" school district employees who work fewer than 30 hours per week. This move could take insurance away from more than 21,000 people while leaving the plan's more substantial financial challenges unresolved.

According to the Department of Community Health (DCH), which administers the health plan, this move is likely to remove about 11,500 school district workers and 10,300 of their dependents from the plan.

Taking coverage away from part-time non-certified school workers makes minimal improvement to the financial health of the SHBP, and fails to address fundamental challenges for the SHBP in general and specifically for the Public School Employees Plan. In 2014, expenses in the portion of the SHBP for non-certified school employees exceeded revenues generated for those workers by \$135.6 million. Taking health coverage from part-time non-certified school workers generates net savings to the plan of just \$2.6 million, according to DCH estimates, which leaves a substantial ongoing shortfall.

School workers who lose state coverage could find few alternatives. Part-time, non-certified employees in many school districts earn low hourly wages, which could severely limit their ability to find alternative sources of health coverage if they are cut out of the state plan. Tax credits available through the federal health insurance marketplace could help some workers find affordable access to high quality health insurance products. But a case pending before the U.S. Supreme Court puts those tax credits at risk, making the future of that option uncertain. The state's decision not to extend Medicaid to all Georgians who live below the poverty level will likely cause some non-certified school workers to fall into Georgia's coverage gap, without realistic health insurance options.

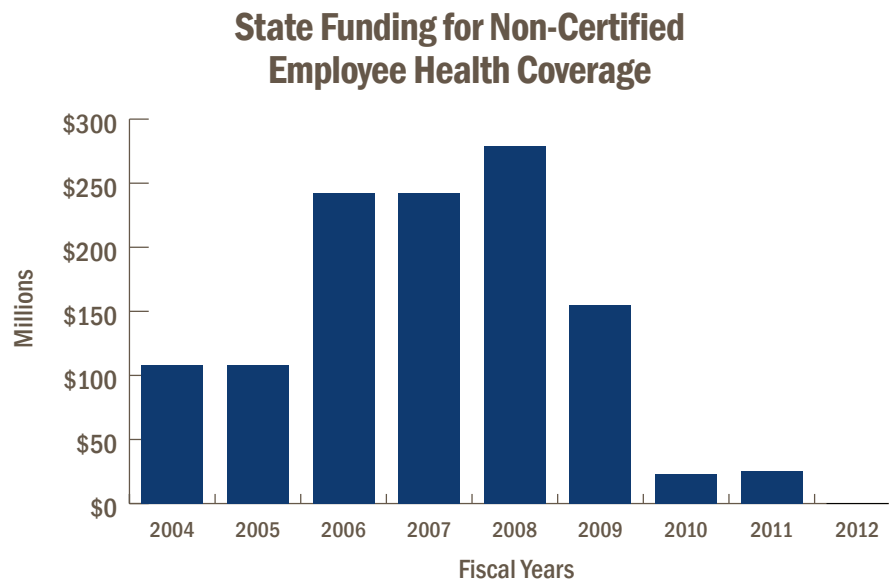
Recommendation:

Georgia should delay a move to take health coverage away from part-time non-certified school workers to give state officials time to find alternatives that address the state health plan's financial challenges while still offering insurance to vulnerable workers. In fact, an effort to find alternatives is ongoing. The recently passed amended budget for the 2015 fiscal year directs DCH officials to prepare a report examining SHBP costs relative to other comparable health plans. Specifically, the report will "describe a variety of options for reducing costs without further diminishing the value of health benefits received by members." Throwing more than 21,000 Georgians off the SHBP with virtually no financial benefit to the plan is premature.

Budget Decisions in the Aftermath of the Great Recession Contribute to Current SHBP Financial Woes

Recession-era budget tightening prompted Georgia officials to tap \$850 million in SHBP reserves in 2009 and 2010 to cover the state's contribution to the plan. This move created state savings by temporarily reducing state agency funding, including to the Department of Education (DOE), to reflect reduced SHBP charges to state agencies and local school districts participating in the plan. At the same time, state funding to the plan on behalf of school districts' non-certified workers was cut dramatically.

Prior to the recession, Georgia's education budget contained a specific line item allotting money to help local school districts pay the employer share of costs for health coverage for non-certified district employees. The DOE budget directed \$279.2 million in 2008 to cover the health costs of non-certified school employees in the SHBP. (Non-certified workers pay monthly premiums for SHBP coverage like any other enrollee, although school districts historically paid less to the plan for non-certified workers than for teachers.)



Source: State Health Benefit Plan presentation to Dept. of Community Health board, Aug. 11, 2011

While Georgia largely resumed payments to the plan for state employees and teachers in 2011, the state ended contributions in behalf of non-certified school district workers altogether by 2012.

After the state reduced and later eliminated its contribution, SHBP administrators imposed a series of increased payment requirements on the school districts to continue coverage for classified, or non-certified, employees. In 2011, the monthly charge per worker jumped to \$218.20 from the \$162.72 per member contribution rate previously charged to school districts for their non-certified employees. The monthly charge to the districts continued to steadily rise, as shown here:

- In 2012, the monthly charge increased to \$296.20 per worker.
- In 2013, the monthly charge increased to \$446.20 per worker.
- In 2014, the monthly charge increased to \$596.20 per worker.
- A DCH plan to increase the monthly charge to \$746.20 per worker initially delayed in 2015 is further delayed in through 2016 in the governor's proposed budget.

The increases in the monthly charges to school districts increased annual district contributions to the SHBP by more than \$300 million since the cost-shifting started in 2011. Implementing the final \$150 increase in the monthly charge per district worker would increase district contributions to the SHBP by about \$102.8 million more.