

HCS HB 1922 -- MISSOURI DEPARTMENT OF TRANSPORTATION AND HIGHWAY
PATROL HEALTH CARE PLAN

SPONSOR: Molendorp

COMMITTEE ACTION: Voted "do pass" by the Committee on Health
Insurance by a vote of 9 to 0.

This substitute establishes the Missouri Department of
Transportation and Highway Patrol Health Care Plan which changes
the laws regarding medical and death benefit coverage for certain
members and retirees of the Missouri Department of Transportation
and Highway Patrol Employees' Retirement System (MPERS). In its
main provisions, the substitute:

(1) Exempts any provisions of law regarding the Missouri
Consolidated Health Care Plan (MCHCP) from applying to the
healthcare programs sponsored by the Department of Transportation
and the State Highway Patrol;

(2) Allows the health care programs sponsored by the departments
of Transportation and Conservation and the highway patrol to
become a part of the MCHCP upon request to and acceptance by the
board of trustees of the Highways and Transportation Commission,
the Superintendent of the State Highway Patrol, or the
Conservation Commission;

(3) Requires the MCHCP board to conduct an actuarial analysis
and report to the General Assembly by December 31, 2012, on the
feasibility of including the health plans sponsored by the
departments of Transportation and Conservation in the MCHCP;

(4) Requires, beginning January 1, 2013, the highway commission
and the patrol superintendent to:

(a) Provide medical benefits for its members, retirees, and
vested members;

(b) Determine benefit plan contributions, and

(c) Contract with entities for benefit plan administration.
They may require reimbursement of any medical claim paid for
which there was third-party liability;

(5) Specifies that the members covered under the transportation
and patrol health care plan include:

(a) A member, retiree, or former vested member of MPERS;

(b) A member's spouse or dependent child; and

(c) The spouse or a dependent of a deceased MPERS member;

(6) Establishes in statute the board that administers the transportation and patrol health care plan with eight members including four department employees and four patrol employees. Currently, the department has five members and the patrol has three members on the Missouri Department of Transportation and the Missouri State Highway Patrol Medical and Life Insurance Plan Board of Trustees which calculates the benefits for medical care coverage for the members of the plan;

(7) Specifies that the commission and the patrol superintendent will determine the premium amounts for the medical benefits for the transportation and patrol health care plan based on the recommendations of the health plan board. The medical premiums will include the state contribution necessary to fund the health plan benefits taking into account the actuarial reserves. Rules established by the health plan board plan regarding premium contributions will be based on a calculation of 2% for each creditable year of service up to 30 years. A member who retires prior to January 1, 2013, cannot receive less than a 40% contribution;

(8) Specifies that any mandate enacted by the General Assembly regarding the coverage of specific health benefits, services, or providers must also apply to the health benefits plan of any health benefit plan provided by the state on behalf of its employees;

(9) Repeals the provision which allows the commission and the patrol superintendent to provide death, life, and disability benefits to members, retirees, and vested former members of MPERS and instead requires them to provide these benefits;

(10) Repeals the provisions allowing the commission to provide for insurance benefits to cover medical expenses for members of MPERS and instead requires that all MPERS members will be included in the health benefit plan and have a state appropriated contribution toward the premium for the health plan. The contribution funding for premiums for MPERS members must be expended solely from federal and state funds instead of the current from highway funds;

(11) Specifies that the health plan board will determine life insurance premiums, MPERS will determine disability benefit premiums, and the transportation and patrol health care plan will determine medical benefit premiums; and

(12) Specifies that a special consultant to MPERS will be compensated for extra duties by an amount equivalent to the

amount contributed toward medical benefits coverage instead of the current \$9 or the equivalent amount.

The substitute contains an emergency clause.

FISCAL NOTE: No impact on General Revenue Fund in FY 2013, FY 2014, and FY 2015. Estimated Net Effect on Other State Funds of an income of \$0 to a cost of Unknown in FY 2013, FY 2014, and FY 2015.

PROPOSERS: Supporters of the bill say that the Transportation Department has implemented a policy change that reduces its medical insurance and retirement liability and in doing so, the State Highway Patrol will see a benefit reduction from 60% to 40% of the employer-sponsored contribution toward its medical benefits. The bill will provide the troopers a mechanism to be on the same scale of benefit contributions as those covered by the Missouri Consolidated Health Care Plan. The bill specifies rules to move forward in a more business-like model. The bill is based on the reasonable MCHCP model of health plan benefits and is not a new expenditure by clarifying who the covered lives are and what it will include.

Testifying for the bill were Representative Molendorp; Larry Plunkett, Missouri State Troopers Association; Michael Michelson, Missouri Department of Transportation Employees Association; and Association of Retired Missouri State Employees.

OPPOSERS: Those who oppose the bill say that when the department implemented its "Bolder Direction" strategic and operation plan, which is estimated to save millions of dollars and cut 1,200 jobs, it saves costs associated with the fringe benefits. Contributions are not specified in statute for the transportation and highway patrol plan or the MCHCP's plan which provides the legislature with great latitude to make necessary adjustments in the future. The bill takes away the flexibility to make certain business decisions regarding health care. On average, the state and employee contribution is about a 50% contribution and not 60% state and 40% employee as stated by the patrol. In these hard economic times, tough decisions have to be made based on the current stagnant revenue stream.

Testifying against the bill was Department of Transportation.

OTHERS: Others testifying on the bill say that the patrol is different than the department because patrol funding is appropriated from the General Assembly and the department's is solely tax revenue funded. Patrol members have a mandatory retirement age of 60. Concerns have been expressed to the commission that the department's Bolder Direction plan has

significantly affected the troopers and there has been very little patrol input regarding the decisions that were made regarding the changes in the health care benefit contributions.

Testifying on the bill was State Highway Patrol.