

WEST VIRGINIA

SECRETARY OF STATE

KEN HECHLER

ADMINISTRATIVE LAW DIVISION

Form #1

FILED

1989 NOV 14 AM 11:58

OFFICE OF WEST VIRGINIA SECRETARY OF STATE

NOTICE OF PUBLIC HEARING ON A PROPOSED RULE

AGENCY: Public Employees Insurance Agency TITLE NUMBER: 151

RULE TYPE: Legislative; CITE AUTHORITY §§5-16-13a; 5-16-18

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: Series 4

TITLE OF RULE BEING PROPOSED: ASSESSMENT OF A MONTHLY CONTRIBUTION TOWARD PAYMENT OF HEALTH INSURANCE PREMIUMS UPON EMPLOYEES OF THE STATE OF WEST VIRGINIA AND COUNTY BOARDS OF EDUCATION

DATE OF PUBLIC HEARING: December 18, 1989 TIME: 9:00 a.m.

LOCATION OF PUBLIC HEARING: State Capitol Complex
Building 7
Conference Room C

COMMENTS LIMITED TO: ORAL , WRITTEN , BOTH


COMMENTS MAY ALSO BE MAILED TO THE FOLLOWING ADDRESS: PEIA

The Department requests that persons wishing to make comments at the hearing make an effort to submit written comments in order to facilitate the review of these comments.

Building 5, Room 1025
State Capitol Complex
Charleston, WV 25305

The issues to be heard shall be limited to the proposed rule.

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL


Sally K. Richardson



STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION

State Capitol
Charleston, WV 25305

Gaston Caperton
Governor

Chuck Polan
Secretary

November 13, 1989

The Honorable Ken Hechler
Secretary of State
State Capitol Building
Charleston, West Virginia 25305

RE: Filing of Proposed Legislative Rule, Title 151,
Series 4, "Assessment of a Monthly Contribution
Toward Payment of Health Insurance Premiums upon
Employees of the State of West Virginia and of
County Boards of Education."

Dear Secretary Hechler:

Please consider this letter to be my written approval for
the filing, and scheduling of a public hearing, for the above-
noted proposed legislative rules.

With much appreciation for your assistance in this
matter, I remain

Very truly yours,

A handwritten signature in cursive script, appearing to read "Chuck Polan".

Chuck Polan
Secretary

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SECRETARY OF STATE

APPENDIX D

FISCAL NOTE FOR PROPOSED RULES

FILED

Rule Title: ASSESSMENT OF A MONTHLY CONTRIBUTION TOWARD PAYMENT
OF HEALTH INSURANCE PREMIUMS UPON EMPLOYEES OF THE STATE OF WEST VIRGINIA
AND COUNTY BOARDS OF EDUCATION

Type of Rule: X Legislative Interpretive Procedural
1963 NOV 14 AM 11 38
 OFFICE OF THE SECRETARY OF STATE
 WEST VIRGINIA

Agency Public Employees Insurance Agency Address State Capitol Complex
Building 5, Room 1025
Charleston, WV 25305

1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$ 2.6 mil	\$	\$	\$ 2.6 mil	\$ 2.6 mil
Personal Services					
Current Expense	\$2.6 mil			\$2.6 mil	\$2.6 mil
Repairs and Alterations					
Equipment					
Other					

2. Explanation of above estimates:

See attachment.

3. Objectives of these rules:

This rule assesses a monthly contribution toward payment of health insurance premiums upon employees of the State of West Virginia and county boards of education. Collection of these assessments will allow the timely payment of employees' health service claims as health insurance costs rise.

Attachment

For 95% of the State and county board of education employees who will be subject to the assessment imposed by this rule, the assessment will produce increased revenues to the PEIA at no additional cost to the State or county board of education employers. For the approximately 4,500 employees who have elected to participate in the PEIA Plan since July 1, 1988, and who are now paying either 30% or 20% of their premium costs, the assessment imposed by this rule will result in decreased employee contributions and increased employer contributions. Because these 4,500 employees are employed throughout all State and county board of education employers, the \$2.6 million will be spread across all employers and will be minimally felt by any single agency.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

As explained in 2. above, this rule will require approximately \$2.6 million in increased revenues spread among all State and county board of education employers. The premiums generated by the rule will yield approximately \$18 million annual revenue to the PEIA to pay health claims, funds which would otherwise have to come from increased general revenue and special revenue appropriations.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.

There will be no impact on political subdivisions (other than county boards of education) or specific industries. Employees of the State of West Virginia and county boards of education who participate in the PEIA health insurance plan will pay a portion of the cost of the monthly premium for health insurance coverage. This portion shall not exceed 1.5% of the employee's gross wage.

C. Economic Impact on Citizens/Public at Large.

Employee premiums imposed pursuant to this rule will generate approximately \$18 million to help pay public employees' health claims. These funds would otherwise have to come from other sources, primarily increased general revenues from taxes collected from the public at large.

Date: 11/14/89

Signature of Agency Head or Authorized Representative

Jay K. Richardson

BRIEF SUMMARY

Proposed Legislative Rule: "Assessment Of A Monthly Contribution Toward Payment Of Health Insurance Premiums Upon Employees Of The State Of West Virginia And Of County Boards Of Education."

West Virginia Code §5-16-13a authorizes the Director of the Public Employees Insurance Agency to assess a monthly contribution toward payment of health insurance premiums upon all employees of the State of West Virginia and county boards of education who have elected to participate in the PEIA plan. Any assessment may not exceed a maximum amount, which for any employee is one and one-half percent of that employee's gross monthly wage.

This rule implements Code §5-16-13a by imposing an assessment on all participating State and county board of education employees, beginning July 1, 1990. For any employee, the amount of the assessment will equal the lesser of: (1) fifty percent of the applicable PEIA premium rate for family or single coverage in effect during that month; or (2) one and one-half percent of the employee's gross monthly wage. Certain individuals covered by the PEIA health insurance plan, who are required by law to pay the full cost of their premiums, are excluded from the assessments. These include: a surviving spouse or dependent of a deceased employee; a member of the West Virginia Legislature; and any person who has coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

The rule requires each employer to contribute toward payment of PEIA premiums, for each of its participating employees, an amount equal to one hundred percent of the applicable PEIA single or family premium rate for that employee. The employee contributions are to be deducted or withheld from payment of monthly wages, and both the employee and employer contributions are to be forwarded to the PEIA director at that time.

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TITLE 151
LEGISLATIVE RULES
PUBLIC EMPLOYEES INSURANCE AGENCY

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

SERIES 4

ASSESSMENT OF A MONTHLY CONTRIBUTION TOWARD PAYMENT OF HEALTH
INSURANCE PREMIUMS UPON EMPLOYEES OF THE STATE OF WEST VIRGINIA AND OF
COUNTY BOARDS OF EDUCATION

§151-4-1. General.

1.1. Scope. -- This legislative rule assesses a monthly contribution toward payment of health insurance premiums upon employees of the State of West Virginia and of county boards of education.

1.2. Authority. -- W. Va. Code §§5-16-13a; 5-16-18.

1.3. Filing Date. -- _____.

1.4. Effective Date. -- _____.

§151-4-2. Definitions.

2.1. The following words and phrases as used in this rule, unless a different meaning is clearly indicated by the context, shall have the meanings stated below.

2.2. "Assessment" shall mean a monthly contribution by each participating employee toward the total cost of his or her group health insurance coverage, in an amount calculated pursuant to Section 3 of this rule, and withheld or deducted and paid pursuant to Section 4 of this rule. Such assessment shall be in addition to any applicable deductibles or copayments for which an employee may be responsible under the terms of the PEIA Plan.

2.3. "Director" shall mean the Director of the PEIA.

2.4. "Employee" shall mean any person, including elected officers, who works regularly full time in the service of the State of West Virginia, its boards, agencies, commissions, departments, institutions or spending units, or who works regularly full time in the service of a county board of education. "Employee" shall not mean a "retired employee," as defined in W. Va. Code §5-16-2(4); a surviving spouse or dependent of a deceased employee; a member of the West Virginia Legislature; any person who has group health insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended; or any person who, by law, is responsible for the total cost of his or her group health insurance coverage.

2.5. "Employer" shall mean the State of West Virginia, its boards, agencies, commissions, departments, institutions or spending units, or a county board of education.

2.6. "Maximum amount" shall mean one and one-half percent (1½%) of an employee's gross monthly salary or wages.

2.7. "HMO" shall mean an authorized health maintenance organization in which an employee may elect to enroll pursuant to Section 8, Series 1, Title 151 of the Code of State Regulations.

2.8. "Participating employee" shall mean an employee who has elected to participate in the PEIA Plan, regardless of the date of such election. For purposes of this rule, an employee who is the spouse of a participating employee shall not himself or herself be considered a participating employee unless he or she has elected to obtain separate Plan coverage in his or her own name. For example, a spouse who is covered only as a dependent on his or her spouse's family coverage is not a participating employee. Two spouses, both of whom have separate single coverage, are both participating employees.

2.9. "Plan" shall mean the group health insurance plan or plans established and administered by the PEIA.

2.10. "PEIA" shall mean the West Virginia Public Employees Insurance Agency, a division of the Department of Administration.

§151-4-3. Premium Assessments.

3.1. Beginning July 1, 1990, and each month thereafter, every participating employee shall contribute, and shall have withheld or deducted from his or her monthly salary or wages, an assessment, in an amount equal to the lesser of: (1) fifty percent (50%) of the applicable PEIA premium rate for single or family coverage in effect during that month; or (2) the maximum amount for that employee (i.e., one and one-half percent (1½%) of the employee's gross monthly wage).

3.1.a. For example, for an employee who earns twelve thousand dollars (\$12,000.00) per year, or one thousand dollars (\$1,000) per month, and who has single coverage:

(1) $50\% \times \$96.00$ (the monthly PEIA premium rate for single coverage as of January 1, 1990) = \$48.00 per month

(2) $1\frac{1}{2}\% \times \$1,000.00$ (the employee's gross monthly salary) = \$15.00 per month

Therefore, the employee would contribute \$15.00 per month (the lesser of the two amounts) toward the cost of his or her Plan coverage.

3.1.b. As another example, for an employee who earns twenty-four thousand dollars (\$24,000.00) per year, or two thousand dollars (\$2,000.00) per month, and who has family coverage:

- (1) $50\% \times \$220.00$ (the monthly PEIA premium rate for family coverage as of January 1, 1990) = \$110.00 per month
- (2) $1\frac{1}{2}\% \times \$2,000.00$ (the employee's gross monthly salary) = \$30.00 per month

Therefore, this employee would contribute \$30.00 per month (the lesser of the two amounts) toward the cost of his or her Plan coverage.

3.1.c. As a third example, for an employee who earns forty-eight thousand dollars (\$48,000.00) per year, or four thousand dollars (\$4,000.00) per month, and who has single coverage:

- (1) $50\% \times \$96.00$ (the monthly PEIA premium rate for single coverage as of January 1, 1990) = \$48.00 per month
- (2) $1\frac{1}{2}\% \times \$4,000.00$ (the employee's gross monthly salary) = \$60.00 per month

Therefore, this employee would contribute \$48.00 per month (the lesser of the two amounts) toward the cost of his or her Plan coverage.

3.2. For each employee who has elected to enroll in an HMO, the employer shall contribute toward payment of the HMO premium an amount equal to one hundred percent (100%) of the applicable PEIA premium rate, and the employee shall contribute any remaining amount due the HMO in excess of the employer contribution.

§151-4-4. Withholding or Deduction and Payment of Premium Assessments.

Each employee's assessment shall be withheld or deducted by the employer from such employee's monthly salary or wages as and when paid, and such funds shall be forwarded to the Director with such supporting data as the Director may require.

151-4-5. Employer Contribution.

For each of its participating employees, each employer shall contribute and forward to the Director, on a monthly basis as and when the employer pays its employees, an amount equal to one hundred percent (100%) of the applicable PEIA premium rate for that employee.

§151-4-6. Severability

If any provision of this rule or the application thereof to any entity or circumstance shall be held invalid, such invalidity shall not affect the provisions or the applications of this rule which can be given effect without the invalid provisions or application, and to this end the provisions of this rule are declared to be severable.