

# ARBenefits Portability Rules

Portability allows one Public School Employee to transfer to another district without a break in health coverage. This may only occur if both districts are participating in portability.

## Defintions

**Break in Coverage** – This is the phrase that represents the termination of health insurance for a given PSE. The PSE may be able to rejoin his/her health insurance plan, but the deductibles, and other calculations in the plan are reset.

**COBRA** – Consolidated Omnibus Budget Reconciliation Act – Law allowing employees to maintain his/her current health insurance after the separation of employment from the employer. This is done by paying the full cost of the health insurance plan (employee's share plus employer's share) directly to the health insurance provider.

**TSS EBD** – Department of Transformation and Shared Services Employee Benefits Division, which administrates the various plan of health insurance available to Arkansas State Employees (ASE) and PSEs. EBD also goes by the name of ARBenefits.

**PSE** – Public School Employee, which represents all school district employees, categorized as licensed and classified.

## Background

- All school districts have a fiscal year that runs from July 1st to June 30th.
- A typical teacher signs a contract with a start date in August and an end date in May.
- Payroll dates are set by each school district. Some pay monthly on a set day of the month. Still others pay semi-monthly or even bi-weekly. For simplicity, the term monthly may be used regarding payroll processing.
- School districts pay employment contracts in 12 (monthly) equal payments that begin after the first day of the contract.
- The equal monthly payment, combined with the delayed first payment, necessitates the need for multiple payments to be released on June 30th called "payoff checks." This allows for all contracts to be paid in full by the end of the fiscal year
- Each school district will recognize a specific date that payoff checks need to be "locked and loaded" into the payroll system to be released properly and timely.
- Arkansas law recognizes a PSE is considered to be under contract for the next school/fiscal year unless proper and timely notification is given. Unless properly notified, the PSE is considered to be a school district employee during the period of time from the last day of one contract to the first day of the subsequent contract.

# Rules

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If any public-school employee (PSE), licensed or classified, completes his or her contract and accepts employment in another Arkansas public school district, the following rules apply:

1. The former district will offer health insurance coverage and pay the district's portion for the months of July and August with the following conditions:
  - a. The PSE gives "adequate notice" to the former district.
  - b. The PSE pays his or her share of the health insurance premium by an "insurance premium collection deadline" established by the school district.
2. The former district must pay the same amount of district portion for July and August that was established for all district employees in the previous school year.
3. The former district may establish policies to confirm the employment of the PSE to a new Arkansas school district. This confirmation should be completed before the above payments are made to EBD.
4. The new district will make the PSE eligible for coverage effective September 1st, at the latest.

**"Adequate notice"** should be defined in written policy by every school district. **The date cannot be set before the PSE's last day of work.** Recommended: Districts should set this date in relation to the date health insurance premiums are withheld ("in advance" v. "current month" district).

**"Insurance premium collection deadline"** should be defined in written policy by every school district. The date must be set to allow a reasonable amount of time for collection from the PSE but still allow the district to make a timely payment for health insurance premiums to EBD. Recommended: **Districts should set this date as the 15th of each month that the insurance premium is due.**

## Options for PSE

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If the PSE desires a break in coverage, he or she can choose **not to remit payment** for the July or August health insurance to the school district.

However, if the payment is withheld from his or her payroll, the PSE cannot stop the former district's payroll from withholding health insurance premiums for July or August. For the former district, **this is not a qualifying event that allows insurance to be changed.**

## Specific Procedures in eFinance

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### EBD Term Date

The PSE can make the payment for his/her health insurance for July and August two ways:

1. The payment is **withheld from the PSE's payroll** (payoff checks released in June or final termination paychecks in July/August).
2. The payment is collected from the PSE **with a check or in cash**

The last month of health insurance available for a PSE (assuming the PSE makes all required health insurance payments) is August. **Therefore, August 31st should be considered the “EBD TERM DATE” for the transferring PSE.** EBD no longer pulls the EBD Term Date from eFinance. Instead, HIRs need to terminate a transferring employee using the ARBenefits system. HIRs will be able to select “Transfer” as the reason for termination in ARBenefits.

Please note that this EBD TERM DATE is not necessarily the final day of the contract of the PSE. The final day of the contract for the PSE is considered the “termination date” and is keyed into eFinance as “Last Date Worked” in the “Employee Information Screen” under the “Terminate” button.

This “terminate” button procedure should not be done until after the EBD term date has been keyed. If fact, EBD recommends that school districts **avoid actually performing the “terminate” button procedure on the same day the “EBD TERM DATE” is keyed.**

## New Hire

For the school district hiring the transferring PSE, the **hire date in eFinance should continue to be listed as the first date of employment in the district.**

## EBD Invoice

If the PSE is required to make a payment outside the scope of a payroll withholding, the following procedures should be followed to ensure the correct “premium assistance” (FICA savings payment) is listed on the EBD invoice:

The school district opens a TASK in EBD to change the PSE from OEB1 (cafeteria deduction) to OEB2 (non-cafeteria deduction). In eFinance the school district changes the PSE OEB1 code to “inactive” and adds the OEB2 code. Listing the amount collected by the PSE as the “deduction amount”.

This procedure is important to follow for every transferring PSE. EBD does not change the district’s invoice solely on the change made in eFinance. EBD needs a TASK to manually make the change (already made in eFinance) on the invoice.

# Examples

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## Example #1

Mr. Holland is a music teacher for Kennedy Schools. He gave notice on June 4, 2017 after his 190-day contract had been fulfilled. He has accepted a position at Lincoln Schools for the 2017- 2018 school year.

Kennedy Schools has a written policy stating that if notice of transfer to another school district is given by June 15th and subsequently confirmed, July and August health insurance premiums will be withheld from the PSE’s payoff checks. Kennedy’s business manager, Ms. Jacobs, reviews the contract and verifies that his contract ended May 29, 2017 and that his final payoff check held out “Premium – Employee Only” health insurance premiums for July and August 2017. Kennedy Schools will accrue the July and August district portion to be paid to EBD in July and August. Kennedy Schools is a “current month” district.

Ms. Jacobs terms Mr. Holland in the ARBenefits system and selects Transfer as the reason. The HIR for Lincoln Schools submits the Transfer In form to EBD for Mr. Holland. Mr. Holland continues his enrollment in the Premium – Employee Only Plan with Lincoln Schools effective September 2017. He has no break in coverage, so deductibles and maximum out-of-pocket limits continue.

## Example #2

Dr. Jones is the Curriculum Director at Marshall Schools. He gave notice of termination to be effective June 30, 2017 (at the end of his 12-month contract). His notice was received on June 20, 2017, before his 2016-17 pay off check had been released. He has accepted a position with Barnett Schools effective July 1, 2017. Marshall Schools is an “in advance” district.

Marshall's business manager, Mr. Brody, reviews his contract. In accordance with Marshall's written policy, Dr. Jones' July and August 2017 “Basic – Employee plus Children” health insurance plan is withheld from his payoff checks. Marshall Schools will accrue the July and August district portion to be paid to EBD in July and August.

Dr. Jones begins his Barnett Schools contract on July 1, 2017. His August premium was paid by Marshall Schools, so he will have premiums withheld at Barnett Schools starting with his September 2017 premium in his September 2017 paycheck. Barnett Schools is a “current month” district, so Dr. Jones had no health insurance premiums withheld from his July or August paychecks.

## Have Questions?

Contact us through phone at **877-815-1017**

(press 1, then 2) or via email at

**[AskEBD@dfa.arkansas.gov](mailto:AskEBD@dfa.arkansas.gov)**