

7. Act on Proposed J-1 Visa Legislation

LEGISLATIVE PROPOSAL: J-1 Visa’s Insurance Coverage

Request: To modify state statute to allow state universities to self-insure only those employees who do not meet federal requirements due to changing state health insurance plans.

Background: Wichita State University, Kansas State University, and the University of Kansas (including the Lawrence and Medical Center campuses) employ 216 benefits-eligible visiting scholars (employees who hold J-1 Visas). Federal law pertaining to these individuals’ visa status requires them to have health insurance coverage that meets certain minimum requirements. One such requirement is that the deductible of the visa-holders’ health insurance must not exceed \$500 per accident or illness (22 CFR 62.14(b); 22 CFR 62.14(h)). In past years, the individual deductible for Plan A of the State Employee Health Plan (SEHP) was \$500. Thus, the visiting scholars had health insurance that met the requirements of federal law.

Changes to Plan A of the SEHP for the 2017 Plan Year included an increase in the individual deductible to \$1,000. As of January 1, 2017, visiting scholars who participate in the SEHP will no longer have employer provided health insurance that meets the requirements of federal law. While the visiting scholars do have the option of purchasing individual insurance that meets the requirements, requiring visiting scholars to do this represents a substantial reduction in benefits for these employees and puts the universities at a competitive disadvantage for recruiting these highly qualified scholars, whose work is essential to furthering the missions of the institutions. Unfortunately, the universities are prevented by law from subsidizing the purchase of individual insurance or separately contracting for a compliant employer-provided health insurance plan. Thus, options for resolving this dilemma are limited. The three state universities have secured a temporary solution through July 31, 2017. The universities have reached an agreement with United Health Care, which provides student insurance for state university students, to allow these visiting scholars to have temporary coverage under that plan through July 31, 2017. However, this is not a long-term solution although we are very fortunate to have it as a temporary fix.

The three state universities engaged legal counsel at Ice Miller LLP to assist in identifying a long-term solution to this challenge. Ice Miller has proposed the creation of a Health Reimbursement Account (HRA) to bridge the gap between the requirements of federal regulations and the deductible for the SEHP. The creation and operation of the HRA would be wholly funded by the participating universities. The proposed amendment authorizes the Board to administer the recommended HRA.

Impact: This allows current J1 visa holders to maintain their visa status and continue to work in the state of Kansas.

Fiscal Note: negligible administrative costs as well as the cost to provide coverage for these employees, which would be \$500 per employee or \$108,000.

Draft Bill Language:

K.S.A. 75-4101

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(1) The state board of regents may enter into one or more group insurance contracts to provide health and accident insurance coverage or health care services of a health maintenance organization for all students attending a state educational institution as defined in K.S.A. 76-711, and amendments thereto, and such students' dependents, except that such insurance shall not provide coverage for elective procedures that are not medically necessary as determined by a treating physician. The participation by a student in such coverage shall be voluntary. In the case of students who are employed by a state educational institution in a student position, the level of employer contributions toward such coverage shall be determined by the board of regents.

(2) Notwithstanding the requirements of K.S.A. 75-6501 et seq., the state board of regents shall have the authority to independently provide, through self-insurance or the purchase of insurance contracts, health care benefits for employees of a state educational institution, as defined in KSA 76-711, in order to satisfy federal requirements when the state health care benefits program does not satisfy such federal requirements. Such health care benefits shall be limited to only those employees for whom the state health care benefits program does not meet federal requirements.

(3) The state board of regents may adopt rules and regulations necessary to administer and implement the provisions of this section.

8. Receive Legislative Update

Summary

The Board will receive a preview of the 2017 legislative session. The Governor's State of the State on Tuesday, January 10th will officially unveil the administration's budget for the first year of the two year budget cycle. The Board will receive an update on the budget and any other issues impacting higher education for this session.