

## EXHIBIT A

### WITHDRAWAL FROM STATE SPONSORED LOCAL EDUCATION INSURANCE PLAN

1. In order for any Local Education Agency (LEA) to withdraw from the State Sponsored Local Education Insurance Plan, the following **mandatory** requirements must be satisfied:
  - a. The LEA must have participated in the State Sponsored Local Education Insurance Plan for a minimum of twenty-four (24) consecutive months prior to withdrawal; and
  - b. A majority of employees of the LEA must agree to withdraw from the plan and their agreement must be verified in writing and submitted to Benefits Administration.
2. In order to withdraw from the State Sponsored Local Education Insurance Plan and continue to receive insurance funding from the Department of Education as provided in Tenn. Code Ann. § 8-27-303(a)(1)(hereinafter "insurance funding"), the LEA must meet and continue to meet the following additional mandatory requirements:
  - a. The medical insurance plan(s)' actuarial levels must satisfy the equivalency provisions of Tenn. Code Ann. § 8-27-303(a)(2) as outlined in Benefits Administration's Local Education Plan Equal or Superior Evaluation Policy; and
  - b. The LEA's contribution to each plan and each coverage tier must equal or exceed the contribution level specified in the General Appropriations Act for the Basic Education Program (BEP) insurance component.
3. When a Local Education Agency withdraws from the State Sponsored Local Education Insurance Plan, there are many factors to consider and consequences to keep in mind, including the following list which is not an exhaustive list but which includes several important consequences of withdrawal:
  - a. Once withdrawn from the State Sponsored Plan, the LEA must remain out of the Plan for a period of twenty-four (24) months; the LEA is not eligible for re-enrollment in the State Sponsored Local Education Plan within that twenty-four (24) month period.
  - b. Upon withdrawal, the LEA will be responsible for all legal requirements relating to providing health insurance coverage for active employees, dependents, COBRA participants and/or their dependents, and retirees and/or their dependents.
  - c. Retirees in agencies that withdraw from the Local Education Insurance Plan are not eligible to receive funding authorized in Tenn. Code Ann. § 8-27-305(c) to offset their premium or defined contribution. The LEA must take responsibility for determining and reporting Other Post-Employment Benefits (OPEB) as outlined in Governmental Accounting Standards Board Statements 74 and 75.
  - d. Upon withdrawal of an LEA from the State Sponsored Plan, its members' eligibility for COBRA coverage with the Local Education Plan terminates.

- e. If an LEA chooses not to participate in the State Sponsored Health Insurance Plan, the LEA employees may not retire with medical coverage with the State Sponsored Health Insurance Plan. If a nonparticipating LEA returns to the State Sponsored Health Insurance Plan after the 24 month exclusion period, retirees and their dependents, including persons who were previously enrolled with the plan as retirees and employees who retired after the LEA's withdrawal from the plan, may enroll in the plan's retiree coverage without having to meet the plan rules for retiring employees. All active employees coming into the plan with a returning LEA may not retire with medical coverage in the State Sponsored Plan unless they meet the plan rules for retiring employees: (1) employees with ten (10) to 20 years of employment must work and remain in the plan for three continuous years immediately prior to retirement in order to continue in the plan upon retirement; and (2) employees with twenty (20) or more years of employment must work and remain in the plan for one year immediately prior to retirement in order to continue in the plan upon retirement.
- f. Retirees and their spouses over the age of 65 (except those who are never eligible for Medicare) are not eligible to enroll in the State Sponsored Plan but may request enrollment in The Tennessee Plan (supplemental medical insurance for Retirees with Medicare) if they meet all requirements for that plan.
- g. Voluntary benefits offered by the state will be impacted and in most cases will be unavailable for employees who are not enrolled in the state sponsored group insurance plan. Please consult with your ABC for specific rules governing state-offered voluntary benefits available to retirees.
- h. Enrollment in The Tennessee Plan (supplemental medical insurance for retirees with Medicare) and continuation in the state-sponsored plan for retirees is subject to all applicable laws and plan provisions, including but not limited to, TCA 8-27-305, TCA 8-27-306 and Section 4.06 of the Local Education Plan Document. It is the responsibility of the LEA to assist ineligible persons with finding other coverage.