

## EXHIBIT A

### WITHDRAWAL FROM STATE SPONSORED LOCAL EDUCATION INSURANCE PLAN

1. **Primary Mandatory Requirements.** For any Local Education Agency (LEA) to withdraw from the State Sponsored Local Education Insurance Plan (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 (50% plus one) of health insurance-eligible employees of the LEA must agree to withdraw from the plan and their agreement must be verified in writing by the Director of Schools and submitted to Benefits Administration no later than sixty (60) days from the anticipated date of withdrawal.
2. **Additional Mandatory Requirements.** 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 basic health plan premium contribution on behalf of each plan member must equal or exceed the contribution percentage levels specified in the current General Appropriations Act.
3. **Considerations and Consequences.** When a Local Education Agency withdraws from the State Sponsored Local Education Insurance Plan, there are many factors and consequences to keep in mind, including the following list, which is not exhaustive, but which includes several important considerations:
  - a. Once withdrawn from the Plan, the LEA must remain out of the Plan for a period of twenty-four (24) consecutive months and the LEA is not eligible for re-enrollment in the Plan within that twenty-four (24) month period.
  - b. Upon withdrawal from the Plan, 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 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 Plan, its members' eligibility for COBRA coverage with the Plan terminates.
- e. If an LEA withdraws from the Plan, the LEA employees may not retire with medical coverage with the Plan.
- f. Voluntary benefits offered by the State Sponsored Local Education Insurance Plan will not be available to active employees of LEAs that withdraw from the Plan. The LEA should consult BA for specific information governing state-offered voluntary benefits available to retirees.
- g. Individual retirees' participation in The Tennessee Plan (supplemental medical insurance for retirees with Medicare) is not impacted by an agency's withdrawal from the State Sponsored Local Education Insurance Plan. Eligibility for The Tennessee Plan is governed by TCA 8-27-307 and the Plan Document for The Tennessee Plan.
- h. **Returning Agencies.** If an LEA requests to return to the Plan at any time after 24 consecutive months of withdrawal, the agency will be considered as rejoining the Plan and will not receive considerations or incentives specifically offered to a new agency joining the Plan for the first time. Eligibility and enrollment of employees and former employees of returning agencies are governed by the language in the applicable plan documents and certificates of coverage.