

SENATE BILL REPORT

HB 1083

AS REPORTED BY COMMITTEE ON HEALTH & LONG-TERM CARE,
APRIL 3, 1991

Brief Description: Revising provisions for voluntary payroll deductions for public employees.

SPONSORS: Representatives Braddock and Sprenkle; by request of Health Care Authority.

HOUSE COMMITTEE ON HEALTH CARE

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.

Signed by Senators West, Chairman; L. Smith, Vice Chairman; Amondson, Johnson, L. Kreidler, Niemi, and Wojahn.

Staff: Don Sloma (786-7414)

Hearing Dates: April 1, 1991; April 3, 1991

BACKGROUND:

Current law allows employees of state agencies and state-supported institutions to authorize payroll deductions for certain kinds of insurance premiums. Because no state agency has overall responsibility for reviewing and approving payroll deduction offerings, problems have arisen. First, agency directors have been placed in the unwanted position of making decisions about the suitability of insurance products -- a role for which directors feel unprepared, and one which consumes staff time and resources. Second, there are reports of aggressive marketing by insurance carriers within state agencies which disrupts state employees' working environment. Third, there are questions about the suitability and quality of insurance products that are being sold through payroll deduction. Further, some policies may be of marginal value to a person already eligible for comprehensive medical coverage, and some plans are said to have quite low loss ratios, indicating that a substantial part of paid premiums are consumed by administrative costs, agent or broker commissions, and profits.

SUMMARY:

The Health Care Authority (HCA) is given authority to address this concern. Employees of state agencies may authorize payroll deduction only for insurance plans provided by or contracted for by the Health Care Authority (HCA). All contracts must meet the requirements of the Minority and Women's Business Enterprise Act. Employee authorization of HCA-provided insurance plans shall no longer require prior

approval by agency directors. The role of directors in approving other types of payroll deductions shall not be affected. Plan designs developed by the SEBB shall be provided or contracted for by the HCA and approved for payroll deduction. The HCA administrator shall file annually a list of plans approved for payroll deduction with the Department of Personnel beginning January 1, 1992, and only insurance plans on that list shall be available for payroll deduction on or after July 1, 1992.

Appropriation: none

Revenue: none

Fiscal Note: available

SUMMARY OF PROPOSED SENATE AMENDMENT:

Requirements of the legislation shall not apply to insurance policies on payroll deduction when the employee pays the entire premium.

TESTIMONY FOR:

This legislation will provide a needed aid to state agency directors in determining which insurance products may be offered to state employees.

TESTIMONY AGAINST:

The bill reduces the right of state employees to purchase insurance and places the decisions in the hands of a single state agency director (the Health Care Authority Administrator).

TESTIFIED: Michael H. Rhodes, American Family Life Assn. (con); Kristen West, Health Care Authority (pro); Featherstone Reid, Office of Governor (pro)