

SENATE BILL REPORT

SB 5384

As Reported By Senate Committee On:
Health & Long-Term Care, March 24, 1995

Title: An act relating to implementation of health care authority responsibilities.

Brief Description: Changing health care authority responsibilities.

Sponsors: Senators Quigley, Franklin, C. Anderson and Wojahn; by request of Health Care Authority.

Brief History:

Committee Activity: Health & Long-Term Care: 2/3/95, 3/24/95 [DPS-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5384 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Quigley, Chair; Wojahn, Vice Chair; Fairley, Franklin, Winsley and Wood.

Staff: Don Sloma (786-7319)

Background: The Health Care Authority (HCA) is state government's purchaser of health insurance for its employees and retirees, for enrollees in the Basic Health Plan and for other public employee groups who choose to use the HCA as their health insurance purchasing agent. At the present time, the HCA purchases health insurance for approximately 400,000 people.

Under current law, the HCA is designated as the state's consolidated health care purchasing agent and must purchase health insurance for school district employees and retirees beginning in October 1995. This will add more than 300,000 additional lives to the HCA purchasing pool, making it the largest single purchaser of health coverage within our state.

Current law requires HCA to purchase no less than the uniform benefits package as determined by the Health Services Commission for public employees beginning in July 1995. In addition, by January 1995, the HCA was directed to create a single, community-rated risk pool of several groups it purchases for. Pending legislative approval of authorizing legislation, HCA must also assume purchasing responsibility for certain portions of the state Medicaid program, and HCA must pursue various managed competition purchasing strategies in an effort to maximize the value the state receives in its purchase of health insurance.

Finally, HCA administers the Caregivers Program which enables nonprofit agencies to purchase health insurance through the state. At present, fewer than 50 people have opted to avail themselves of this program.

This agency request legislation reflects the HCA's view that changes in plans to implement health reform as described in the Health Services Act of 1993 require changes in the timing of certain HCA requirements and make others moot. The HCA seeks changes to its enabling legislation to take account of delayed establishment of a uniform benefits package, the failure of the state to obtain waivers from the federal Employee Retirement Income Security Act (ERISA) and other developments.

Summary of Substitute Bill: The date of the K-12 merger of health benefits into HCA is moved from October 1995 to January 1996, but vision, dental, life insurance, liability insurance, accidental death and dismemberment insurance and disability income insurance need not be purchased through HCA. Until the merger occurs for a district, 4.7 percent of their funds must be given to HCA to cover the cost of retiree benefits.

The K-12 employee health benefits merger with the Health Care Authority is null and void if less than \$24 million is specifically appropriated for the purpose by the Legislature by June 30, 1995.

School districts with joint labor-management trusts for financing health coverage that were in effect in January 1993 may elect not to enter the HCA, if the HCA determines they are offering benefits to their employees and dependents in amounts at least equal to those they would receive under HCA. If a school district elects not to merge purchasing with HCA by January 1996, they may not do so until January 1, 2001.

The date by which all school district and state employee benefits must equal at least the uniform benefits package is moved from July 1995 to the first plan anniversary after February 1, 1996.

School district and state employees may choose to waive their right to health insurance coverage under terms and conditions to be established by the Public Employee Benefits Board (PEBB).

The date by which PEBB must begin implementing various managed competition purchasing strategies is moved to January 1, 1996, and the HCA is added as an entity with authority to implement the strategies.

The requirement to place the Basic Health Plan, state employees, school district employees, retirees, and some Medicaid programs in a single, community-rated risk pool is modified to assure that all plans are offering at least the uniform benefits package first.

The requirement to place health care purchasing for state prisoners in the single risk pool is modified to become a study due in January 1998. This is one year after current law requires the Governor to submit legislation to accomplish the merger.

Several statutory requirements governing the optional transfer of political subdivision employees into HCA health purchasing are removed from current law, including the requirement that the entire subdivision transfer as a unit, the requirement that the subdivision obligate itself to make employer contributions at least equal to those provided by the state as an employer, and the requirement that there be a public hearing on the application for transfer to HCA.

It is clarified that political subdivision decisions to enter the HCA, decisions made by HCA regarding health benefits, and benefits negotiated in addition to those provided by HCA all remain subject to applicable collective bargaining statutes.

Clarification is provided that the act does not allow HCA to require LEOFF members and retirees to be forced into HCA unless their benefits fall below those provided by LEOFF.

The Caregivers Program, providing health insurance purchasing options for nonprofit agencies, is repealed.

The HCA responsibility to develop an Indian health care delivery plan is repealed.

Substitute Bill Compared to Original Bill: The HCA requirement to means test employees who might be low income and to adjust any premium shares they might have to pay is reinstated.

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Clarification is provided that the act does not allow HCA to require LEOFF members and retirees to be forced into HCA unless their benefits fall below those provided by LEOFF.

The HCA's authority to develop a repository for part-time employees is retained as in current law.

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Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: The merger of K-12 health benefits needs to be delayed to January 1996 to conform to calendar year budgets. Collective bargaining needs to be included in these decisions. Self-funded school health insurance trusts should be excluded for several years to see if they continue to out-perform HCA over time.

Testimony Against: The merger should be delayed an additional year to allow more transition time.

Testified: Lynn McKinnon, PSE (pro); Cindy Zehnder (pro/con); Margaret Stanley, Health Care Authority (pro); Karen Davis, WEA (pro); Randy Parr, SEIU (concerns); Steven Aldrich, WSLC (concerns).