

# SENATE BILL REPORT

## SHB 2536

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 21, 2002  
Ways & Means, March 1, 2002

**Title:** An act relating to offering health care benefit plans to school district employees.

**Brief Description:** Offering health care benefit plans to school district employees.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Fromhold, Cox, Schual-Berke, Talcott, Conway, Doumit, Grant, Cody, Benson, McDermott, Delvin, Sullivan, Armstrong, Eickmeyer, Miloscia, Roach, Casada, Mielke, Morell, Boldt, Barlean, Chase, Rockefeller, Ogden, Lantz, Edwards, Simpson, Kessler, Haigh, Pearson, Dunn, Quall, Voloria, Kagi, McIntire, Wood, Santos and Linville).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/21/02 [DP-WM].  
Ways & Means: 2/28/02, 3/1/02 [DP].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.  
Signed by Senators Thibaudeau, Chair; Franklin, Vice Chair; Costa, Fraser and Winsley.

**Staff:** Jonathan Seib (786-7427)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Honeyford, Kline, Kohl-Welles, Long, Parlette, Poulsen, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel and Thibaudeau.

**Staff:** Tim Yowell (786-7435)

**Background:** The Washington State Health Care Authority (HCA) is the state agency that purchases health insurance benefits for state employees. Upon approval, a school district may also purchase insurance through the HCA.

Funding for state employee benefits is provided through an employer funding rate and employee premium contributions. The employer funding rate is a flat amount provided to the HCA by each state agency for every employee working half-time or more. It is also called a "composite rate" because it is the average rate required to fund state employee benefits given the average family size of state employees enrolled in HCA plans.

For most school districts purchasing benefits through the HCA, the HCA charges a "tiered rate." This means that for each employee covered, the district must pay the HCA an amount based on the individual employees' choice of plan and family size. The HCA also charges districts a separate administrative fee. There are five school districts, however, that were purchasing benefits from the HCA before this rate structure was adopted. These five school districts pay the HCA a composite rate, that is, the same rate for all of their employees enrolled in an HCA plan.

**Summary of Bill:** The HCA charges a composite rate, plus the same employee premiums by plan and by family size as are paid by state employees, for all K-12 employees currently participating in HCA plans. The HCA charges a composite rate, plus the same employee premiums by plan and by family size as are paid by state employees, for all new groups of K-12 employees applying to participate, only if the average family size of these groups does not adversely impact the HCA's insurance account. If the HCA determines that billing for new K-12 employee groups on a composite rate would adversely impact the insurance account, the HCA can offer enrollment under a tiered rate structure that reflects family size and plan chosen.

K-12 employees participating in HCA plans must pay the same employee premiums as state employees pay. K-12 employees participating in HCA plans no longer have the option of purchasing only medical coverage. The same eligibility requirements apply to participating K-12 employees as apply to state employees.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For (Health & Long-Term Care):** This bill will be of benefit to school district employees and the state. It reflects a compromise that will allow the HCA to remain as gatekeeper. The current options available to school districts have led to employee premiums that are unaffordable for some. The option provided in this bill will help districts recruit and retain quality educational staff.

**Testimony Against (Health & Long-Term Care):** None.

**Testified (Health & Long-Term Care):** PRO: Representative Fromhold, prime sponsor; Doug Nelson, Maria Cartwright, PSE; David Warren, SEIU; Ken Kanikeberg, OSPI; John Kvamme, WASA & AWSP; NEUTRAL WITH CONCERNS: Randy Parr, WEA.

**Testimony For (Ways & Means):** The substitute bill gives the Health Care Authority the ability to manage the rates charged school districts, if their enrollment would otherwise increase average family size and costs. This would provide school districts another option to manage their health insurance costs by participating in a much larger purchaser pool. It would also give school employees the option to get the same insurance at the same cost as state employees.

**Testimony Against (Ways & Means):** None.

**Testified (Ways & Means):** PRO: Representative Bill Fromhold, prime sponsor; Ken Kanikeberg, OSPI; Randy Dorn, Washington Public School Employees; John Kvamme, School Principals Association.