

# HOUSE BILL REPORT

## HB 1191

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**As Reported by House Committee On:**  
Appropriations

**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:** Representatives Fromhold, Cox, Moeller, Talcott, Wallace, Pflug, Grant, Lovick, Dunshee, Anderson, Delvin, McCoy, Benson, Miloscia, Eickmeyer, Mielke, Schindler, Schual-Berke, Linville, Lantz, Pearson, Kessler, Morrell, Cairnes and Simpson.

**Brief History:**

**Committee Activity:**

Appropriations: 2/4/03, 2/13/03 [DPS].

**Brief Summary of Substitute Bill**

- Provides that, for those school districts purchasing benefits from the Health Care Authority, the portion of the premium paid by the district and the portion paid by district employees will be determined at the local level, except that school district employees must pay at least the same employee premiums paid by state employees.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Buck, Clements, Cody, Conway, Cox, DeBolt, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

**Staff:** Denise Graham (786-7137).

**Background:**

School districts and educational service districts have the option of purchasing insurance

benefits from the Health Care Authority (HCA). Prior to 2002, the HCA charged participating districts under a tiered rate structure, which is based on family size and plan choice. In 2002 the Legislature passed SHB 2536, which directs the HCA to charge participating districts the same composite rate that state agencies are charged. In addition, SHB 2536 requires that participating district employees meet the same eligibility criteria and pay the same co-premiums as state employees. Under eligibility criteria established by the Public Employees' Benefits Board, employees working half-time or more are eligible for full benefits coverage in HCA plans. The intent of the bill was to make it more attractive for school districts and their employees to purchase insurance benefits through the HCA.

The per employee monthly allocation for district employees provided by the state in the current year is \$25 less than the allocation provided for state employees. Under SHB 2536, the difference between the state employee rate and the district rate must be paid by participating districts, not by employees.

The state provides the full benefit funding rate for all state employees working half-time or more, but provides no funding for state employees working less than half-time. The state allocates district employee health benefit funding based on formula-driven full-time equivalent (FTE) staff. At the district level, the actual distribution of the health benefit allocation is determined through collective bargaining. There are no state mandated maximum or minimum amounts that a district must spend per employee or FTE. In many districts, the amount provided for health benefits is pro-rated based on the amount of time an employee works. In some districts, employees working at least half-time are provided the same benefit as a full-time employee.

After enactment of SHB 2536, only four new groups of district employees, totaling 81 employees, began to purchase insurance benefits from the HCA. The requirement that districts pay the monthly \$25 per employee difference between the state allocation to districts and the state allocation to state agencies, plus the requirement that districts provide a full-time benefit for those working half-time or more, made participation in the HCA fiscally difficult for some districts.

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### **Summary of Substitute Bill:**

School district and educational service district employees participating in HCA plans must pay at least the same employee premiums as state employees pay. The total amount collected from a participating district must be the same as the composite rate collected by the HCA from state agencies, plus an amount equal to the employee premiums charged to state employees. The portion of the total paid by the district and the portion paid by district employees are determined at the local level. Only those employees working half-time or more are eligible for participation and coverage.

**Substitute Bill Compared to Original Bill:**

Technical amendments were made to make the terminology consistent throughout the section.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill will make health care for school district employees more affordable. It removes impediments and would make it more attractive for school districts and employees to purchase health benefits from the Health Care Authority.

**Testimony Against:** None.

**Testified:** Ellie Menzies, School Employees International Union; John Kvamme, Washington Association of School Administrators and the Association of Washington School Principals; Doug Nelson, Public School Employees Association; and Dennis Martin, Washington State Health Care Authority.

(Comments) Steve Nelson, Department of Retirement Systems.