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**SSB 6442** - S AMD TO S AMD (S5278.2) **298**

By Senator Ericksen

On page 2, beginning on line 30 of the amendment, strike all of sections 3 through 19, and insert the following:

"**Sec. 3.** RCW 28A.400.280 and 2011 c 269 s 1 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, school districts may provide employer fringe benefit contributions after October 1, 1990, only for basic benefits, or a portable health contribution account that must be offered by any school district making fringe benefit contributions if such account option is selected by the employee. However, school districts may continue payments under contracts with employees or benefit providers in effect on April 13, 1990, until the contract expires.

(2) School districts may provide employer contributions after October 1, 1990, for optional benefit plans, in addition to basic benefits, only for employees included in pooling arrangements under this subsection. Optional benefits may include direct agreements as defined in chapter 48.150 RCW, but may not include employee beneficiary accounts that can be liquidated by the employee on termination of employment. Optional benefit plans may be offered only if:

(a) The school district pools benefit allocations among employees using a financial pooling arrangement that includes no more than two pools that combine at least one employee bargaining unit ((and/or)) with all nonbargaining group employees and combines all other employees in one pool if a separate pool is chosen;

(b) Each full-time employee included in the pooling arrangement is offered basic benefits, including coverage for dependents((, without a payroll deduction for premium charges));

(c) Each employee included in the pooling arrangement who elects medical benefit coverage shall pay a minimum premium charge subject to bargaining under chapter 41.59 or 41.56 RCW;  
 (d) The employee premiums must be structured to ensure employees selecting richer benefit plans pay the higher premium;  
 (e) The employee premiums must be established to ensure full family coverage premiums are not more than three times the premiums for employees purchasing single coverage for the same coverage plan;  
 (f) Each full-time employee included in the pooling arrangement, regardless of the number of dependents receiving basic coverage, receives the same additional employer contribution for other coverage or optional benefits; and

(((d))) (g) For part-time employees included in the pooling arrangement, participation in optional benefit plans shall be governed by the same eligibility criteria and/or proration of employer contributions used for allocations for basic benefits.

(3) Savings accruing to school districts due to limitations on benefit options under this section shall be pooled and made available by the districts to reduce out-of-pocket premium expenses for employees needing basic coverage for dependents. School districts are not intended to divert state benefit allocations for other purposes.

(4) Classified and part-time employees shall be permitted to participate in a health reimbursement arrangement for receiving employer basic benefits contributions, structured such that the employee controls spending all health reimbursement arrangement funds while employed and after, and an employee and his or her dependents may aggregate funds from multiple portable health contribution accounts owned by the employee and his or her dependents.

**Sec. 4.** RCW 28A.400.350 and 2011 c 269 s 2 are each amended to read as follows:

(1) The board of directors of any of the state's school districts or educational service districts may make available liability, life, health, health care, accident, disability, and salary protection or insurance, direct agreements as defined in chapter 48.150 RCW, or any one of, or a combination of the types of employee benefits enumerated in this subsection, or any other type of insurance or protection, for the members of the boards of directors, the students, and employees of the school district or educational service district, and their dependents. Such coverage may be provided by contracts with private carriers, with the state health care authority after July 1, 1990, pursuant to the approval of the authority administrator, or through self-insurance or self-funding pursuant to chapter 48.62 RCW, or in any other manner authorized by law. Any direct agreement must comply with RCW 48.150.050.

(2) Whenever funds are available for these purposes the board of directors of the school district or educational service district may contribute all or a part of the cost of such protection or insurance for the employees of their respective school districts or educational service districts and their dependents. The premiums on such liability insurance shall be borne by the school district or educational service district.

After October 1, 1990, school districts may not contribute to any employee protection or insurance other than liability insurance unless the district's employee benefit plan conforms to RCW 28A.400.275 and 28A.400.280.

(3) For school board members, educational service district board members, and students, the premiums due on such protection or insurance shall be borne by the assenting school board member, educational service district board member, or student. The school district or educational service district may contribute all or part of the costs, including the premiums, of life, health, health care, accident or disability insurance which shall be offered to all students participating in interschool activities on the behalf of or as representative of their school, school district, or educational service district. The school district board of directors and the educational service district board may require any student participating in extracurricular interschool activities to, as a condition of participation, document evidence of insurance or purchase insurance that will provide adequate coverage, as determined by the school district board of directors or the educational service district board, for medical expenses incurred as a result of injury sustained while participating in the extracurricular activity. In establishing such a requirement, the district shall adopt regulations for waiving or reducing the premiums of such coverage as may be offered through the school district or educational service district to students participating in extracurricular activities, for those students whose families, by reason of their low income, would have difficulty paying the entire amount of such insurance premiums. The district board shall adopt regulations for waiving or reducing the insurance coverage requirements for low-income students in order to assure such students are not prohibited from participating in extracurricular interschool activities.

(4) All contracts for insurance or protection written to take advantage of the provisions of this section shall provide that the beneficiaries of such contracts may utilize on an equal participation basis the services of those practitioners licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

(5) All contracts for insurance, whether purchased from a private carrier, third-party administrator, or self-insured, must provide data annually to the office of the superintendent of public instruction and the office of financial management, as instructed by the office of financial management. The data shall include, but is not limited to the following:  
 (a) Premium expenses, or claims expenses for the self-insured plans, in total;  
 (b) Either reserves and administrative expenses related to the insurance, including the administrative expenses paid by the carrier or the school district and any fee or compensation paid to brokers, or both;  
 (c) Enrollment information on the number of enrollees in each type of coverage, including the number of employees and the number of dependents.  
 (6) In addition to the insurance financial data above, the school district must provide an accounting of the sources of revenue supporting insurance benefits, including the state, federal, and local funds as well as documentation of the employee cost-sharing.  
 (7) If a school district or the contractor fails to comply with any reporting requirements established by the office of financial management, the allocation of state funds for support of the school district may be withheld. Written notice of the intent to withhold state funds shall be made to the school districts before any portion of the state allocation is withheld.  
 (8) All contracts for insurance must be held to responsible contracting standards, meaning a fair, prudent, and accountable competitive procedure for procuring services that includes:  
 (a) Accurate cost comparisons to assure cost-effective purchasing;  
 (b) Assuring contractor compliance with workplace, tax, and other laws and consideration of past and pending legal actions concerning the contractor's contractual performance;  
 (c) Sufficient documentation to enable an effective audit trail for subsequent reviews of the contracting process; and  
 (d) An open competitive process, except where an open process would compromise cost-effective purchasing. In such instances, there should be documentation justifying the approach.

NEW SECTION. **Sec. 5.** The office of financial management shall monitor the financial reports provided by the school districts and report to the legislature on September 15, 2016, on the progress school districts are making in the areas of equity, transparency, and efficiency. If adequate progress is not being made, the office of financial management shall submit recommendations to the legislature, including the possible consolidation of health care purchasing, to remedy the shortcoming."

Renumber the remaining sections consecutively and correct any internal references accordingly.

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By Senator Ericksen

On page 1, line 2 of the title, after "employees;", strike the remainder of the title and insert "amending RCW 28A.400.280 and 28A.400.350; and creating new sections."

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|  | EFFECT:   * Retains all purchasing of benefits at the school district level, and all bargaining at local level * The employee share of premiums must be established at no more than 3 times the premium share for employee only coverage * No change in employer contribution from current practice (can bargain more than state funding) * Changes local pools to no more than 2 per district, combine at least one bargaining unit with all non-bargaining, and combines all other employees into one pool if separate pool is chosen * All districts and carriers must provide data including: Premium expenses or claims expenses in total, reserves and administrative expenses related to insurance, including any fees paid to brokers, enrollment information on enrollees in each type of coverage, and school accounting of sources of revenue supporting insurance benefit and documentation of employee cost sharing * Penalty - OFM can withhold state funds * Contracts should be held to responsible contracting standards with open competitive process * OFM must monitor reporting and report to Legislature 9/15/16 on the progress toward equity transparency and efficiency * Allows classified and part-time employees to utilize a health reimbursement arrangement that may pool funds from multiple sources |

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