

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

By Senator Ericksen

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

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

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

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

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

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

4 (c) Each employee included in the pooling arrangement who elects
5 medical benefit coverage shall pay a minimum premium charge subject to
6 bargaining under chapter 41.59 or 41.56 RCW;

7 (d) The employee premiums must be structured to ensure employees
8 selecting richer benefit plans pay the higher premium;

9 (e) The employee premiums must be established to ensure full
10 family coverage premiums are not more than three times the premiums
11 for employees purchasing single coverage for the same coverage plan;

12 (f) Each full-time employee included in the pooling arrangement,
13 regardless of the number of dependents receiving basic coverage,
14 receives the same additional employer contribution for other coverage
15 or optional benefits; and

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

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

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

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

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

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

22 After October 1, 1990, school districts may not contribute to any
23 employee protection or insurance other than liability insurance unless
24 the district's employee benefit plan conforms to RCW 28A.400.275 and
25 28A.400.280.

26 (3) For school board members, educational service district board
27 members, and students, the premiums due on such protection or
28 insurance shall be borne by the assenting school board member,
29 educational service district board member, or student. The school
30 district or educational service district may contribute all or part of
31 the costs, including the premiums, of life, health, health care,
32 accident or disability insurance which shall be offered to all
33 students participating in interschool activities on the behalf of or
34 as representative of their school, school district, or educational

1 service district. The school district board of directors and the
2 educational service district board may require any student
3 participating in extracurricular interschool activities to, as a
4 condition of participation, document evidence of insurance or purchase
5 insurance that will provide adequate coverage, as determined by the
6 school district board of directors or the educational service district
7 board, for medical expenses incurred as a result of injury sustained
8 while participating in the extracurricular activity. In establishing
9 such a requirement, the district shall adopt regulations for waiving
10 or reducing the premiums of such coverage as may be offered through
11 the school district or educational service district to students
12 participating in extracurricular activities, for those students whose
13 families, by reason of their low income, would have difficulty paying
14 the entire amount of such insurance premiums. The district board
15 shall adopt regulations for waiving or reducing the insurance coverage
16 requirements for low-income students in order to assure such students
17 are not prohibited from participating in extracurricular interschool
18 activities.

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

24 (5) All contracts for insurance, whether purchased from a private
25 carrier, third-party administrator, or self-insured, must provide data
26 annually to the office of the superintendent of public instruction and
27 the office of financial management, as instructed by the office of
28 financial management. The data shall include, but is not limited to
29 the following:

30 (a) Premium expenses, or claims expenses for the self-insured
31 plans, in total;

32 (b) Either reserves and administrative expenses related to the
33 insurance, including the administrative expenses paid by the carrier
34 or the school district and any fee or compensation paid to brokers, or

1 both;

2 (c) Enrollment information on the number of enrollees in each type
3 of coverage, including the number of employees and the number of
4 dependents.

5 (6) In addition to the insurance financial data above, the school
6 district must provide an accounting of the sources of revenue
7 supporting insurance benefits, including the state, federal, and local
8 funds as well as documentation of the employee cost-sharing.

9 (7) If a school district or the contractor fails to comply with
10 any reporting requirements established by the office of financial
11 management, the allocation of state funds for support of the school
12 district may be withheld. Written notice of the intent to withhold
13 state funds shall be made to the school districts before any portion
14 of the state allocation is withheld.

15 (8) All contracts for insurance must be held to responsible
16 contracting standards, meaning a fair, prudent, and accountable
17 competitive procedure for procuring services that includes:

18 (a) Accurate cost comparisons to assure cost-effective
19 purchasing;

20 (b) Assuring contractor compliance with workplace, tax, and other
21 laws and consideration of past and pending legal actions concerning
22 the contractor's contractual performance;

23 (c) Sufficient documentation to enable an effective audit trail
24 for subsequent reviews of the contracting process; and

25 (d) An open competitive process, except where an open process
26 would compromise cost-effective purchasing. In such instances, there
27 should be documentation justifying the approach.

28
29 NEW SECTION. Sec. 5. The office of financial management shall
30 monitor the financial reports provided by the school districts and
31 report to the legislature on September 15, 2016, on the progress
32 school districts are making in the areas of equity, transparency, and
33 efficiency. If adequate progress is not being made, the office of
34 financial management shall submit recommendations to the legislature,

1 including the possible consolidation of health care purchasing, to
2 remedy the shortcoming."

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

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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."

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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