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**SENATE BILL 5727**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators Hobbs, Rivers, Mullet, Takko, Palumbo, and Keiser

AN ACT Relating to public school employee benefits; amending RCW 28A.400.350; adding a new section to chapter 28A.400 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature finds that:

(a) The 2012 legislature enacted Engrossed Substitute Senate Bill No. 5940, that among other things:

(i) Established a goal of creating greater affordability for full family coverage and greater equity between premium costs for full family coverage and for employee only coverage for the same health benefit plan; and

(ii) Directed school districts to make progress toward employee contributions for full family coverage that are not more than three times the employee contributions for employees purchasing single coverage; and

(b) An analysis by the joint legislative audit and review committee found that:

(i) In the 2013-14 school year, only twenty-seven out of the two hundred ninety-five districts had full family premiums that were at or below three times the rate of single coverage;

(ii) On average full family premiums were eight and nine-tenths times more than single coverage; and

(iii) Many districts continue to use pooled savings to further reduce the cost for single coverage premiums.

(2) Therefore, it is the intent of the legislature that premium ratios for full family coverage are no more than three times the premium for single coverage. The legislature further intends to limit the disruptive effects to single coverage payers by providing three years for school districts to phase in this change.

NEW SECTION. **Sec.**  A new section is added to chapter 28A.400 RCW to read as follows:

(1)(a) Beginning with the 2018-19 school year or by January 1, 2019, for plans on a calendar year basis, basic health benefits offered by a school district or educational service district shall be designed to incorporate premiums for full family coverage that are no more than five times the premiums for single coverage.

(b) Beginning with the 2019-20 school year or by January 1, 2020, for plans on a calendar year basis, basic health benefits offered by a school district or educational service district shall be designed to incorporate premiums for full family coverage that are no more than four times the premiums for single coverage.

(c) Beginning with the 2020-21 school year or by January 1, 2021, for plans on a calendar year basis, basic health benefits offered by a school district or educational service district shall be designed to incorporate premiums for full family coverage that are no more than three times the premiums for single coverage.

(2) Any savings accruing under RCW 28A.400.280 must be used to reduce out-of-pocket premium expenses for employees to maintain the premium ratio identified in subsection (1) of this section.

**Sec.**  RCW 28A.400.350 and 2012 2nd sp.s. c 3 s 3 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 or agreements 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 or agreements 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) School districts offering medical, vision, and dental benefits shall:

(a) Offer a high deductible health plan option with a health savings account that conforms to section 223, part VII of subchapter 1 of the internal revenue code of 1986. School districts shall comply with all applicable federal standards related to the establishment of health savings accounts;

(b) ((~~Make progress toward~~)) Offer health benefit plans that incorporate a plan design with employee premiums that are established to ensure that full family coverage premiums are not more than three times the premiums for employees purchasing single coverage for the same coverage plan((~~, unless a subsequent premium differential target is defined as a result of the review and subsequent actions described in RCW 41.05.655~~)) as described under section 2 of this act;

(c) Offer employees at least one health benefit plan that is not a high deductible health plan offered in conjunction with a health savings account in which the employee share of the premium cost for a full-time employee, regardless of whether the employee chooses employee-only coverage or coverage that includes dependents, does not exceed the share of premium cost paid by state employees during the state employee benefits year that started immediately prior to the school year.

(6) All contracts or agreements for employee benefits must be held to responsible contracting standards, meaning a fair, prudent, and accountable competitive procedure for procuring services that includes an open competitive process, except where an open process would compromise cost-effective purchasing, with documentation justifying the approach.

(7) School districts offering medical, vision, and dental benefits shall also make progress on promoting health care innovations and cost savings and significantly reduce administrative costs.

(8) All contracts or agreements for insurance or protection described in this section shall be in compliance with chapter 3, Laws of 2012 2nd sp. sess.

(9) Upon notification from the office of the insurance commissioner of a school district's substantial noncompliance with the data reporting requirements of RCW 28A.400.275, and the failure is due to the action or inaction of the school district, and if the noncompliance has occurred for two reporting periods, the superintendent is authorized and required to limit the school district's authority provided in subsection (1) of this section regarding employee health benefits to the provision of health benefit coverage provided by the state health care authority.

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