

SENATE BILL REPORT

ESSB 6241

As Amended by House, March 2, 2018

Title: An act relating to the January 1, 2020, implementation of the school employees' benefits board program.

Brief Description: Concerning the January 1, 2020, implementation of the school employees' benefits board program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Fain, Mullet and Keiser; by request of Health Care Authority).

Brief History:

Committee Activity: Ways & Means: 1/24/18, 1/31/18 [DPS, DNP, w/oRec].

Floor Activity:

Passed Senate: 2/14/18, 41-7.

Passed House: 3/02/18, 50-48.

Brief Summary of Engrossed First Substitute Bill

- Makes various changes related to the administration of the School Employees Benefits Board (SEBB) by the Health Care Administration (HCA).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6241 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Braun, Ranking Member; Billig, Carlyle, Conway, Darneille, Fain, Hasegawa, Hunt, Keiser, Mullet, Palumbo, Pedersen, Ranker, Van De Wege and Wagoner.

Minority Report: Do not pass.

Signed by Senators Bailey, Becker, Schoesler and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Honeyford, Assistant Ranking Member; Brown and Rivers.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Amanda Cecil (786-7460)

Background: EHB 2242 was enacted in 2017 creating a nine-member SEBB within the HCA. Under this bill, beginning January 1, 2020, all public schools must provide health care benefits to eligible employees through the SEBB program.

Board membership includes:

- two members representing classified employees;
- two members representing certificated employees;
- four members with expertise in employee health benefits policy and administration, including one member that is nominated by the Washington Association of School Board Officials; and
- the director of HCA.

SEBB responsibilities include:

- developing school employee benefit plans that include comprehensive, evidence-based health care benefits;
- authorizing premium contributions, including employee share of the cost for family coverage that does not exceed the required employee share of the cost for employee-only coverage;
- determining the terms of employee and dependent eligibility criteria and enrollment policies, subject to the condition that employees must work at least 630 hours per year to qualify for coverage;
- determining the terms for participation in the SEBB plans, and the penalties for failing to comply with participation criteria;
- participating with the HCA and in coordination with the Public Employees Benefits Board (PEBB) in the selection of carriers to provide health and dental plans; and
- reporting to legislative policy and fiscal committees by November 30, 2021, regarding whether the provisions of the act have resulted in cost savings to the state.

In addition to consolidating health care purchasing for school district employees, EHB 2242 also removed medical, dental, vision, and other basic and optional insurance benefits from the scope of local bargaining. Similarly to how state employees bargain for health care, health benefit provisions will be bargained between the Governor or the Governor's designee and one coalition of all the exclusive bargaining representatives impacted by benefit purchasing with the SEBB. Bargaining must be initiated after July 1, 2018.

Summary of Engrossed First Substitute Bill: The following changes are made, which relate to the administration of SEBB by HCA:

- HCA may provide funding for substitute teachers to back fill for a SEBB member while they are carrying out their board duties.
- Health care premiums for full-family coverage may not exceed three times the premiums for an employee purchasing single coverage.
- A school employee must be anticipated to work at least 630 hours per school year in order to be eligible for coverage.
- School employees must choose a health care plan developed by SEBB or waive coverage under conditions set by SEBB.

- School employees are eligible to participate in the pre-tax deduction plans, including flexible spending accounts and the dependent care assistance program.
- Public school employers must make contributions for employee health care even when the employee has waived coverage.
- Various accounts are created in the custody of the state treasurer to allow for the administration of the benefits.
- Existing health care contracts are exempted from the one-year limit on health care contracts, but only to the extent that is needed to ensure that coverage is provided through December 31, 2019.
- The date that information must be submitted to HCA for initial benefits plan procurement is moved forward from January 1, 2019 to April 1, 2018.
- Charter schools are subject to the requirement to provide health care through SEBB unless HCA receives guidance from the Internal Revenue Service that this jeopardizes the pre-tax status of the plan.
- Charter schools are directed to provide the same data as is required by other public schools.
- Provisions that allow a public school employer to opt in to Public Employee Benefit Board coverage are limited to December 31, 2019.

As an enhancement to the program of basic education, school districts may bargain for and provide:

- supplemental benefits when the same benefit is not offered by SEBB; and
- benefits to employees that are expected to work less than 630 hours per year.

The state intends to review the funding assumptions and consider assumptions that are related to the proportion of people that work 630 hours or more when allocating funding to school districts. Funding must be allocated to school districts at the same or greater level than what is provided to state agencies for Public Employee Benefits.

The Office of the Insurance Commissioner (OIC) must provide HCA with K-12 health care benefit information and that this information is exempt from public disclosure.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill makes needed clarifying and technical changes to the provisions of SEBB.

Persons Testifying: PRO: Senator Steve Hobbs, Prime Sponsor; Julie Salvi, Washington Education Association; Brian Sims, Washington State School Directors Association; Doug Nelson, PSE/SEIU 1948; David Iseminger, Director, Employees and Retirees Benefits Division, Washington State Health Care Authority.

Persons Signed In To Testify But Not Testifying: No one.

EFFECT OF HOUSE AMENDMENT(S):

- Beginning January 1, 2020, at least one health carrier in an insurance holding company must offer at least one Silver and one Gold qualified health plan (QHP) on the Health Benefit Exchange in any county in which a carrier from that same holding company offers a fully insured health plan approved by PEBB or SEBB.
- Prohibits the rates for a PEBB or SEBB health plan from including administrative costs or actuarial risks associated with the holding company's required QHP, and directs HCA to perform an annual actuarial review to ensure compliance with this prohibition.