

HOUSE BILL REPORT

SSB 5275

As Passed House:
March 22, 2023

Title: An act relating to expanding access to benefits provided by the school employees' benefits board.

Brief Description: Expanding access to benefits provided by the school employees' benefits board.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Robinson, Hunt, Keiser, Lovick, Nobles, Randall, Wellman and Wilson, C.).

Brief History:

Committee Activity:

Appropriations: 3/9/23, 3/15/23 [DP].

Floor Activity:

Passed House: 3/22/23, 97-0.

Brief Summary of Substitute Bill

- Allows tribal compact schools, employee organizations representing school employees, and school board directors the option of providing health care through the School Employees Benefits Board.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 28 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; Chopp, Connors, Couture, Davis, Dye, Fitzgibbon, Hansen, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Springer, Steele, Stonier and Tharinger.

Staff: David Pringle (786-7310).

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

Background:

The Health Care Authority (HCA) administers benefits plans, forms benefits contracts, develops participation rules, and through the Public Employees Benefits Board (PEBB), approves schedules of rates and premiums for state and participating local government employees, and for retirees who meet eligibility and application requirements.

The HCA similarly administers benefits plans for school districts, charter schools, and educational service districts through the School Employees Benefits Board (SEBB). Participants from the SEBB program are eligible to participate in the PEBB retiree benefit program upon meeting similar eligibility and application requirements.

While participation in the PEBB benefits programs is mandatory for state agencies, and the SEBB is mandatory for school districts, participation is available as an option for counties, municipalities, tribes, and other political subdivisions. Nonstate employers participate in the PEBB through the Employer Group program. Employer Group participants must apply to the HCA to participate in the PEBB program and pay a surcharge to account for any increased cost of benefits for the state and state employees that would otherwise occur from local employer participation in the program. Employees of local government employers that participate in the PEBB program may continue participation in retirement providing that they individually meet PEBB eligibility requirements, and their former employer continues to participate in the PEBB program. If the nonstate employer ceases participating in the PEBB program for active employees, retiree eligibility ceases as well.

The federal Employee Retirement Income Security Act of 1974 (ERISA) sets minimum standards for most voluntarily established retirement and health plans in private industry to provide protection for individuals in these plans. In general, the ERISA does not cover group health plans established or maintained by governmental entities for their employees. The United States Department of Labor has issued multiple advisory opinions stating that participation by a negligible number of private sector employees will not adversely affect a plan's status as a governmental plan.

Summary of Bill:

The Employer Group program is expanded to the SEBB, permitting tribal compact schools, employee organizations representing school employees, and school board directors to enter into a contract with the HCA to provide health care benefits to their employees through the SEBB beginning January 1, 2024. Employers opting into coverage under the SEBB may determine the terms of employee and dependent eligibility and must pay premiums set by the HCA.

The HCA will approve or deny applications, monitor federal guidelines on negligible participation by employees who are not substantially performing essential governmental functions, and may limit enrollment for employer groups if necessary.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

(Other) The Health Care Authority has had the ability to negotiate local government participation in the Public Employees' Benefits Board (PEBB) program for a number of years through the Employer Group program. Currently, about 16,000 local government and subdivision employees participate in the PEBB program. This bill permits a similar negotiation process for additional entities to participate in the School Employees' Benefits Board program through a similar arrangement.

Persons Testifying: David Iseminger, Washington State Health Care Authority.

Persons Signed In To Testify But Not Testifying: None.