

HOUSE BILL REPORT

EHB 1083

*As Passed House
March 19, 1991*

Title: An act relating to voluntary payroll deductions for public employees.

Brief Description: Revising provisions for voluntary payroll deductions for public employees.

Sponsor(s): Representatives Braddock and Sprenkle; by request of Health Care Authority.

Brief History:

Reported by House Committee on:
Health Care, January 30, 1991, DP;
Passed House, March 19, 1991, 84-14.

**HOUSE COMMITTEE ON
HEALTH CARE**

Majority Report: *Do pass.* Signed by 11 members: Representatives Braddock, Chair; Day, Vice Chair; Moyer, Ranking Minority Member; Casada, Assistant Ranking Minority Member; Cantwell; Edmondson; Franklin; Morris; Paris; Prentice; and Sprenkle.

Staff: Bill Hagens (786-7131).

Background: Current law allows employees of state agencies and state-supported institutions to authorize payroll deductions for certain kinds of insurance premiums. Because no state agency has overall responsibility for reviewing and approving payroll deduction offerings, problems have arisen. First, agency directors have been placed in the unwanted position of making decisions about the suitability of insurance products -- a role for which directors feel unprepared, and one which consumes staff time and resources. Second, there are reports of aggressive marketing by insurance carriers within state agencies which disrupts state employees' working environment. Third, there are questions about the suitability and quality of insurance products that are being sold through payroll deduction. Further, some policies may be of marginal value to a person already eligible for comprehensive medical coverage, and some plans are said to have quite low loss ratios, indicating that a substantial part of paid premiums are

consumed by administrative costs, agent or broker commissions, and profits.

Summary of Bill: The Health Care Authority (HCA) is given authority to address this concern. Employees of state agencies may authorize payroll deduction only for insurance plans provided by or contracted for by the Health Care Authority (HCA). All contracts must meet the requirements of the Minority and Women's Business Enterprise Act. Employee authorization of HCA-provided insurance plans would no longer require prior approval by agency directors. The role of directors in approving other types of payroll deductions would not be affected. Plan designs developed by the SEBB would be provided or contracted for by the HCA and approved for payroll deduction. The HCA administrator shall file annually a list of plans approved for payroll deduction with the Department of Personnel beginning January 1, 1992, and only insurance plans on that list would be available for payroll deduction on or after July 1, 1992.

Fiscal Note: Requested January 21, 1991.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill is necessary to provide quality benefit plans for public employees.

Testimony Against: None.

Witnesses: Kristen West, Health Care Authority (Pro).