

SENATE BILL REPORT

SSB 5236

As Passed Senate, February 18, 2003

Title: An act relating to offering health care benefit plans to school district employees.

Brief Description: Offering health care benefit plans to school district employees.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Parlette, Thibaudeau, Winsley, Keiser, Carlson, Honeyford, McAuliffe, Mulliken, Kohl-Welles, Hale, Roach, Esser, Brandland and Eide).

Brief History:

Committee Activity: Health & Long-Term Care: 1/29/03, 1/30/03 [DPS].

Passed Senate: 2/18/03, 49-0.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5236 be substituted therefor, and the substitute bill do pass.

Signed by Senators Deccio, Chair; Winsley, Vice Chair; Brandland, Franklin, Keiser, Parlette and Thibaudeau.

Staff: Jonathan Seib (786-7427)

Background: School districts and educational service districts have the option of purchasing insurance benefits from the Health Care Authority (HCA). Prior to 2002, the HCA charged participating districts under a tiered rate structure, which is based on family size and plan choice. In 2002 the Legislature passed SHB 2536, which directed the HCA to charge participating districts the same composite rate that state agencies are charged. In addition, SHB 2536 required that participating district employees meet the same eligibility criteria and pay the same co-premiums as state employees. Under eligibility criteria established by the Public Employees' Benefits Board, employees working half-time or more are eligible for full benefits coverage in HCA plans. The intent of the bill was to make it more attractive for school districts and their employees to purchase insurance benefits through the HCA.

The per employee monthly allocation for district employees provided by the state in the current year is \$25 less than the allocation provided for state employees. Under SHB 2536, the difference between the state employee rate and the district rate must be paid by participating districts, not by employees.

The state provides the full benefit funding rate for all state employees working half-time or more, but provides no funding for state employees working less than half-time. The state allocates district employee health benefit funding based on formula-driven full-time equivalent (FTE) staff. At the district level, the actual distribution of the health benefit allocation is determined through collective bargaining. There are no state mandated maximum or minimum amounts that a district must spend per employee or FTE. In many districts, the

amount provided for health benefits is pro-rated based on the amount of time an employee works. In some districts, employees working at least half-time are provided the same benefit as a full-time employee.

After enactment of SHB 2536, only four new groups of district employees, totaling 81 employees, began to purchase insurance benefits from the HCA. The requirement that districts pay the monthly \$25 per employee difference between the state allocation to districts and the state allocation to state agencies, plus the requirement that districts provide a full-time benefit for those working half-time or more, made participation in the HCA fiscally difficult for some districts.

Summary of Bill: School district and educational service district employees participating in HCA plans must pay at least the same employee premiums as state employees pay. The total amount collected from a participating district must be the same as the composite rate collected by the HCA from state agencies, plus an amount equal to the employee premiums charged to state employees. The portion of the total paid by the district and the portion paid by district employees are determined at the local level. Only those employees working half-time or more are eligible for participation and coverage.

Appropriation: None.

Fiscal Note: Requested on January 27, 2003.

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

Testimony For: The bill, which was developed with the assistance of the Health Care Authority, clarifies the law to allow it to work as it was intended. It will assure that more affordable health care options are available for school districts.

Testimony Against: None.

Testified: Doug Nelson, PSE (pro); John Kvamme, WASA, AWSP (pro); Ellie Menzies, SEIU (pro); Dennis Martin, Health Care Authority.