

# SENATE BILL REPORT

## ESHB 2245

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As of April 15, 2009

**Title:** An act relating to clarifying public employees' benefits board eligibility.

**Brief Description:** Clarifying public employees' benefits board eligibility.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representative Cody; by request of Governor Gregoire).

**Brief History:** Passed House: 3/11/09, 97-0.

**Committee Activity:** Ways & Means:

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Erik Sund (786-7454)

**Background:** The Public Employees Benefits Board (PEBB) is an organization within the Health Care Authority (HCA) charged with developing benefits plans, forming benefits contracts, developing participation rules, and approving schedules of rates and premiums for active employees and retired participants. Among the types of benefit plans provided to employees and retirees through the PEBB program are health, dental, life, long-term disability, and long-term care insurance.

The members of the PEBB vote to approve contracts and benefits for the PEBB program. There are nine members of the PEBB, seven of whom are voting members. All of the PEBB members are appointed by the Governor.

Most of the criteria for benefits eligibility are laid out in administrative rules rather than in statute. The PEBB may not adopt eligibility criteria that are substantially different from those that were in place as of January 1, 1993.

State agencies are required to fully cooperate with the HCA to allow the employee benefits offered by the PEBB to be administered effectively, and are required to report all data relating to employee eligibility to participate in a form determined by the HCA.

**Summary of Bill:** The PEBB is authorized to design benefits and to determine the criteria for eligibility for those benefits, unless those terms are specified in a collective bargaining agreement negotiated under the terms of the Personnel System Reform Act of 2002 (41.80

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RCW). The prohibition on the adoption by the PEBB of eligibility standards substantially different from those effective as of January 1, 1993, is removed. Benefit plan designs adopted by the PEBB must still be substantially equivalent to 1993 offerings. Alternative restrictions are placed on the eligibility standards that the PEBB may adopt for various types of employees. While detailed requirements vary depending on circumstances of employment, employee eligibility standards may be generalized as follows:

- Faculty members at institutions of higher education who are expected to work half-time over a period of at least nine months are eligible for benefits for the entire instructional year.
- Seasonal employees who are expected to work 80 or more hours per month in each month of the applicable work season are eligible for the benefits for the season of employment.
- An elected or appointed official of the executive, legislative, or judicial branch of state government is eligible for benefits as of the beginning of his or her term of office or the date that he or she takes the oath of office.
- Most other employees are eligible for benefits if it is anticipated that they will work at least 80 hours per month for more than six consecutive months. If an employee does not work 80 or more hours in each of six consecutive months but averages at 80 or more hours per month over the six-month period and works at least eight hours in each month, then he or she becomes eligible for benefits at the end of the six-month period.
- The HCA may delegate to employing agencies the task of determining individual employees' eligibility for benefits. Any determination as to whether or not an employee is eligible for benefits is subject to periodic review. Provisions are established for revising the eligibility for benefits of employees whose actual hours of employment differ from expected levels.
- The HCA may use eligibility criteria other than those adopted by the PEBB when contracting to provide benefits for employees of a local government entity, school district, educational service district, or tribal government. In addition, the HCA may charge school districts and educational service districts that purchase employee benefits through the PEBB program on a school year basis rather than a fiscal year basis.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on January 1, 2010.