

SSB 6442 - S AMD TO S AMD S-5278.2 **296**

By Senator Brown

1 On page 1, line 28 of the amendment, Beginning with "The" strike
2 all language to line 7, on page 2 including "(2)Improves" and insert,
3 "The legislature intends to improve"

4

5 Renumber the remaining sections consecutively and correct any
6 internal references accordingly.

7

8 On page 2, line 9 of the amendment beginning with "(3)" strike the
9 remainder of the section down through line 29, and insert the
10 following:

11 "(3) Therefore, the legislature intends to improve transparency of
12 financial data to assure prudent and efficient use of taxpayers'
13 funds, while modifying the framework for employee benefits to
14 establish some equity in access to health benefits for all eligible
15 employees and their eligible dependents; and

16 (4) The legislature intends to retain the current collective
17 bargaining for benefits, and retain the shared responsibility through
18 state, school district, and employee contributions to benefits."

19

20 Renumber the remaining sections consecutively and correct any internal
21 references accordingly.

22

23 On page 2, line 30 of the amendment strike all of sections 3
24 through 19, and insert the following:

25 "**Sec. 3.** RCW 28A.400.280 and 2011 c 269 s 1 are each amended to
26 read as follows:

27

1 (1) Except as provided in subsection (2) of this section, school
2 districts may provide employer fringe benefit contributions after
3 October 1, 1990, only for basic benefits. However, school districts
4 may continue payments under contracts with employees or benefit
5 providers in effect on April 13, 1990, until the contract expires.

6 (2) School districts may provide employer contributions after
7 October 1, 1990, for optional benefit plans, in addition to basic
8 benefits, only for employees included in pooling arrangements under
9 this subsection. Optional benefits may include direct agreements as
10 defined in chapter 48.150 RCW, but may not include employee
11 beneficiary accounts that can be liquidated by the employee on
12 termination of employment. Optional benefit plans may be offered only
13 if:

14 (a) The school district pools benefit allocations among employees
15 using a financial pooling arrangement that includes no more than two
16 pools that combine at least one employee bargaining unit (~~and/or~~)
17 with all nonbargaining group employees and combines all other
18 employees in one pool if a separate pool is chosen;

19 (b) Each full-time employee included in the pooling arrangement is
20 offered basic benefits, including coverage for dependents(~~(, without a~~
21 ~~payroll deduction for premium charges))~~);

22 (c) Each employee included in the pooling arrangement who elects
23 medical benefit coverage shall pay a minimum premium charge subject to
24 bargaining under chapter 41.59 or 41.56 RCW;

25 (d) The employee premiums must be structured to ensure employees
26 selecting richer benefit plans pay the higher premium;

27 (e) The employee premiums must be established with the goal of
28 greater affordability for full family coverage to pay no more than
29 three times the premiums for employees purchasing single coverage for
30 the same coverage plan;

31 (f) Each full-time employee included in the pooling arrangement,
32 regardless of the number of dependents receiving basic coverage,
33 receives the same additional employer contribution for other coverage
34 or optional benefits; and

1 (~~(d)~~) (g) For part-time employees included in the pooling
2 arrangement, participation in optional benefit plans shall be governed
3 by the same eligibility criteria and/or proration of employer
4 contributions used for allocations for basic benefits.

5 (3) Savings accruing to school districts due to limitations on
6 benefit options under this section shall be pooled and made available
7 by the districts to reduce out-of-pocket premium expenses for
8 employees needing basic coverage for dependents. School districts are
9 not intended to divert state benefit allocations for other purposes.

10

11 **Sec. 4.** RCW 28A.400.350 and 2011 c 269 s 2 are each amended to
12 read as follows:

13 (1) The board of directors of any of the state's school districts
14 or educational service districts may make available liability, life,
15 health, health care, accident, disability, and salary protection or
16 insurance, direct agreements as defined in chapter 48.150 RCW, or any
17 one of, or a combination of the types of employee benefits enumerated
18 in this subsection, or any other type of insurance or protection, for
19 the members of the boards of directors, the students, and employees of
20 the school district or educational service district, and their
21 dependents. Such coverage may be provided by contracts with private
22 carriers, with the state health care authority after July 1, 1990,
23 pursuant to the approval of the authority administrator, or through
24 self-insurance or self-funding pursuant to chapter 48.62 RCW, or in
25 any other manner authorized by law. Any direct agreement must comply
26 with RCW 48.150.050.

27 (2) Whenever funds are available for these purposes the board of
28 directors of the school district or educational service district may
29 contribute all or a part of the cost of such protection or insurance
30 for the employees of their respective school districts or educational
31 service districts and their dependents. The premiums on such
32 liability insurance shall be borne by the school district or
33 educational service district.

34

1 After October 1, 1990, school districts may not contribute to any
2 employee protection or insurance other than liability insurance unless
3 the district's employee benefit plan conforms to RCW 28A.400.275 and
4 28A.400.280.

5 (3) For school board members, educational service district board
6 members, and students, the premiums due on such protection or
7 insurance shall be borne by the assenting school board member,
8 educational service district board member, or student. The school
9 district or educational service district may contribute all or part of
10 the costs, including the premiums, of life, health, health care,
11 accident or disability insurance which shall be offered to all
12 students participating in interschool activities on the behalf of or
13 as representative of their school, school district, or educational
14 service district. The school district board of directors and the
15 educational service district board may require any student
16 participating in extracurricular interschool activities to, as a
17 condition of participation, document evidence of insurance or purchase
18 insurance that will provide adequate coverage, as determined by the
19 school district board of directors or the educational service district
20 board, for medical expenses incurred as a result of injury sustained
21 while participating in the extracurricular activity. In establishing
22 such a requirement, the district shall adopt regulations for waiving
23 or reducing the premiums of such coverage as may be offered through
24 the school district or educational service district to students
25 participating in extracurricular activities, for those students whose
26 families, by reason of their low income, would have difficulty paying
27 the entire amount of such insurance premiums. The district board
28 shall adopt regulations for waiving or reducing the insurance coverage
29 requirements for low-income students in order to assure such students
30 are not prohibited from participating in extracurricular interschool
31 activities.

32 (4) All contracts for insurance or protection written to take
33 advantage of the provisions of this section shall provide that the
34 beneficiaries of such contracts may utilize on an equal participation

1 basis the services of those practitioners licensed pursuant to
2 chapters 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

3 (5) All contracts for insurance, whether purchased from a private
4 carrier, third-party administrator, or self-insured, must provide data
5 annually to the office of the superintendent of public instruction and
6 the office of financial management, as instructed by the office of
7 financial management. The data may include items such as:

8 (a) Premium expenses, or claims expenses for the self-insured
9 plans, in total;

10 (b) Either reserves and administrative expenses related to the
11 insurance, including the administrative expenses paid by the carrier
12 or the school district and any fee or compensation paid to brokers, or
13 both;

14 (c) Enrollment information on the number of enrollees in each type
15 of coverage, including the number of employees and the number of
16 dependents.

17 (6) In addition to the insurance financial data above, the school
18 district must provide an accounting of the sources of revenue
19 supporting insurance benefits, including the state, federal, and local
20 funds as well as documentation of the employee cost-sharing.

21 (7) If a school district or the contractor fails to comply with
22 any reporting requirements established by the office of financial
23 management, the allocation of state funds for support of the school
24 district may be withheld. Written notice of the intent to withhold
25 state funds shall be made to the school districts before any portion
26 of the state allocation is withheld.

27 (8) All contracts for insurance must be held to responsible
28 contracting standards, meaning a fair, prudent, and accountable
29 competitive procedure for procuring services that includes:

30 (a) Accurate cost comparisons to assure cost-effective
31 purchasing;

32 (b) Assuring contractor compliance with workplace, tax, and other
33 laws and consideration of past and pending legal actions concerning
34 the contractor's contractual performance;

1 (c) Sufficient documentation to enable an effective audit trail
2 for subsequent reviews of the contracting process; and

3 (d) An open competitive process, except where an open process
4 would compromise cost-effective purchasing. In such instances, there
5 should be documentation justifying the approach.

6
7 NEW SECTION. **Sec. 5.** The office of financial management shall
8 monitor the financial reports provided by the school districts and
9 report to the legislature on September 15, 2016, on the progress
10 school districts are making in the areas of equity, transparency, and
11 efficiency. If adequate progress is not being made, the office of
12 financial management shall submit recommendations to the legislature,
13 including the possible consolidation of health care purchasing, to
14 remedy the shortcoming."

16 **SSB 6442** - S AMD
By Senator

17
18 On page 1, line 2 of the title, after "employees;" strike the
19 remainder of the title and insert "amending RCW 28A.400.280 and
20 28A.400.350; and creating new sections."
21

EFFECT:

- Retains all purchasing of benefits at the school district level, and all bargaining at local level
- The employee share of premiums must be established with a goal to pay no more than 3 times the premium share for employee only coverage
- No change in employer contribution from current practice (can bargain more than state funding)
- Changes local pools to no more than 2 per district, combine at least one bargaining unit with all non-bargaining, and combines all other employees into one pool if separate pool is chosen
- All districts and carriers must provide data including: Premium expenses or claims expenses in total, reserves and administrative expenses related to insurance, including any fees paid to brokers, enrollment information on enrollees in each type of coverage, and school accounting of sources of revenue supporting insurance benefit and documentation of employee cost-sharing
- Penalty - OFM can withhold state funds
- Contracts should be held to responsible contracting standards with open competitive process
- OFM must monitor reporting and report to Legislature 9/15/16 on the progress toward equity, transparency and efficiency

--- END ---