

SSB 6442 - S AMD 288  
By Senator Brown

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) Each year, nearly one billion dollars in public funds are spent  
5 on the purchase of employee insurance benefits for more than two  
6 hundred thousand public school employees and their dependents;

7 (b) There is a lack of transparency and accountability for funds  
8 appropriated for school employee benefits. The legislature is unable  
9 to exercise appropriate oversight over the disposition of state funds  
10 due to this lack of transparency;

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

16 (3) 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 **Sec. 2.** RCW 28A.400.280 and 2011 c 269 s 1 are each amended to  
20 read as follows:

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

26 (2) School districts may provide employer contributions after  
27 October 1, 1990, for optional benefit plans, in addition to basic  
28 benefits, only for employees included in pooling arrangements under  
29 this subsection. Optional benefits may include direct agreements as

1 defined in chapter 48.150 RCW, but may not include employee beneficiary  
2 accounts that can be liquidated by the employee on termination of  
3 employment. Optional benefit plans may be offered only if:

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

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

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

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

17 (e) The employee premiums must be established with the goal of  
18 great affordability for full family coverage to pay no more than three  
19 times the premiums for employees purchasing single coverage for the  
20 same coverage plan;

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

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

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

34 **Sec. 3.** RCW 28A.400.350 and 2011 c 269 s 2 are each amended to  
35 read as follows:

36 (1) The board of directors of any of the state's school districts  
37 or educational service districts may make available liability, life,

1 health, health care, accident, disability, and salary protection or  
2 insurance, direct agreements as defined in chapter 48.150 RCW, or any  
3 one of, or a combination of the types of employee benefits enumerated  
4 in this subsection, or any other type of insurance or protection, for  
5 the members of the boards of directors, the students, and employees of  
6 the school district or educational service district, and their  
7 dependents. Such coverage may be provided by contracts with private  
8 carriers, with the state health care authority after July 1, 1990,  
9 pursuant to the approval of the authority administrator, or through  
10 self-insurance or self-funding pursuant to chapter 48.62 RCW, or in any  
11 other manner authorized by law. Any direct agreement must comply with  
12 RCW 48.150.050.

13 (2) Whenever funds are available for these purposes the board of  
14 directors of the school district or educational service district may  
15 contribute all or a part of the cost of such protection or insurance  
16 for the employees of their respective school districts or educational  
17 service districts and their dependents. The premiums on such liability  
18 insurance shall be borne by the school district or educational service  
19 district.

20 After October 1, 1990, school districts may not contribute to any  
21 employee protection or insurance other than liability insurance unless  
22 the district's employee benefit plan conforms to RCW 28A.400.275 and  
23 28A.400.280.

24 (3) For school board members, educational service district board  
25 members, and students, the premiums due on such protection or insurance  
26 shall be borne by the assenting school board member, educational  
27 service district board member, or student. The school district or  
28 educational service district may contribute all or part of the costs,  
29 including the premiums, of life, health, health care, accident or  
30 disability insurance which shall be offered to all students  
31 participating in interschool activities on the behalf of or as  
32 representative of their school, school district, or educational service  
33 district. The school district board of directors and the educational  
34 service district board may require any student participating in  
35 extracurricular interschool activities to, as a condition of  
36 participation, document evidence of insurance or purchase insurance  
37 that will provide adequate coverage, as determined by the school  
38 district board of directors or the educational service district board,

1 for medical expenses incurred as a result of injury sustained while  
2 participating in the extracurricular activity. In establishing such a  
3 requirement, the district shall adopt regulations for waiving or  
4 reducing the premiums of such coverage as may be offered through the  
5 school district or educational service district to students  
6 participating in extracurricular activities, for those students whose  
7 families, by reason of their low income, would have difficulty paying  
8 the entire amount of such insurance premiums. The district board shall  
9 adopt regulations for waiving or reducing the insurance coverage  
10 requirements for low-income students in order to assure such students  
11 are not prohibited from participating in extracurricular interschool  
12 activities.

13 (4) All contracts for insurance or protection written to take  
14 advantage of the provisions of this section shall provide that the  
15 beneficiaries of such contracts may utilize on an equal participation  
16 basis the services of those practitioners licensed pursuant to chapters  
17 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

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

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

25 (b) Either reserves and administrative expenses related to the  
26 insurance, including the administrative expenses paid by the carrier or  
27 the school district and any fee or compensation paid to brokers, or  
28 both;

29 (c) Enrollment information on the number of enrollees in each type  
30 of coverage, including the number of employees and the number of  
31 dependents.

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

36 (7) If a school district or the contractor fails to comply with any  
37 reporting requirements established by the office of financial  
38 management, the allocation of state funds for support of the school

1 district may be withheld. Written notice of the intent to withhold  
2 state funds shall be made to the school districts before any portion of  
3 the state allocation is withheld.

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

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

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

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

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

16 NEW SECTION. Sec. 4. The office of financial management shall  
17 monitor the financial reports provided by the school districts and  
18 report to the legislature on September 15, 2016, on the progress school  
19 districts are making in the areas of equity, transparency, and  
20 efficiency. If adequate progress is not being made, the office of  
21 financial management shall submit recommendations to the legislature,  
22 including the possible consolidation of health care purchasing, to  
23 remedy the shortcoming."

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24 On page 1, line 2 of the title, after "employees;" strike the  
25 remainder of the title and insert "amending RCW 28A.400.280 and  
26 28A.400.350; and creating new sections."

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