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## Appropriations Committee

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### HB 1740

**Brief Description:** Addressing political subdivisions purchasing health coverage through the public employees' benefits board program.

**Sponsors:** Representatives Appleton and Ryu.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Permits counties with fewer than 5,000 employees to apply for and join the Public Employees' Benefits Board health care program without being subject to rejection by the Health Care Authority.</li></ul>
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**Hearing Date:** 2/11/15

**Staff:** David Pringle (786-7310).

**Background:**

The Health Care Authority (HCA) administers benefits plans, forms benefits contracts, develops participation rules, and through the Public Employees' Benefit Board (PEBB) approves schedules of rates and premiums for active employee and retired participants. The members of the PEBB vote to approve contracts and benefits for the PEBB program.

The PEBB program primarily covers employees and retirees of state agencies and state higher education institutions, and the retirees of school districts and educational service districts. Active employees and pre-Medicare retirees participate in a single medical risk pool, so that the cost of claims, insurance, and risk are shared amongst all employers and employees that participate. Retirees eligible for Medicare participate in a separate risk pool; however, employer cost sharing is significantly different. Medicare absorbs the majority of medical expenses for this group, and other insurance costs are limited by a maximum per person retiree cost established in the state biennial operating budget. Currently, this "explicit" Medicare-eligible retiree subsidy is set at \$150 per Medicare-eligible participant per month.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Subject to the approval of the HCA, the PEBB may also cover employees of a county, municipality, or other political subdivision of the state, as well as employees of a tribal government, and the Washington health benefit exchange. Currently, in addition to the approximately 108,000 employee subscribers that participate in the PEBB from state agencies and higher education institutions, about 2,000 school district employees and about 12,000 other local government employees participate in the PEBB.

For a county or other non-state governmental entity to join the PEBB system, a contract must be negotiated with the HCA and receive HCA approval; the HCA has the sole right to reject the application to join the PEBB.

**Summary of Bill:**

Counties with fewer than 5,000 employees may join the Public Employees' Benefits Board health care program upon completion of an application to contract for coverage with the Health Care Authority.

**Appropriation:** None.

**Fiscal Note:** Requested on February 5, 2015.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.