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## Appropriations Committee

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### HB 2755

**Brief Description:** Addressing employee benefits provided by the school employees' benefits board.

**Sponsors:** Representatives Stonier, Macri, Appleton, Pollet, Harris, Irwin, Sells, Condotta, Vick, Kirby, Bergquist, Gregerson, Doglio, Tharinger and Steele.

#### Brief Summary of Bill

- Conditions required school district participation in the School Employees' Benefits Board (SEBB) upon meeting requirements in the Basic Education Funding Act of 2017.
- Permits school districts to offer benefits outside the SEBB after January 1, 2020, if the district offers benefits of a generally equivalent actuarial value, and at a generally equivalent cost to those offered by the SEBB, and the school district has greater than 1,000 eligible employees, or is purchasing through a trust, interlocal, or association plan.

**Hearing Date:** 1/25/18

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

#### Background:

In 2017 the Legislature created the nine-member School Employees' Benefits Board (SEBB) with the enactment of Engrossed House Bill (EHB) 2242 (Basic Education Funding). Under this bill, beginning January 1, 2020, all public schools must provide health care and related benefits to employees through the SEBB program, administered by the Health Care Authority (HCA).

The state allocates funding to each school district for employee fringe benefits such as health care and for the cost to districts of covering retiree health care for state-funded K-12 staff units. Although the state allocates the funding, prior to EHB 2242 and until January 1, 2020, each district purchases health benefits separately and bargains locally with its employees regarding the

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specific benefits package. Employee and employer contributions vary by district, and by bargaining units within districts.

A legislatively mandated study by the Joint Legislative Audit and Review Committee (JLARC) completed in 2016 indicated that the share of the costs of coverage paid by school district employees who insure only themselves was typically much lower than for those who also insure their family members. The JLARC study also concluded that while slight improvement was made toward goals set by the Legislature in 2012 to achieve greater equity between individual and family premiums, targets set by the Legislature were unmet.

The SEBB's membership consists of:

- two members representing classified employees;
- two members representing certificated employees;
- four members with expertise in employee health benefits policy and administration, including one member that is nominated by the Washington Association of School Board Officials; and
- the director of the HCA.

The SEBB's responsibilities include:

- developing school employee benefit plans that include comprehensive, evidence-based health care benefits;
- authorizing premium contributions, including employee share of the cost for family coverage that does not exceed the required employee share of the cost for employee-only coverage;
- determining the terms of employee and dependent eligibility criteria and enrollment policies, subject to the condition that employees must work at least 630 hours per year to qualify for coverage;
- determining the terms for participation in the SEBB plans, and the penalties for failing to comply with participation criteria;
- participating with the HCA and in coordination with the Public Employees' Benefits Board (PEBB) in the selection of carriers to provide health and dental plans; and
- reporting to legislative policy and fiscal committees by November 30, 2021, regarding whether the provisions of the act have resulted in cost savings to the state.

In addition to consolidating health care purchasing for school district employees, EHB 2242 also removed medical, dental, vision, and other basic and optional insurance benefits from the scope of local school district bargaining. Similarly to how state employees bargain for health care, health benefit provisions will be bargained between the Governor or the Governor's designee and one coalition of all the exclusive bargaining representatives impacted by benefit purchasing with the SEBB. Bargaining must be initiated after July 1, 2018.

### **Summary of Bill:**

In order for the requirement that public school employers provide health care benefits through the SEBB to go into effect the requirements in EHB 2242 must first be met.

A school district or education service district may be exempt from the requirements to provide health care coverage through the SEBB if the following requirements are met:

- benefits offered are in compliance with the benefits offered by the PEBB;
- benefits offered are generally equivalent in value and cost;
- the district has more than 1000 eligible employees or purchases benefits through a trust, interlocal, or association plan with greater than 10,000 subscribers; and
- "generally equivalent" means within 10 percent.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

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