

SENATE BILL REPORT

SB 5275

As Reported by Senate Committee On:
Ways & Means, February 7, 2023

Title: An act relating to expanding access to benefits provided by the school employees' benefits board.

Brief Description: Expanding access to benefits provided by the school employees' benefits board.

Sponsors: Senators Robinson, Hunt, Keiser, Lovick, Nobles, Randall, Wellman and Wilson, C..

Brief History:

Committee Activity: Ways & Means: 1/19/23, 2/07/23 [DPS].

Brief Summary of First Substitute Bill

- Allows tribal compact schools, employee organizations representing school employees, and school board directors the option of providing health care through the School Employees' Benefits Board.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5275 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Staff: Amanda Cecil (786-7460)

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

Background: Health care benefits for eligible school employees are provided by the School Employees' Benefits Board (SEBB). Eligible state employees are provided healthcare benefits through the Public Employees' Benefits Board (PEBB). Local governments, tribal governments, and employee organizations representing state employees have the option of providing benefits through PEBB. Employers providing healthcare through PEBB determine the terms of employee and dependent eligibility and must pay premiums set by the Health Care Authority (HCA).

The federal Employee Retirement Income Security Act of 1974 (ERISA) sets minimum standards for most voluntarily established retirement and health plans in private industry to provide protection for individuals in these plans. In general, ERISA does not cover group health plans established or maintained by governmental entities for their employees. The United States Department of Labor has issued multiple advisory opinions stating that participation by a negligible number of private sector employees will not adversely affect a plan's status as a governmental plan.

Summary of Bill (First Substitute): Tribal compact schools, employee organizations representing school employees, and school board directors may enter into a contract with the HCA to provide health care benefits to their employees through SEBB beginning January 1, 2024. Employers opting in to coverage under SEBB may determine the terms of employee and dependent eligibility and must pay premiums set by HCA.

HCA will approve or deny applications and will monitor federal guidelines on negligible participation by employees who are not substantially performing essential governmental functions and may limit enrollment for employer groups, if it becomes necessary.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Adds an effective date of January 1, 2024, to clarify that benefits eligibility is prospective.
- Changes the way that school board directors provided benefits so that the agreement is with the school board director as opposed to the school district.
- Clarifies that newly added groups would also have access to retiree health care, like other employer groups.
- Clarifies and corrects statutory and cross-references.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill will allow education related employees to join SEBB if they want.

OTHER: This bill will address tribal schools, employee unions, and elected school board members. Request for clearer language authorizing access to retiree benefits and relocating school board members to a separate section of the statutory code because they aren't employees and they don't have access to LTD or an income.

Persons Testifying: PRO: Senator June Robinson, Prime Sponsor.

OTHER: David Iseminger, WA State Health Care Authority.

Persons Signed In To Testify But Not Testifying: No one.