
HOUSE BILL 2829

State of Washington 62nd Legislature 2012 1st Special Session

By Representative Sullivan

Read first time 04/03/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to public school employees' insurance benefits;
2 amending RCW 28A.400.280, 28A.400.350, 28A.400.275, and 42.56.400;
3 adding a new section to chapter 48.02 RCW; adding a new section to
4 chapter 48.62 RCW; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

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

10 (b) The legislature needs better information regarding school
11 employee benefits to effectively oversee the use of state funds for
12 employee benefits.

13 (2) Therefore, the legislature intends to:

14 (a) Improve the transparency of health benefit plan claims and
15 financial data to assure prudent and efficient use of taxpayers' funds,
16 and to support equity in access to health benefits for all eligible
17 school district employees and their eligible dependents;

18 (b) Make school district employee premiums more responsive to the

1 need for greater affordability for full family coverage, with a goal of
2 reducing the disparity in employee premiums for family coverage to no
3 more than three times the cost of employee only coverage; and

4 (c) Retain current collective bargaining for benefits, and retain
5 state, school district, and employee contributions to benefits.

6 **Sec. 2.** RCW 28A.400.280 and 2011 c 269 s 1 are each amended to
7 read as follows:

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

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

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

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

28 (c) Each employee included in the pooling arrangement who elects
29 medical benefit coverage pays a minimum premium charge subject to
30 collective bargaining under chapter 41.59 or 41.56 RCW;

31 (d) The employee premiums are structured to ensure employees
32 selecting richer benefit plans pay the higher premium;

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

1 ~~((d))~~ (f) 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 employees
8 needing basic coverage for dependents. School districts are not
9 intended to divert state benefit allocations for other purposes.

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

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

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

33 After October 1, 1990, school districts may not contribute to any
34 employee protection or insurance other than liability insurance unless
35 the district's employee benefit plan conforms to RCW 28A.400.275 and
36 28A.400.280.

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

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

33 (5) Any school district and their benefit provider offering a
34 benefit plan by contract or agreement must demonstrate a commitment to:

35 (a) Significantly reduce administrative costs for school districts;

36 (b) Improve customer service;

37 (c) Reduce differential plan premium rates between employee only

1 and family health benefit premiums, with a goal of reducing the family
2 premiums to no more than three times the employee only premiums;

3 (d) Protect access to coverage for part-time K-12 employees; and

4 (e) Use innovative health plan features designed to reduce
5 utilization of unnecessary health services and offer evidence-based
6 health care services, which may include, but is not limited to,
7 adoption of state health technology assessment program decisions under
8 chapter 70.14 RCW and participation in efforts such as the Bree
9 collaborative under chapter 70.250 RCW.

10 (6) All contracts or agreements for insurance or protection shall
11 be in compliance with this act.

12 **Sec. 4.** RCW 28A.400.275 and 1990 1st ex.s. c 11 s 5 are each
13 amended to read as follows:

14 (1) Any contract or agreement for employee benefits executed after
15 April 13, 1990, between a school district and a benefit provider or
16 employee bargaining unit is null and void unless it contains an
17 agreement to abide by state laws relating to school district employee
18 benefits. The term of the contract or agreement may not exceed one
19 year.

20 (2) School districts and their benefit providers shall annually
21 submit the following information and data for the prior calendar year
22 to the ((Washington state health care authority)) office of the
23 insurance commissioner;

24 (a) A summary ((descriptions of all benefits offered under the
25 district's employee benefit plan. The districts shall also submit data
26 to the health care authority specifying)) of each health benefit plan
27 offered to each group of school employees under the districts employee
28 benefit plans. The summary must include the following:

29 (i) The financial plan structure and overall performance of each
30 health plan including:

31 (A) Total premium expenses;

32 (B) Total claims expenses;

33 (C) Claim reserves; and

34 (D) Plan administration expenses, including compensation paid to
35 brokers;

36 (b) The total number of employees and, for each employee, types of
37 coverage or benefits received including the number((s)) of covered

1 dependents, the number of eligible dependents, the amount of the
2 district's contribution to premium, additional premium costs paid by
3 the employee through payroll deductions, and the age and sex of ~~((the))~~
4 each employee and each dependent.

5 ~~((plan descriptions and the))~~ information and data shall be
6 submitted in a format and according to a schedule established by the
7 ~~((health care authority))~~ office of the insurance commissioner under
8 section 5 of this act to enable the commissioner to meet his or her
9 reporting obligations under that section.

10 ~~((+3))~~ (4) Any benefit provider offering a benefit plan by
11 contract or agreement with a school district under subsection (1) of
12 this section shall ~~((agree to))~~ make available to the school district
13 the benefit plan descriptions and ~~((, where available, the demographic~~
14 ~~information on plan subscribers))~~ data and information that the
15 district ~~((is))~~ and benefit provider are required to report to the
16 ~~((Washington state health care authority))~~ office of the insurance
17 commissioner under this section.

18 ~~((+4))~~ (5) This section shall not apply to benefit plans offered
19 in the 1989-90 school year.

20 NEW SECTION. Sec. 5. A new section is added to chapter 48.02 RCW
21 to read as follows:

22 (1) For purposes of this section, "benefit provider" has the same
23 meaning as provided in RCW 28A.400.270.

24 (2)(a) Beginning in 2013, the commissioner shall annually submit a
25 report to the legislature on school district health insurance benefits.
26 The report shall include each school district's health insurance
27 benefits' aggregated data. The report shall be available on the
28 commissioner's web site. The confidentiality of personally
29 identifiable data shall be safeguarded consistent with the provisions
30 of RCW 42.56.400(17).

31 (b) The report shall include information furnished by school
32 districts and their benefit providers to demonstrate progress to:

33 (i) Significantly reduce administrative costs for school districts;

34 (ii) Improve customer service;

35 (iii) Reduce differential plan premium rates between employee only
36 and family health benefit premiums, and progress towards the goal of

1 reducing the family premiums to no more than three times the cost of
2 employee only premiums;

3 (iv) Protect access to coverage for part-time K-12 employees; and

4 (v) Use innovative health plan features designed to reduce
5 utilization of unnecessary health services and offer evidence-based
6 health care services, which may include, but is not limited to,
7 adoption of state health technology assessment program decisions under
8 chapter 70.14 RCW, and participation in efforts such as the Bree
9 collaborative under chapter 70.250 RCW.

10 (c) The report shall include a summary of each health benefit plan
11 offered to school employees by benefit providers. The summary must
12 include the following:

13 (i) The financial plan structure and overall performance of each
14 plan including:

15 (A) Total premium expenses;

16 (B) Total claims expenses;

17 (C) Claim reserves; and

18 (D) Plan administration expenses, including compensation paid to
19 brokers; and

20 (ii) The total number of enrollees in each type of coverage,
21 including the number of employees and the number of dependents.

22 (3) If adequate progress is not being made in the areas of health
23 benefit equity, transparency, and efficiency, the commissioner may
24 submit recommendations to the legislature regarding additional steps
25 that may be taken by school districts or their benefit providers to
26 achieve greater progress.

27 (4) The commissioner shall collect data from school districts or
28 their benefit providers to fulfill the requirements of this section.
29 The commissioner may adopt rules necessary to implement the data
30 submission requirements under this section and RCW 28A.400.275,
31 including the format, timing of data reporting, data standards,
32 instructions, definitions, and data sources.

33 (5) Data, information, and documents provided by a school district
34 or an entity providing coverage pursuant to this section are exempt
35 from public inspection and copying under RCW 48.02.120 and chapters
36 42.17A and 42.56 RCW.

37 (6) If a school district or benefit provider does not comply with
38 the data reporting requirements of this section or RCW 28A.400.275, and

1 the failure is due to the actions of an entity providing coverage
2 authorized under Title 48 RCW, the commissioner may take enforcement
3 actions under this chapter, and the district or benefit provider is
4 subject to the market oversight authority of the commissioner as set
5 forth in chapter 48.37 RCW.

6 **Sec. 6.** RCW 42.56.400 and 2012 c ... (ESHB 2361) s 2 are each
7 amended to read as follows:

8 The following information relating to insurance and financial
9 institutions is exempt from disclosure under this chapter:

10 (1) Records maintained by the board of industrial insurance appeals
11 that are related to appeals of crime victims' compensation claims filed
12 with the board under RCW 7.68.110;

13 (2) Information obtained and exempted or withheld from public
14 inspection by the health care authority under RCW 41.05.026, whether
15 retained by the authority, transferred to another state purchased
16 health care program by the authority, or transferred by the authority
17 to a technical review committee created to facilitate the development,
18 acquisition, or implementation of state purchased health care under
19 chapter 41.05 RCW;

20 (3) The names and individual identification data of either all
21 owners or all insureds, or both, received by the insurance commissioner
22 under chapter 48.102 RCW;

23 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

24 (5) Information provided under RCW 48.05.510 through 48.05.535,
25 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and 48.46.600
26 through 48.46.625;

27 (6) Examination reports and information obtained by the department
28 of financial institutions from banks under RCW 30.04.075, from savings
29 banks under RCW 32.04.220, from savings and loan associations under RCW
30 33.04.110, from credit unions under RCW 31.12.565, from check cashers
31 and sellers under RCW 31.45.030(3), and from securities brokers and
32 investment advisers under RCW 21.20.100, all of which is confidential
33 and privileged information;

34 (7) Information provided to the insurance commissioner under RCW
35 48.110.040(3);

36 (8) Documents, materials, or information obtained by the insurance

1 commissioner under RCW 48.02.065, all of which are confidential and
2 privileged;

3 (9) Confidential proprietary and trade secret information provided
4 to the commissioner under RCW 48.31C.020 through 48.31C.050 and
5 48.31C.070;

6 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
7 7.70.140 that, alone or in combination with any other data, may reveal
8 the identity of a claimant, health care provider, health care facility,
9 insuring entity, or self-insurer involved in a particular claim or a
10 collection of claims. For the purposes of this subsection:

11 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).
12 (b) "Health care facility" has the same meaning as in RCW
13 48.140.010(6).
14 (c) "Health care provider" has the same meaning as in RCW
15 48.140.010(7).
16 (d) "Insuring entity" has the same meaning as in RCW 48.140.010(8).
17 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

18 (11) Documents, materials, or information obtained by the insurance
19 commissioner under RCW 48.135.060;

20 (12) Documents, materials, or information obtained by the insurance
21 commissioner under RCW 48.37.060;

22 (13) Confidential and privileged documents obtained or produced by
23 the insurance commissioner and identified in RCW 48.37.080;

24 (14) Documents, materials, or information obtained by the insurance
25 commissioner under RCW 48.37.140;

26 (15) Documents, materials, or information obtained by the insurance
27 commissioner under RCW 48.17.595;

28 (16) Documents, materials, or information obtained by the insurance
29 commissioner under RCW 48.102.051(1) and 48.102.140 (3) and (7)(a)(ii);

30 (17) Documents, materials, or information obtained by the insurance
31 commissioner in the commissioner's capacity as receiver under RCW
32 48.31.025 and 48.99.017, which are records under the jurisdiction and
33 control of the receivership court. The commissioner is not required to
34 search for, log, produce, or otherwise comply with the public records
35 act for any records that the commissioner obtains under chapters 48.31
36 and 48.99 RCW in the commissioner's capacity as a receiver, except as
37 directed by the receivership court;

1 (18) Documents, materials, or information obtained by the insurance
2 commissioner under RCW 48.13.151;

3 (19) Data, information, and documents provided by a carrier
4 pursuant to section 1, chapter 172, Laws of 2010; (~~and~~)

5 (20) Information in a filing of usage-based insurance about the
6 usage-based component of the rate pursuant to RCW 48.19.040(5)(b); and

7 (21) Data, information, and documents for reporting to the office
8 of the insurance commissioner by an entity providing health care
9 coverage pursuant to RCW 28A.400.275 and section 5 of this act.

10 NEW SECTION. **Sec. 7.** A new section is added to chapter 48.62 RCW
11 to read as follows:

12 If an individual or joint local government self-insured health and
13 welfare benefits program formed by a school district or educational
14 service district does not comply with the data reporting requirements
15 of RCW 28A.400.275 and section 5 of this act, the self-insured health
16 and welfare benefits program is no longer authorized to operate in the
17 state. The state risk manager shall notify the state auditor and the
18 attorney general of the violation and the attorney general, on behalf
19 of the state risk manager, must take all necessary action to terminate
20 the operation of the self-insured health and welfare benefits program.

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