

SENATE BILL REPORT

SB 5197

AS OF FEBRUARY 4, 1991

Brief Description: Revising provisions for voluntary payroll deductions for public employees.

SPONSORS: Senators West, Wojahn, L. Smith and L. Kreidler; by request of Health Care Authority.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Don Sloma (786-7414)

Hearing Dates: February 5, 1991

BACKGROUND:

Under current Washington law, any state or other public employee may authorize payroll deductions for medical and hospital care, life, accident or health insurance, or retirement plans. Authority to approve these payroll deductions is given both to the State Employee Benefits Board and to the employee's agency head. Notice of the deduction must be filed with the appropriate payroll authorities.

Some state agency directors report that this practice places them in the unwanted position of making decisions about the suitability of insurance products -- a role for which they feel ill qualified. In addition, they claim that aggressive marketing by insurance carriers within state agencies disrupts agency working environments. Finally, they report that some marketed insurance products are of margin quality with low loss ratios and other problems.

SUMMARY:

Effective July 1, 1992, employees of state agencies and institutions of higher education may authorize employee payroll deductions for any insurance or self insurance regulated by the State Insurance Commissioner if the plans have been approved by, are offered by, or are contracted for by the Health Care Authority. A list of approved plans must be distributed to state agencies annually beginning January 1, 1992.

The State Employee Benefits Board is authorized to develop plan designs which must be approved for payroll deduction by the Health Care Authority.

Appropriation: none

Revenue: none

Fiscal Note: available