

FINAL BILL REPORT

SHB 2536

C 142 L 02

Synopsis as Enacted

Brief Description: Offering health care benefit plans to school district employees.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Cox, Schual-Berke, Talcott, Conway, Doumit, Grant, Cody, Benson, McDermott, Delvin, Sullivan, Armstrong, Eickmeyer, Miloscia, Roach, Casada, Mielke, Morell, Boldt, Barlean, Chase, Rockefeller, Ogden, Lantz, Edwards, Simpson, Kessler, Haigh, Pearson, Dunn, Quall, Veloria, Kagi, McIntire, Wood, Santos and Linville).

House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background:

The Washington State Health Care Authority (HCA) is the state agency that purchases insurance benefits for state employees and retirees, school district employees and retirees, and local government employees and retirees. School districts and other political subdivisions have the option of purchasing benefits through the HCA and must have the approval of the HCA to do so.

Funding for state employee benefits is provided through an employer funding rate and employee premium contributions. Included in each state agency's base funding is a flat amount, called an employer funding rate, for each employee working half-time or more. The state agency must provide the HCA that same flat amount for each employee working half-time or more. The employer funding rate for fiscal year 2002 is \$457.29 per month. In addition, the HCA charges each state employee a premium that is based in part on family size and on the employee's choice of health plan. The employer funding rate is also called a composite rate because it is the average rate necessary to fund state employee benefits given the average family size of state employees enrolled in HCA plans. The average family size of state employees enrolled in HCA plans is 2.22.

The state provides a flat amount per month for each full-time equivalent staff generated by the state funding formulas for school district employees. K-12 employee fringe benefits are bargained locally. This allows bargaining over the content of available plans as well as the level of employer funding. School districts may purchase health benefits from a variety of sources. Two hundred fifty school districts representing about half of all school district employees offer one or more health benefit plan through the plans available through the Washington Education Association. A few large school districts

have their own health benefit trusts. About 25 school districts purchase health benefits through the HCA. There are 1,800 school district employees and 2,500 school district employee dependents in HCA medical plans. The average family size of school district employees enrolled in HCA plans is 2.39.

For most school districts purchasing benefits through the HCA, the HCA charges the school district the amount that the HCA must pay the health plan in which the employee is enrolled. This is referred to as a tiered rate structure because it reflects family size and plan choice. There are five school districts that were purchasing benefits from the HCA before the tiered rate structure was adopted. These five school districts pay the HCA a composite rate, that is, they pay the same rate for all of their employees enrolled in an HCA plan.

Summary:

The HCA will charge a composite rate, plus the same employee premiums by plan and by family size as are paid by state employees, for all K-12 employees participating in HCA plans as of January 1, 2002. The HCA will charge a composite rate, plus the same employee premiums as are paid by state employees, for all new groups of K-12 employees applying to participate only if the average family size of these groups does not adversely impact the HCA's insurance account. If the HCA determines that billing for new K-12 employee groups on a composite rate would adversely impact the insurance account, the HCA must offer enrollment under a tiered rate structure that reflects family size and plan chosen.

K-12 employees participating in HCA plans must pay the same employee premiums as state employees pay. K-12 employees participating in HCA plans will no longer have the option of purchasing medical only coverage. The same eligibility requirements will apply to participating K-12 employees as apply to state employees.

Votes on Final Passage:

House 97 0

Senate 44 0

Effective: June 13, 2002