

# SENATE BILL REPORT

## SB 6827

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As of March 7, 2002

**Title:** An act relating to adopting a sliding premium scale for state employee health care benefits.

**Brief Description:** Adopting a sliding premium scale for state employee health care benefits.

**Sponsors:** Senators Rossi, Deccio, Parlette, Carlson, Long and Oke.

**Brief History:**

**Committee Activity:** Ways & Means:

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Tim Yowell (786-7435)

**Background:** The biennial appropriations act establishes a budgeted amount per employee per month which is to be used to purchase medical, dental, death and disability benefits for state and higher education employees. The budgeted amount is based upon the projected cost of benefits during the ensuing biennium, and upon policy decisions about the relative share of that cost which is to be borne by the employer and the employee. This budgeted amount is sometimes referred to as the "index rate."

The Public Employees Benefits Board (PEBB) is then responsible for determining what benefits will be provided within the available funding level; the terms of employee coverage; and how much different categories of employee will be required to pay for their coverage choices. For a number of years, PEBB policy has been that the amount which employees are required to pay for their medical benefits will vary according to two main parameters:

Family Size: The employee's contribution varies depending upon whether the employee chooses to cover only him or herself; both him or herself and their spouse; their children; or their whole family.

Plan Choice: Employees who choose to enroll in a health care plan which costs more than the plan or plans which the PEBB determines can be provided free of charge within the "index rate" are required to pay the full difference in cost.

Under current PEBB policies, the amount which the state contributes toward the cost of an employee's benefits is the same, regardless of salary level.

**Summary of Bill:** The percentage of their medical premium paid by the employee is to vary according to salary, as follows:

<u>Employees Earning:</u>	<u>Pay at Least:</u>
less than \$30,000 per year	12% of premium.

\$30,001 - \$50,000	19% of premium.
\$45,001 - \$60,000	29% of premium.
\$60,001 - \$75,000	39% of premium.
Over \$75,000	49% of premium.

The state's contribution is to be the difference between the above percentages, and the cost of the lowest cost plan available to the employee.

**Appropriation:** None.

**Fiscal Note:** Requested on March 5, 2002.

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