

# HOUSE BILL REPORT

## HB 2163

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**As Reported by House Committee On:**  
Appropriations

**Title:** An act relating to the public employees' benefits board medical benefits administration account.

**Brief Description:** Creating the public employees' benefits board medical benefits administration account.

**Sponsors:** Representatives Cody, Sommers, Kenney and Moeller; by request of Health Care Authority.

**Brief History:**

**Committee Activity:**

Appropriations: 2/19/07, 2/21/07 [DP].

**Brief Summary of Bill**

- Creates the non-appropriated Public Employees' Benefits Board (PEBB) Medical Benefits Administration Account. Money in the PEBB Medical Benefits Administration Account will be used exclusively for contracted expenditures related to the operation of self-insured medical plans other than the Uniform Medical Plan.
- Provides that only the Administrator of the Health Care Authority or the Administrator's designee may authorize expenditures from the Uniform Medical Plan and the Uniform Dental Plan administrative accounts.

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**HOUSE COMMITTEE ON APPROPRIATIONS**

**Majority Report:** Do pass. Signed by 21 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Ericks, Fromhold, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Morrell, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

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

**Minority Report:** Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Dunn, Hinkle, Kretz, McDonald and Walsh.

**Staff:** David Pringle (786-7310).

**Background:**

The Public Employees Benefits Board (PEBB) is an organization within the Health Care Authority (HCA) charged with developing benefits plans, forming benefits contracts, developing participation rules, and approving schedules of rates and premiums for active employee and retired participants.

The members of the PEBB vote to approve contracts and benefits for the PEBB program. There are nine members of the PEBB, seven of whom are voting members. All of the PEBB members are appointed by the Governor.

The Uniform Medical Plan (UMP) is a state self-insured preferred provider organization administered by the Washington State Health Care Authority, designed by the PEBB, and available to individuals participating in the PEBB health benefits program. The UMP is available to public employees (active and retired) and their dependents.

The Uniform Dental Plan (UDP) is a state self-insured preferred provider organization (PPO) dental plan designed by the PEBB for employees and retirees enrolled in PEBB health insurance programs. Both the UMP and UDP have benefits administration accounts that are used for contracts entered into for the plans, and for both the ongoing administrative needs and for administrative responses to unforeseen conditions that arise in the programs between legislative sessions. The benefits administration accounts are non-appropriated, but are subject to the allotment budgetary control process.

For the 2007 calendar year, the PEBB began to contract with managed care organizations to offer a medical plan that more closely paralleled the benefits provided by the UMP, called "value plans." If the PEBB chooses to offer a self-insured medical plan other than the UMP, the current UMP Benefits Administration Account could not be used for that new plan.

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**Summary of Bill:**

The non-appropriated Public Employees' Benefits Board (PEBB) Medical Benefits Administration Account is created in the custody of the State Treasurer. Money in the PEBB Medical Benefits Administration Account will be used exclusively for contracted expenditures related to the operation of self-insured medical plans other than the Uniform Medical Plan.

Only the Administrator of the Health Care Authority or the Administrator's designee may authorize expenditures from the Uniform Medical Plan and the Uniform Dental Plan administrative accounts.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) This would support the new plans being made for the self-insured offerings at the Public Employees' Benefits Board (PEBB), and create a companion fund that has more flexible uses than the current UMP fund. It will allow us to explore the creation of more self-insured plan offerings by PEBB.

(Opposed) None.

**Persons Testifying:** (In support) Barney Speight, Health Care Authority.

**Persons Signed In To Testify But Not Testifying:** None.