

SSB 6442 - S AMD 291

By Senator Ericksen

1       Strike everything after the enacting clause and insert the  
2 following:

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

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

7       (b) There is a lack of transparency and accountability for funds  
8 appropriated for school employee benefits. The legislature is unable  
9 to exercise appropriate oversight over the disposition of state funds  
10 due to this lack of transparency;

11       (2) Therefore, the legislature intends to improve transparency of  
12 financial data to assure prudent and efficient use of taxpayers' funds.

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

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

1 (2) Whenever funds are available for these purposes the board of  
2 directors of the school district or educational service district may  
3 contribute all or a part of the cost of such protection or insurance  
4 for the employees of their respective school districts or educational  
5 service districts and their dependents. The premiums on such liability  
6 insurance shall be borne by the school district or educational service  
7 district.

8 After October 1, 1990, school districts may not contribute to any  
9 employee protection or insurance other than liability insurance unless  
10 the district's employee benefit plan conforms to RCW 28A.400.275 and  
11 28A.400.280.

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

1 (4) All contracts for insurance or protection written to take  
2 advantage of the provisions of this section shall provide that the  
3 beneficiaries of such contracts may utilize on an equal participation  
4 basis the services of those practitioners licensed pursuant to chapters  
5 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

6 (5) All entities that contract for school district medical, vision,  
7 or dental insurance, whether a private carrier, third-party  
8 administrator, or self-insuring entity, must provide data annually to  
9 the office of the superintendent of public instruction and the office  
10 of financial management, as instructed by the office of financial  
11 management. The data must include, but not be limited to:

12 (a) Premium expenses, or claims expenses for the self-insured  
13 plans, in total and by plan enrollment;

14 (b) Reserves and administrative expenses related to the insurance,  
15 including the administrative expenses paid by the carrier and the  
16 school district and any fee or compensation paid to brokers;

17 (c) Enrollment information on the number of enrollees in each type  
18 of coverage, including the number of employees and the number of  
19 dependents.

20 (6) In addition to the insurance financial data above, the school  
21 district must provide an accounting of the sources of revenue  
22 supporting insurance benefits, including the state, federal, and local  
23 funds as well as documentation of the employee cost-sharing.

24 (7) If a school district or the contractor fails to comply with any  
25 reporting requirements established by the office of financial  
26 management, the allocation of state funds for support of the school  
27 district may be withheld. Written notice of the intent to withhold  
28 state funds shall be made to the school districts before any portion of  
29 the state allocation is withheld.

30 (8) All contracts for insurance must be held to responsible  
31 contracting standards, meaning a fair, prudent, and accountable  
32 competitive procedure for procuring services that includes:

33 (a) Accurate cost comparisons to assure cost-effective purchasing;

34 (b) Assuring contractor compliance with workplace, tax, and other  
35 laws and consideration of past and pending legal actions concerning the  
36 contractor's contractual performance;

37 (c) Sufficient documentation to enable an effective audit trail for  
38 subsequent reviews of the contracting process; and

1        (d) An open competitive process, except where an open process would  
2        compromise cost-effective purchasing. In such instances, there should  
3        be documentation justifying the approach.

4        NEW SECTION.    **Sec. 3.**    The office of financial management shall  
5        monitor the financial reports provided by the school districts and  
6        report to the legislature on September 15, 2013, on the progress school  
7        districts are making in the areas of transparency."

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8        On page 1, line 2 of the title, after "employees;" strike the  
9        remainder of the title and insert "amending RCW 28A.400.350; and  
10        creating new sections."

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