

SENATE BILL REPORT

SB 5612

As of February 28, 2011

Title: An act relating to requiring school districts or educational service districts to purchase employee health insurance coverage through the state health care authority.

Brief Description: Requiring school districts or educational service districts to purchase employee health insurance coverage through the state health care authority. [**Revised for 1st Substitute:** Relating to health insurance coverage for school employees.]

Sponsors: Senators Hobbs, Tom and Schoesler.

Brief History:

Committee Activity: Ways & Means: 2/25/11.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The state Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for about 122,000 employees of the state and participating school districts, local governments, and tribal governments. The PEBB coverage is also available to retired employees of the state, school districts, and those local governments that purchase active employee benefits through the HCA, which accounts for approximately 56,000 additional subscribers. The Legislature provides a subsidy for Medicare-eligible retirees that enroll in PEBB plans.

The PEBB has nine members appointed by the Governor representing state agencies, state employees, school employees, state retirees, and school retirees. The PEBB sets eligibility requirements, approves premium contributions for eligible employees (these may vary for employees of K-12 school districts and certain employer groups), and approves benefits of all participating health insurance plans.

School districts and educational service districts have the option of purchasing insurance benefits for their employees from the Health Care Authority (HCA) and, in 2011, about 2000 K-12 employees are covered by HCA-administered plans.

Summary of Bill: The bill as referred to committee not considered.

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.

Summary of Bill (Proposed Substitute): The HCA is directed to convene a workgroup to develop a strategy to reform the process for providing health benefits for K-12 employees in a way that reduces costs, administrative requirements, inefficiencies, and inequities in coverage. The HCA must invite representatives of school districts, educational service districts, labor organizations representing school employees, health carriers, the State Auditor, the Insurance Commissioner, the Legislature, and other entities as deemed appropriate to participate in the workgroup. The options considered by the workgroup must include the centralized purchase of health benefits for school employees by the HCA.

No later than December 15, 2011, the HCA must report the findings of the workgroup to the Governor and the fiscal committees of the Legislature. By January 1, 2012, the HCA must also submit proposed legislation to implement such findings of the workgroup as the administrator of the HCA may deem appropriate.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Though the underlying bill is superior to the proposed substitute, anything that keeps the discussion moving is good. The system for providing health benefits for school employees is fragmented. According the state Auditor's report, there are over 200 plans covering more than 1000 insurance pools in the K-12 system, which makes for an inefficient system. School districts spend \$340 million of local funds on health benefits each year in addition to state funds. The state Auditor's recommendations for overhauling the system should be implemented.

CON: We adamantly oppose the underlying bill and feel that the matter of K-12 employee benefits has been studied enough. Employees have voted with their pocketbooks by choosing coverage from sources other than the HCA. Comparisons between state employee and school district employee benefits usually overlook differences in the range of benefits provided to school employees, which is bargained locally. There aren't any real savings to be found by consolidating the provision of benefits.

Persons Testifying: PRO: John Kvamme, Washington Association of School Administrators and Association of Washington School Principals.

CON: Mitch Denning, Alliance of Educational Associations; Randy Parr, Washington Education Association; Mel Sorensen, Washington Association of Health Underwriters; Len Sorrin, Premera Blue Cross; Bill Stauffacher, Independent Insurance Agents and Brokers of Washington; David Westberg, Joint Council of Stationary Engineers.