

SENATE BILL REPORT

SB 5811

As Reported by Senate Committee On:
Ways & Means, February 28, 2013

Title: An act relating to employee wellness programs.

Brief Description: Addressing employee wellness programs.

Sponsors: Senators Tom, Fain, Hill, Rivers, Baumgartner and Shin.

Brief History:

Committee Activity: Ways & Means: 2/21/13, 2/28/13 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5811 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Bailey, Becker, Braun, Dammeier, Hewitt, Padden, Parlette, Rivers, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senators Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Fraser, Hasegawa, Hatfield, Keiser, Kohl-Welles and Ranker.

Minority Report: That it be referred without recommendation.

Signed by Senators Conway and Murray.

Staff: Pete Cutler (786-7474)

Background: Current state law requires the Health Care Authority (HCA) to establish and maintain a state employee health or wellness program focused on reducing the health risks and improving the health status of state employees, dependents, and retirees enrolled in public employees' benefits board (PEBB) plans. The program must use public and private sector best practices to achieve goals of measurable health outcomes, measurable productivity improvements, positive impact on the cost of medical care, and positive return on investment.

Public and private sector wellness programs use a variety of interventions and incentives to promote healthy employee lifestyles and behavior. The financial incentives to promote

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healthy employee behaviors can include increases or reductions to premiums, deductibles, co-pays, and co-insurance, and may provide subsidies for health club memberships, and similar incentives for such means.

The state employee collective bargaining statutes provide that the employer is not required to bargain over matters pertaining to health care benefits or other employee insurance benefits, but must bargain regarding the dollar amount expended on behalf of each employee for health care benefits.

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

Summary of Bill (Recommended Substitute): The state collective bargaining statutes are amended to provide the following:

- the employer is not required to bargain over matters pertaining to employee wellness programs; and
- financial incentives included as part of an employee wellness program, including increases or decreases in individual employee premium contributions, must not be included in calculating or negotiating the dollar amount expended for employee health benefits.

Beginning no later than January 1, 2014, all state employee health care benefit plans provided by HCA must be offered in conjunction with an employee wellness program developed by HCA pursuant to RCW 41.05.540.

The program must include premium reductions, premium increases, or other financial incentives to promote employee achievement of identified wellness targets or goals.

For employees covered by collective bargaining agreements for 2011-2013 the employee wellness program must be offered one year after the expiration of the bargaining agreements.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): Creates a health and wellness advisory committee to consult with and advise the director of HCA regarding the wellness program. The committee has eight members appointed by the Governor that include three who represent state employee labor organizations, one who is a non-represented employee, and four who represent state agencies or higher education institutions.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:
PRO: There is considerable value in these services – they can improve employee engagement and lead to better health and reduced health care expenses. Effective programs

are about changing behavior and we know that is very hard to do. It takes a sustained commitment to achieve lasting results. Optimum wellness program results are only achieved if all the stakeholders are actively part of planning and designing the program – including employees and employee organization representatives. Wellness programs have had mixed results across the county; there is a lot of variation in program designs. Research is available on what works and what does not. It needs to be a strategic combination of both the carrots and the sticks. Literature will cite a return on investment in the ratio of one to three range – \$3 saved for every \$1 invested in the program. King County did it right, they made a long-term commitment, invested a great deal, and are experiencing a positive return. Every year they advance and improve the program; it is never static.

CON: We are strong proponents of wellness programs and have bargained them in the private sector, including with Group Health and Swedish Hospital. We support the previous testimony and the King County program. However, to take away our ability to bargain and be at the table with the state would not be a favor to the state. The success of the wellness program depends on the investments our members make; making them feel like they are a part of the program and not manipulated by it is a key to success. We support many aspects of wellness programs. The bill is unnecessary. When groups engage in collective bargaining you do not want to preclude yourself from any options. Collective bargaining is the art of the flexible. The bill would limit options for collective bargaining and undermine the bargaining process. If we have very good ideas for a wellness program, the employer could say it does not want to discuss them. We are currently discussing wellness options with the Inslee administration. Both the administration and the state employee healthcare coalition are interested in wellness programs and intend to include a program in an agreement. Mandating a particular process in advance shackles the collective bargaining process. We do not need a bill.

Persons Testifying: PRO: Elisabeth Buchman, Group Health Cooperative.

CON: Ellie Menzies, Service Employees International Union 1199NW; Greg Devereux, WA Federation of State Employees.