

FINAL BILL REPORT

SB 6475

C 67 L 16
Synopsis as Enacted

Brief Description: Addressing political subdivisions purchasing health coverage through the public employees' benefits board program.

Sponsors: Senators Dansel, King, Takko and Frockt.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The Health Care Authority (HCA) administers benefits plans, forms benefits contracts, develops participation rules, and through the Public Employees' Benefit Board (PEBB) approves schedules of rates and premiums for active employee and retired participants. The members of PEBB vote to approve contracts and benefits for the PEBB program.

The PEBB program primarily covers employees and retirees of state agencies and state higher education institutions, and the retirees of school districts and educational service districts. Active employees and pre-Medicare retirees participate in a single medical risk pool, so that the cost of claims, insurance, and risk are shared amongst all employers and employees that participate. Retirees eligible for Medicare participate in a separate risk pool; however, employer cost sharing is significantly different. Medicare absorbs the majority of medical expenses for this group, and other insurance costs are limited by a maximum per person retiree cost established in the state biennial operating budget. Currently, this explicit Medicare-eligible retiree subsidy is set at \$150 per Medicare-eligible participant per month.

Subject to the approval of HCA, PEBB may also cover employees of a county, municipality, or other political subdivision of the state, as well as employees of a tribal government, and the Washington Health Benefit Exchange. Currently, in addition to the approximately 109,000 employee subscribers that participate in PEBB from state agencies and higher education institutions, about 2600 school district employees and about 13,000 other local government employees participate in PEBB.

For a county or other non-state governmental entity to join the PEBB system, a contract must be negotiated with HCA and receive HCA approval; HCA has the sole right to reject the application to join PEBB.

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: Counties and political subdivisions with fewer than 5000 employees may join the PEBB health care program upon completion of an application to contract for coverage with HCA.

To account for an increased cost of benefits for the state and for state employees, HCA may develop a rate surcharge applicable to participating counties, municipalities, other political subdivisions, and tribal governments.

Votes on Final Passage:

Senate	48	0
House	97	0

Effective: June 9, 2016