
HOUSE BILL 2110

State of Washington 65th Legislature 2017 Regular Session

By Representative Caldier

Read first time 02/15/17. Referred to Committee on Education.

1 AN ACT Relating to school district employer-sponsored health
2 benefit plans; amending RCW 28A.400.270, 28A.400.275, 28A.400.280,
3 41.56.500, and 41.59.105; and adding a new section to chapter 28A.400
4 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 28A.400
7 RCW to read as follows:

8 It is the intent of the legislature to ensure that school
9 district employees covering spouses and family members through school
10 district employer-sponsored health benefit plans pay equitable
11 employee premiums as compared to employees choosing to cover fewer
12 people. Beginning in the 2018-19 school year, school districts must
13 provide for the same percentage of total cost for all district
14 employees enrolled in a health plan of substantially equivalent
15 actuarial value.

16 **Sec. 2.** RCW 28A.400.270 and 1990 1st ex.s. c 11 s 4 are each
17 amended to read as follows:

18 Unless the context clearly requires otherwise, the definitions in
19 this section apply throughout RCW 28A.400.275 and 28A.400.280.

1 (1) "School district employee benefit plan" means the overall
2 plan used by the district for distributing fringe benefit subsidies
3 to employees, including the method of determining employee coverage
4 and the amount of employer contributions, as well as the
5 characteristics of benefit providers and the specific benefits or
6 coverage offered. No school district employee benefit plan may employ
7 a method that distributes subsidies for health benefit plans that
8 results in an employee paying more than any other employee as a
9 percentage of the total cost of the benefits, regardless of whether
10 an employee chooses to cover dependents. It shall not include
11 coverage offered to district employees for which there is no
12 contribution from public funds.

13 (2) "Fringe benefit" does not include liability coverage, old-age
14 survivors' insurance, workers' compensation, unemployment
15 compensation, retirement benefits under the Washington state
16 retirement system, or payment for unused leave for illness or injury
17 under RCW 28A.400.210.

18 (3) "Basic benefits" are determined through local bargaining and
19 are limited to medical, dental, vision, group term life, and group
20 long-term disability insurance coverage. Local bargaining over basic
21 benefits shall not alter the right of each employee of a district to
22 pay substantially the same percentage share of the cost of health
23 benefits as all other employees in the district, regardless of
24 whether an employee chooses to cover dependents.

25 (4) "Benefit providers" include insurers, third party claims
26 administrators, direct providers of employee fringe benefits, health
27 maintenance organizations, health care service contractors, and the
28 Washington state health care authority or any plan offered by the
29 authority.

30 (5) "Group term life insurance coverage" means term life
31 insurance coverage provided for, at a minimum, all full-time
32 employees in a bargaining unit or all full-time nonbargaining group
33 employees.

34 (6) "Group long-term disability insurance coverage" means long-
35 term disability insurance coverage provided for, at a minimum, all
36 full-time employees in a bargaining unit or all full-time
37 nonbargaining group employees.

38 **Sec. 3.** RCW 28A.400.275 and 2012 2nd sp.s. c 3 s 4 are each
39 amended to read as follows:

1 (1) Any contract or agreement for employee benefits executed
2 after April 13, 1990, between a school district and a benefit
3 provider or employee bargaining unit is null and void unless it
4 contains: (a) An agreement to abide by state laws relating to school
5 district employee benefits((-)); (b) a limitation of the term of the
6 contract or agreement ((may not exceed)) to one year; and (c) the
7 employee benefits contract or agreement is part of a district-wide
8 structure of employer subsidies for health benefits that does not
9 require any employee, regardless of whether the employee chooses to
10 cover dependents, to pay a higher percentage share of the cost of a
11 health benefit plan of substantially equivalent actuarial value than
12 any other employee of the district eligible for participation in any
13 health benefits plan offered to any school district employee. Any
14 employee, regardless of membership in a collective bargaining unit,
15 may challenge the lawfulness of any employee benefit contract entered
16 into by their employing school district that does not meet the
17 requirements of this subsection.

18 (2) School districts and their benefit providers shall annually
19 submit, by a date determined by the office of the insurance
20 commissioner, the following information and data for the prior
21 calendar year to the office of the insurance commissioner:

22 (a) Progress by the district and its benefit providers toward
23 greater affordability for full family coverage, health care cost
24 savings, and significantly reduced administrative costs;

25 (b) Compliance with the requirement to provide a high deductible
26 health plan option with a health savings account;

27 (c) An overall plan summary including the following:

28 (i) The financial plan structure and overall performance of each
29 health plan including:

30 (A) Total premium expenses;

31 (B) Total claims expenses;

32 (C) Claims reserves; and

33 (D) Plan administration expenses, including compensation paid to
34 brokers;

35 (ii) A description of the plan's use of innovative health plan
36 features designed to reduce health benefit premium growth and reduce
37 utilization of unnecessary health services including but not limited
38 to the use of enrollee health assessments or health coach services,
39 care management for high cost or high-risk enrollees, medical or

1 health home payment mechanisms, and plan features designed to create
2 incentives for improved personal health behaviors;

3 (iii) Data to provide an understanding of employee health benefit
4 plan coverage and costs, including: The total number of employees
5 and, for each employee, the employee's full-time equivalent status,
6 types of coverage or benefits received including numbers of covered
7 dependents, the number of eligible dependents, the amount of the
8 district's contribution to premium, additional premium costs paid by
9 the employee through payroll deductions, and the age and sex of the
10 employee and each dependent;

11 (iv) Data necessary for school districts to more effectively and
12 competitively manage and procure health insurance plans for
13 employees. The data must include, but not be limited to, the
14 following:

15 (A) A summary of the benefit packages offered to each group of
16 district employees, including covered benefits, employee deductibles,
17 coinsurance, and copayments, and the number of employees and their
18 dependents in each benefit package;

19 (B) Aggregated employee and dependent demographic information,
20 including age band and gender, by insurance tier and by benefit
21 package;

22 (C) Total claim payments by benefit package, including premiums
23 paid, inpatient facility claims paid, outpatient facility claims
24 paid, physician claims paid, pharmacy claims paid, capitation amounts
25 paid, and other claims paid;

26 (D) Total premiums paid by benefit package;

27 (E) A listing of large claims defined as annual amounts paid in
28 excess of one hundred thousand dollars including the amount paid, the
29 member enrollment status, and the primary diagnosis.

30 (3) Annually, school districts and their benefit providers shall
31 jointly report to the office of the insurance commissioner on their
32 health insurance-related efforts and achievements to:

33 (a) Significantly reduce administrative costs for school
34 districts;

35 (b) Improve customer service;

36 (c) Reduce differential plan premium rates between employee only
37 and family health benefit premiums;

38 (d) Protect access to coverage for part-time K-12 employees.

39 (4) The information and data shall be submitted in a format and
40 according to a schedule established by the office of the insurance

1 commissioner under RCW 48.02.210 to enable the commissioner to meet
2 the reporting obligations under that section.

3 (5) Any benefit provider offering a benefit plan by contract or
4 agreement with a school district under subsection (1) of this section
5 shall make available to the school district the benefit plan
6 descriptions and, where available, the demographic information on
7 plan subscribers that the district and benefit provider are required
8 to report to the office of the insurance commissioner under this
9 section.

10 (6) This section shall not apply to benefit plans offered in the
11 1989-90 school year.

12 **Sec. 4.** RCW 28A.400.280 and 2012 2nd sp.s. c 3 s 2 are each
13 amended to read as follows:

14 (1) Except as provided in subsection (2) of this section, school
15 districts may provide employer fringe benefit contributions after
16 October 1, 1990, only for basic benefits. However, school districts
17 may continue payments under contracts with employees or benefit
18 providers in effect on April 13, 1990, until the contract expires.

19 (2) School districts may provide employer contributions after
20 October 1, 1990, for optional benefit plans, in addition to basic
21 benefits, only for employees included in pooling arrangements under
22 this subsection. Optional benefits may include direct agreements as
23 defined in chapter 48.150 RCW, but may not include employee
24 beneficiary accounts that can be liquidated by the employee on
25 termination of employment. Optional benefit plans may be offered only
26 if:

27 (a) ~~((The school district pools benefit allocations among~~
28 ~~employees using a pooling arrangement that includes at least one~~
29 ~~employee bargaining unit and/or all nonbargaining group employees;~~

30 ~~(b) Each full-time employee included in the pooling arrangement~~
31 ~~is offered basic benefits, including coverage for dependents;~~

32 ~~(c) Each employee included in the pooling arrangement who elects~~
33 ~~medical benefit coverage pays a minimum premium charge subject to~~
34 ~~collective bargaining under chapter 41.59 or 41.56 RCW;~~

35 ~~(d) The employee premiums are structured to ensure employees~~
36 ~~selecting richer benefit plans pay the higher premium;~~

37 ~~(e))~~ Each full-time employee ~~((included in the pooling~~
38 ~~arrangement,))~~ pays the same percentage of the cost of health benefit
39 plans of substantially equivalent actuarial value regardless of the

1 number of dependents receiving basic coverage(~~(, receives the same~~
2 ~~additional employer contribution for other coverage or optional~~
3 ~~benefits)); and~~

4 ~~((f))~~ (b) For part-time employees ~~((included in the pooling~~
5 ~~arrangement)), participation in optional benefit plans shall be~~
6 governed by the same eligibility criteria ~~((and/or proration of~~
7 ~~employer contributions)) used for allocations for basic benefits.~~

8 (3) ~~((Savings accruing to school districts due to limitations on~~
9 ~~benefit options under this section shall be pooled and made available~~
10 ~~by the districts to reduce out-of-pocket premium expenses for~~
11 ~~employees needing basic coverage for dependents.)) School districts~~
12 ~~((are not intended to)) may not divert state benefit allocations for~~
13 other purposes.

14 **Sec. 5.** RCW 41.56.500 and 2010 c 235 s 802 are each amended to
15 read as follows:

16 (1) All collective bargaining agreements entered into between a
17 school district employer and school district employees under this
18 chapter after June 10, 2010, as well as bargaining agreements
19 existing on June 10, 2010, but renewed or extended after June 10,
20 2010, shall be consistent with RCW 28A.657.050.

21 (2) All collective bargaining agreements entered into between a
22 school district employer and school district employees under this
23 chapter shall be consistent with RCW 28A.400.275 and 28A.400.280.

24 **Sec. 6.** RCW 41.59.105 and 2010 c 235 s 803 are each amended to
25 read as follows:

26 (1) All collective bargaining agreements entered into between a
27 school district employer and school district employees under this
28 chapter after June 10, 2010, as well as bargaining agreements
29 existing on June 10, 2010, but renewed or extended after June 10,
30 2010, shall be consistent with RCW 28A.657.050.

31 (2) All collective bargaining agreements entered into between a
32 school district employer and school district employees under this
33 chapter shall be consistent with RCW 28A.400.275 and 28A.400.280.

--- END ---