
SENATE BILL 5727

State of Washington 65th Legislature 2017 Regular Session

By Senators Hobbs, Rivers, Mullet, Takko, Palumbo, and Keiser

Read first time 02/06/17. Referred to Committee on Ways & Means.

1 AN ACT Relating to public school employee benefits; amending RCW
2 28A.400.350; adding a new section to chapter 28A.400 RCW; and
3 creating a new section.

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

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

6 (a) The 2012 legislature enacted Engrossed Substitute Senate Bill
7 No. 5940, that among other things:

8 (i) Established a goal of creating greater affordability for full
9 family coverage and greater equity between premium costs for full
10 family coverage and for employee only coverage for the same health
11 benefit plan; and

12 (ii) Directed school districts to make progress toward employee
13 contributions for full family coverage that are not more than three
14 times the employee contributions for employees purchasing single
15 coverage; and

16 (b) An analysis by the joint legislative audit and review
17 committee found that:

18 (i) In the 2013-14 school year, only twenty-seven out of the two
19 hundred ninety-five districts had full family premiums that were at
20 or below three times the rate of single coverage;

1 (ii) On average full family premiums were eight and nine-tenths
2 times more than single coverage; and

3 (iii) Many districts continue to use pooled savings to further
4 reduce the cost for single coverage premiums.

5 (2) Therefore, it is the intent of the legislature that premium
6 ratios for full family coverage are no more than three times the
7 premium for single coverage. The legislature further intends to limit
8 the disruptive effects to single coverage payers by providing three
9 years for school districts to phase in this change.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.400
11 RCW to read as follows:

12 (1)(a) Beginning with the 2018-19 school year or by January 1,
13 2019, for plans on a calendar year basis, basic health benefits
14 offered by a school district or educational service district shall be
15 designed to incorporate premiums for full family coverage that are no
16 more than five times the premiums for single coverage.

17 (b) Beginning with the 2019-20 school year or by January 1, 2020,
18 for plans on a calendar year basis, basic health benefits offered by
19 a school district or educational service district shall be designed
20 to incorporate premiums for full family coverage that are no more
21 than four times the premiums for single coverage.

22 (c) Beginning with the 2020-21 school year or by January 1, 2021,
23 for plans on a calendar year basis, basic health benefits offered by
24 a school district or educational service district shall be designed
25 to incorporate premiums for full family coverage that are no more
26 than three times the premiums for single coverage.

27 (2) Any savings accruing under RCW 28A.400.280 must be used to
28 reduce out-of-pocket premium expenses for employees to maintain the
29 premium ratio identified in subsection (1) of this section.

30 **Sec. 3.** RCW 28A.400.350 and 2012 2nd sp.s. c 3 s 3 are each
31 amended to read as follows:

32 (1) The board of directors of any of the state's school districts
33 or educational service districts may make available liability, life,
34 health, health care, accident, disability, and salary protection or
35 insurance, direct agreements as defined in chapter 48.150 RCW, or any
36 one of, or a combination of the types of employee benefits enumerated
37 in this subsection, or any other type of insurance or protection, for
38 the members of the boards of directors, the students, and employees

1 of the school district or educational service district, and their
2 dependents. Such coverage may be provided by contracts or agreements
3 with private carriers, with the state health care authority after
4 July 1, 1990, pursuant to the approval of the authority
5 administrator, or through self-insurance or self-funding pursuant to
6 chapter 48.62 RCW, or in any other manner authorized by law. Any
7 direct agreement must comply with RCW 48.150.050.

8 (2) Whenever funds are available for these purposes the board of
9 directors of the school district or educational service district may
10 contribute all or a part of the cost of such protection or insurance
11 for the employees of their respective school districts or educational
12 service districts and their dependents. The premiums on such
13 liability insurance shall be borne by the school district or
14 educational service district.

15 After October 1, 1990, school districts may not contribute to any
16 employee protection or insurance other than liability insurance
17 unless the district's employee benefit plan conforms to RCW
18 28A.400.275 and 28A.400.280.

19 (3) For school board members, educational service district board
20 members, and students, the premiums due on such protection or
21 insurance shall be borne by the assenting school board member,
22 educational service district board member, or student. The school
23 district or educational service district may contribute all or part
24 of the costs, including the premiums, of life, health, health care,
25 accident or disability insurance which shall be offered to all
26 students participating in interschool activities on the behalf of or
27 as representative of their school, school district, or educational
28 service district. The school district board of directors and the
29 educational service district board may require any student
30 participating in extracurricular interschool activities to, as a
31 condition of participation, document evidence of insurance or
32 purchase insurance that will provide adequate coverage, as determined
33 by the school district board of directors or the educational service
34 district board, for medical expenses incurred as a result of injury
35 sustained while participating in the extracurricular activity. In
36 establishing such a requirement, the district shall adopt regulations
37 for waiving or reducing the premiums of such coverage as may be
38 offered through the school district or educational service district
39 to students participating in extracurricular activities, for those
40 students whose families, by reason of their low income, would have

1 difficulty paying the entire amount of such insurance premiums. The
2 district board shall adopt regulations for waiving or reducing the
3 insurance coverage requirements for low-income students in order to
4 assure such students are not prohibited from participating in
5 extracurricular interschool activities.

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

12 (5) School districts offering medical, vision, and dental
13 benefits shall:

14 (a) Offer a high deductible health plan option with a health
15 savings account that conforms to section 223, part VII of subchapter
16 1 of the internal revenue code of 1986. School districts shall comply
17 with all applicable federal standards related to the establishment of
18 health savings accounts;

19 (b) (~~Make progress toward~~) Offer health benefit plans that
20 incorporate a plan design with employee premiums that are established
21 to ensure that full family coverage premiums are not more than three
22 times the premiums for employees purchasing single coverage for the
23 same coverage plan(~~, unless a subsequent premium differential target~~
24 ~~is defined as a result of the review and subsequent actions described~~
25 ~~in RCW 41.05.655)) as described under section 2 of this act;~~

26 (c) Offer employees at least one health benefit plan that is not
27 a high deductible health plan offered in conjunction with a health
28 savings account in which the employee share of the premium cost for a
29 full-time employee, regardless of whether the employee chooses
30 employee-only coverage or coverage that includes dependents, does not
31 exceed the share of premium cost paid by state employees during the
32 state employee benefits year that started immediately prior to the
33 school year.

34 (6) All contracts or agreements for employee benefits must be
35 held to responsible contracting standards, meaning a fair, prudent,
36 and accountable competitive procedure for procuring services that
37 includes an open competitive process, except where an open process
38 would compromise cost-effective purchasing, with documentation
39 justifying the approach.

1 (7) School districts offering medical, vision, and dental
2 benefits shall also make progress on promoting health care
3 innovations and cost savings and significantly reduce administrative
4 costs.

5 (8) All contracts or agreements for insurance or protection
6 described in this section shall be in compliance with chapter 3, Laws
7 of 2012 2nd sp. sess.

8 (9) Upon notification from the office of the insurance
9 commissioner of a school district's substantial noncompliance with
10 the data reporting requirements of RCW 28A.400.275, and the failure
11 is due to the action or inaction of the school district, and if the
12 noncompliance has occurred for two reporting periods, the
13 superintendent is authorized and required to limit the school
14 district's authority provided in subsection (1) of this section
15 regarding employee health benefits to the provision of health benefit
16 coverage provided by the state health care authority.

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