

SENATE BILL REPORT

HB 2458

As Reported by Senate Committee On:
Ways & Means, February 29, 2020

Title: An act relating to optional benefits offered by school districts.

Brief Description: Concerning optional benefits offered by school districts.

Sponsors: Representatives Stonier, Sells, Dolan, Schmick, Boehnke, Bergquist, Vick, Pollet and Wylie.

Brief History: Passed House: 2/17/20, 97-0.

Committee Activity: Ways & Means: 2/26/20, 2/29/20 [DPA].

Brief Summary of Amended Bill

- Allows school districts to provide certain optional, employee-paid benefits that are not provided by the School Employees' Benefits Board.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wilson, L..

Staff: Amanda Cecil (786-7460)

Background: In 2017, EHB 2242 was enacted, consolidating healthcare benefits for all eligible school employees under the School Employees' Benefits (SEB) Board. The SEB Board is responsible for determining the terms of employee and dependent eligibility and enrollment policies, subject to the condition that employees anticipated to work at least 630 hours per year qualify for coverage.

In 2018, ESSB 6241 was enacted, which included various provisions related to the administration of the benefits, including a provision allowing school districts to provide

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certain benefits to employees falling outside the authority of the SEB Board. The SEB Board's authority broadly includes medical and liability insurance.

Benefits under SEB began January 1, 2020.

Summary of Amended Bill: The SEB Board is provided with explicit authority to study and, subject to the availability of funding, provide the following benefits:

- emergency transportation;
- identity protection;
- legal aid;
- long-term care insurance;
- noncommercial personal automobile insurance;
- personal homeowner's or renter's insurance;
- pet insurance;
- specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit regulated by the office of the insurance commissioner;
- travel insurance; and
- voluntary employees' beneficiary association (VEBA) accounts.

If the Board is not providing these benefits a school district may provide these benefits to employees. With the exception of VEBA accounts, benefits provided by a district must be employee paid and may be administered using a payroll deduction.

If a district is found to be providing a benefit that competes with any form of basic or optional benefits that are provided by the Board the district, the provider, and the Health Care Authority are directed to work together to eliminate the conflict.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S): (1) Removes all provisions of the underlying bill, including intent provisions.

(2) Specifies that school district optional benefits must not compete with any form of benefits offered by the School Employees' Benefits Board (SEBB) program or under the authority of the Health Care Authority (HCA) in a pretax salary reduction plan.

(3) Directs the HCA, in consultation with SEBB, to review optional benefits provided by school districts and determine if the optional benefits are in competition with benefits offered by HCA or SEBB.

(4) Specifies that school districts and the applicable carrier must work with the HCA to modify or remove competing benefits.

(5) Provides SEBB with explicit authority to study and, subject to availability of funding, offer the following benefits: Emergency transportation, identity protection, legal aid, long-term care insurance, noncommercial personal automobile insurance, personal homeowner's or renter's insurance, pet insurance, certain specified illness or disease insurance, travel insurance, and voluntary employees' beneficiary association accounts.

(6) Allows school districts to offer the above mentioned optional benefits as long as they are not being offered by SEBB.

(7) Provides that, with the exception of voluntary employees' beneficiary association accounts, optional benefits provided by school districts are employee-paid.

(8) Removes existing provisions that allow a school district to offer optional benefits only if the employer contribution is the same for all employees, regardless of the employee's number of dependents.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill provides needed clarity about what districts can offer to employees. Districts have been providing employee-paid benefits through payroll deductions and this allows them to continue to offer those by reaffirming the current law and practice. These are not health care products. They are plans that provide financial certainty. The amendment adds clarity and was agreed to by the stakeholders.

OTHER: The amendment fully address the concerns with the underlying bill.

Persons Testifying: PRO: Rick Chisa, Public School Employees of Washington; Julie Salvi, Washington Education Association; Mel Sorensen, American Fidelity; Tim Boyd, Aflac; Dan Steele, Washington Association of School Administrators, Washington Association of School Business Officials; Christian Dube, IUOE 302.

OTHER: Brian Sims, Washington State School Directors Association.

Persons Signed In To Testify But Not Testifying: No one.