

# SENATE BILL REPORT

## SB 5275

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As of January 24, 2019

**Title:** An act relating to adding a nonvoting representative from the office of the insurance commissioner to the public employees' benefits board.

**Brief Description:** Adding a nonvoting representative from the office of the insurance commissioner to the public employees' benefits board.

**Sponsors:** Senators Hunt, Randall, Wilson, C., Conway and Das.

**Brief History:**

**Committee Activity:** Ways & Means: 1/23/19.

**Brief Summary of Bill**

- Adds the insurance commissioner or the commissioner's designee as a non-voting member of the Public Employees' Benefits Board

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Sandy Stith (786-7710)

**Background:** The Public Employees Benefits Board (PEBB) is an organization within the Health Care Authority (HCA) charged with developing benefits plans, forming benefits contracts, developing participation rules, and approving schedules of rates and premiums for active employees and retired participants. Among the types of benefit plans provided to employees and retirees through the PEBB program are health, dental, life, long-term disability, and long-term care insurance. The members of PEBB vote to approve contracts and benefits for the PEBB program. There are nine members of PEBB, seven of whom are voting members. Historically, PEBB members have been appointed by the Governor.

Most of the criteria for benefits eligibility are laid out in administrative rules rather than in statute. PEBB may not adopt eligibility criteria that are substantially different from those that were in place as of January 1, 1993.

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*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.*

State agencies are required to fully cooperate with HCA to allow the employee benefits offered by PEBB to be administered effectively. Additionally, state agencies are required to report all data relating to employee eligibility to participate in a form determined by HCA.

After December 31, 2019, the number of PEBB members is reduced to eight, seven of whom are voting members, when the representative of an association of school employees' term expires.

**Summary of Bill:** Effective December 31, 2019, the insurance commissioner or the commissioner's designee is added as a non-voting member of PEBB. This maintains the number of PEBB members at nine, seven of whom are voting members.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill takes effect on December 31, 2019

**Staff Summary of Public Testimony:** PRO: We were approached by the retired state employees about whether the commissioner would be willing to serve in a non-voting capacity on this board. This is consistent with the work the commissioner does on other boards. Given their ask and the commissioner's appreciation for them, the commissioner is willing to do that. With regard to the expense in the fiscal note, it is not an additional cost. It is a reflection of the time spent on the board and comes from the Office of the Insurance Commissioner's Regulatory Account. This is important to our members as the insurance landscape gets more complex. It is important to us that the lead consumer protection agency lend their experience to the PEBB. We ask for your support because we are very concerned about rising health costs that impact retirees. Nearly 50 percent of our members receive their coverage under PEBB, and they have seen their premiums and out-of-pocket expenses skyrocket in recent years. Given federal uncertainty and rising costs of insurance, we believe that the insurance commissioner will give our members the reassurance they need.

**Persons Testifying:** PRO: Emily Murphy, Retired Public Employees Council; Nancy Heley, Vice President, Retired Public Employees Council; Lonnie Johns-Brown, Office of the Insurance Commissioner.

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