SB 6442 Consolidated K–12 Health Benefits
Response to Statements Made

- Adds more than $15 million in NEW taxpayer costs: $8.1 million for start-up costs, plus $7.3 million for administrative costs in fiscal year 2014.

  It is not expected to cost the state and taxpayers more. Much of the state's cost is embedded in the existing HCA system. Districts will save considerable dollars from no longer having to pay broker fees, carrier administrative fees, and district costs to administer the program. There will be some one-time costs to the state; however, these costs would be offset as savings accrue. Oregon, during the first three years of consolidation, reports savings of $125 million and the state has a much smaller population than Washington. State Auditor Brian Sonntag recently released a report saying the state could save $90 million each year.

- Requires an additional $25 million per year paid by employees through higher premiums and "point-of-service cost sharing."

  Some single payers in the consolidated system would pay more than they presently pay depending on which tier or plan they select. The current system is very unfair to employees who need to cover their children or spouses. Single payers have paid an average of 4 percent of premiums, while employees covering their dependents paid 73 percent of the additional premium costs. The single payers pay little or nothing while employees with families end up paying $700 to well over $1000 a month depending on the plan chosen. A primary goal for the Legislature is to bridge this inequity.

- Shifts all future cost risks to school districts for costs above the state allocation.

  This claim has no basis in fact and is certainly not the intention of this legislation. Similar to the present situation the costs will be equitably shared between the state, school districts, and employees. The SEBB, made up of equal representation from management and employees, will set rates for single payers, those employees with dependents, and for districts covering health together with vision and dental plans. For the first time, a coalition of bargaining groups will be able to negotiate the state health benefit allocation amount.

- Reduces benefits: Requires lower overall benefits to avoid immediate cost increases.

  The financial modeling of what would be offered to K–12 employees was based on using the WEA Premera Plan 2. This plan is not the richest plan offered by WEA Premera, but it is 5 percent richer than the Uniform Medical Plan offered through the state's PEBB. K–12 employees will be able to buy a richer plan, if they wish. However, the additional cost would no longer be completely taxpayer funded. Overall benefits and point of service costs will be comparable to what is presently offered in districts.

- Replaces competition among plans school districts select with a state monopoly that selects one carrier for all K–12 employees.
  This is completely false. Under the proposal, the SEBB would direct the HCA to conduct a competitive procurement to drive down costs and increase plan choices. As the executive summary states: "Initial plans are expected to incorporate multiple carriers through a competitive procurement to ensure value and sufficient provider access in all areas." One of the main reasons the Legislature is interested in making this change is the current system lacks accountability and transparency. The teacher union has granted a sole source contract to one carrier for many years, with no market competition whatsoever.

- All K–12 employees would be required to participate in state-chosen plans.
  This is not entirely true. Yes, it mandates all districts into the consolidation; however, the legislation does have an opt-out provision through the decision of the SEBB. It can provide an exception to the mandatory participation of a district; however, any district receiving an exception must continue reporting health care experience and financial data to the HCA.

- Those working less than half-time (0.5 FTE) would NOT be eligible for medical benefits.
  There is an exception provided that through December 31, 2016, the board shall continue to cover part-time employees working less than half-time who were covered prior to January 1, 2012.

- Removes employee health benefits from collective bargaining and transfers all decision making to the Health Care Authority (HCA).
  Employee groups would retain an active role as part of the SEBB governing board, which makes decisions regarding health, vision, and dental benefits. A proposed substitute to SB 6442 does include local bargaining language on VEBAs, HRAs, and other insurance products that do not conflict with the intent, purpose, and objectives of the SEBB.

- Subjects K–12 employees to poor customer service for claims—HCA has a nine month backlog in unpaid claims.
  This past year there have been payment problems with the current PEBB vendor in its first year. The HCA has worked with the vendor and has almost entirely corrected the delay in payments to doctors. The SEBB would conduct a competitive procurement for its health benefits and could select other vendors for this purpose.

- K–12 employees have had the option to enroll in the state employee health care plan since 1995, and less than 1 percent of the K–12 employees have made that choice.
  This is correct; however, the current statutory language made the PEBB an awkward fit for many bargaining groups. SB 6442 addresses these issues.