



## **THE K-12 PUBLIC SCHOOL EMPLOYEE HEALTH BENEFITS REPORT**

### **PROPOSED OPTIONS FOR A CONSOLIDATED BENEFITS PROGRAM**

#### **FACT SHEET**

The Washington State Health Care Authority (HCA) has been tasked by the Washington State Legislature to submit a report outlining options for a strengthened, consolidated public school employee health benefits program delivering benefits such as medical, dental, vision and prescription coverage.

Such a revised program—which could streamline the numerous and widely varying health plans offered across the state's 295 school districts and nine education service districts—could be implemented as early as the 2013-14 school year.

#### **WHAT IS THE PURPOSE OF THIS PROJECT?**

The current K-12 public school employee health benefits system costs approximately \$1.2 billion annually—with the State of Washington covering approximately \$778 million of total costs. \* It is the intent of the Legislature to explore opportunities to improve the administration, transparency and equity of a health benefits program delivered to approximately 100,000 K-12 public school employees and their dependents. This report will deliver a number of proposed options for achieving these goals.

\*Figures are from the State Auditor's Office Performance Review of K-12 Employee Health Benefits, which includes the HayGroup report and was completed in January 2011.

#### **HOW DID THIS PROJECT ORIGINATE?**

This project is the culmination of discussions, research and analysis performed during the course of several years in response to ongoing interest and questions raised by elected and government agency officials, public education leaders, public school employees and others. In January 2011, the State Auditor's Office delivered a performance audit of the public school employee health benefits system to the Legislature with three key recommendations:

- Streamline the benefits system to improve efficiency, transparency and stability
- Standardize coverage levels for more affordable and equitable health care benefits
- Reduce costs by restructuring the health benefits system

A copy of the State Auditor's Office Performance Review of K-12 Employee Health Benefits, which includes the HayGroup report, is available online at [www.sao.wa.gov/auditreports/auditreportfiles/ar1004979.pdf](http://www.sao.wa.gov/auditreports/auditreportfiles/ar1004979.pdf).

Following the performance audit, during a 2011 Special Session of the State Legislature, the HCA was directed to develop a report with options for a consolidated public school employee health benefits program, along with a proposed implementation plan. The HCA launched this project in July 2011 and will submit a final report on December 15, 2011.

#### **WHAT WILL THE REPORT INCLUDE?**

The proposed consolidated K-12 public school employee health benefits program options included in the report will be designed to achieve improvement in the areas of:

- Equitable access to quality and affordable health services for all eligible K-12 public school employees and their dependents
- Transparency of costs to employees, the Legislature and the public
- Stability in the program risk pool
- School district and employee participation in program governance
- Reduced duplication and increased cost efficiency
- Continuity of care, with minimal disruption to existing relationships between insured individuals and their healthcare providers

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PROJECT TEAMS | JULY – DECEMBER 2011

PROJECT LEADERSHIP AND SUPPORT TEAM	INTER-AGENCY AUTHORIZATION EXECUTIVE TEAM	PROJECT DESIGN TEAM	K-12 PROJECT ADVISORY TEAM	KEY LEGISLATORS AND STAFF
Oversees project and engages stakeholders	Provides critical policy-related feedback	Develops program design options	Participates in review process and provides feedback	Attend briefing sessions
<ul style="list-style-type: none"> <li>▪ Health Care Authority</li> <li>▪ Communications Consultants</li> <li>▪ Actuary Consultants</li> <li>▪ Integration Consultants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Health Care Authority</li> <li>▪ Office of Financial Management</li> <li>▪ Office of the Superintendent of Public Instruction</li> <li>▪ Office of the Insurance Commissioner</li> <li>▪ Senate &amp; House Caucus representatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Health Care Authority</li> <li>▪ Actuary Consultants</li> <li>▪ Subject Matter Experts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Education Professionals</li> <li>▪ Labor Relations</li> <li>▪ Insurance Carriers and Associations</li> <li>▪ School Districts</li> <li>▪ Insurance Brokers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Members of the State House</li> <li>▪ Members of the State Senate</li> <li>▪ Professional staff for House and Senate Members and Committees</li> </ul>

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DUE: DECEMBER 15, 2011

The K-12 Public School Employees' Health Benefits Report project process has been built to engage stakeholders, solicit thought leadership, share clear communications and enhance project transparency.

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HISTORICAL AND PROJECT-SPECIFIC TIMELINES, INCLUDING COMMUNICATIONS ACTIVITIES

	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
PROJECT ACTIVITIES	<ul style="list-style-type: none"> <li>Project organization and planning</li> </ul>	<ul style="list-style-type: none"> <li>Information gathering</li> <li>Current system descriptions</li> <li>Initial development of program options</li> <li>Advisory Team meeting</li> </ul>	<ul style="list-style-type: none"> <li>Information gathering</li> <li>Continued development and review of program options</li> <li>Advisory Team meetings</li> </ul>	<ul style="list-style-type: none"> <li>Continued development and finalization of program options</li> <li>Advisory Team meeting</li> <li>Report drafting and finalization</li> </ul>	<ul style="list-style-type: none"> <li>Report submission</li> <li>Public announcement</li> <li>Report share-out with Advisory Team</li> </ul>
COMMUNICATIONS ACTIVITIES	<ul style="list-style-type: none"> <li>Project fact sheet and website content</li> </ul>	<ul style="list-style-type: none"> <li>Outreach through email</li> <li>Website updates</li> </ul>	<ul style="list-style-type: none"> <li>Outreach through email</li> <li>Website updates</li> </ul>	<ul style="list-style-type: none"> <li>Outreach through email</li> <li>Website updates</li> </ul>	<ul style="list-style-type: none"> <li>Executive summary</li> <li>Legislative brief</li> <li>Press briefing</li> </ul>

The State Auditor's Office conducts a performance audit of the K-12 public school employee health benefits system. The HayGroup was contracted to conduct a study informing findings and recommendations.

### WINTER

The State Auditor's Office delivers the performance audit, which includes the HayGroup study, to the Legislature in January.

### SUMMER

Legislature directs the Health Care Authority to develop a report to the Legislature with options for a consolidated K-12 public school employee health benefits program.

### FALL

The Health Care Authority develops options for a consolidated K-12 public school employee health benefits program.

### SPRING\*

Legislature considers program options from the Health Care Authority.

## PROJECT SPECIFIC, FALL 2011

## HISTORICAL

\* Should the 2012 Washington State Legislature establish authorizing legislation for a K-12 public school employee health benefits program, the development and implementation of the new program and legislative allocation of the program budget will likely take place between Spring 2012 and Fall 2013 for the 2013-2014 school year.



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MILESTONES FOR ENGAGEMENT**

Between September 1<sup>st</sup> and November 10<sup>th</sup>, the HCA will be sharing a series of draft documents related to the Report to the State Legislature that will be submitted on December 15, 2011.

Here is the expected schedule of documents and issues that we will distribute to or discuss with all project teams. These will be distributed via email or on the project website: [www.hca.wa.gov/k12report](http://www.hca.wa.gov/k12report).

**#1 WEEK OF SEPTEMBER 4<sup>TH</sup>**

- Project Scope and Boundaries
- Project Engagement Roster
- Project Charter and Plan

**#2 WEEK OF OCTOBER 3<sup>RD</sup>**

- Mandatory vs. Voluntary Policy Considerations
- Self-Insured vs. Fully-Insured Policy Considerations
- K-12 Baseline Program – Including Initial Pros & Cons of Each

**#3 WEEK OF OCTOBER 24<sup>TH</sup>**

- Design Proposal Options 1 & 2
- Operations Implementation GAP Analysis Update
- Preliminary Governing Board Structure/Delineation

**#4 WEEK OF NOVEMBER 7<sup>TH</sup>**

- Draft Governing Board Proposal
- Draft Mandatory vs. Voluntary Recommendation
- Draft Self-Insured vs. Fully-Insured Recommendation
- Draft Operations Implementation Strategy
- Draft Program Design Options