



State of Washington

Office of  
Superintendent of Public Instruction

OSPI

[Languages](#) | [A-Z Index](#) | [Print Version](#)
[Search](#)
[Home](#) | [Certification](#) | [Offices & Programs](#) | [Teaching & Learning](#) | [Assessment](#) | [Finance & iGrants](#) | [Research & Reports](#)

 Finance and iGrants  
Home

## Finance & iGrants

### Public School Employees' Insurance Benefits—ESSB 5940

The Public School Employees' Insurance Benefits Bill, ESSB 5940, requires several changes to K-12 public school employee health benefits. These changes are effective July 11, 2012. OSPI will be the lead for communication and coordination of information regarding the new law and its requirements.

[Frequently Asked Questions](#) | [OSPI Presentation \(May 16, 2012\)](#)

**Here are some of the changes districts can expect from ESSB 5940:**

#### School district and health plan providers

- Must offer a plan with high deductible and health savings account and a plan with full-time premium the same as that for state employees.
- Must make progress toward more affordable full family insurance coverage; ratio of 3:1.
- Must submit expanded health benefit plan financial and enrollment data to the Office of the Insurance Commissioner (OIC)

#### Employees

- Each K-12 public school employee pays a minimum premium charge.
- Employee premiums are structured to ensure that employees who select richer benefit plans pay the higher premium.

#### The Office of Insurance Commissioner

- Must consult with school districts to ensure the data and reports from the benefit providers will meet legislative requirements.
- Must report annually on district data beginning Dec. 1, 2013.

#### Related links

[ESSB 5940 as Passed Legislature \(PDF\)](#)

[ESSB 5940 Bill Report](#)

[Governor's Overview \(PDF\)](#)

#### Questions?

[JoLynn Berge](#)  
(360) 725-6301

[Lorrell Noahr](#)  
(360) 725-6177

2012. The legislative intent is to comply by benefit year 2012-13. We are checking with the Attorney General's office to see how collective bargaining laws intersect with this law.

### Section 3

1. **High Deductible Health Plan/Health Savings Account (HDHP/HSA):**  
**Section 3(5)(a) requires school districts to offer a high deductible health plan option with a health savings account. When does this provision become effective?**

The bill becomes effective July 11, 2012. The legislative intent is to comply by benefit year 2012-13. We are checking with the Attorney General's office to see how collective bargaining laws intersect with this law.

2. **Funding HDHP/HSAs: What is the intent regarding funding of HDHP/HSAs? Can the state allocation be used to fund? How are HSA contributions to be handled in the allocation pool? Can the costs of administering the HSAs be covered from the state allocation?**  
To be determined.

3. **Where can I learn more about HDHP/HSAs?**

The following IRS guidance may be useful to you in learning about HDHPs with a HSA option from the employer's and employee's perspectives:

- [IRS Publication 969 on Health Savings Accounts and Other Tax Favored Plans](#)
- [IRS Publication 15-B on Employer's Tax Guide to Fringe Benefits \(2012\)](#) (see page 15)

4. **When establishing a HDHP/HSA as part of the benefit option, what are some items to consider?**  
To be determined.

5. **What government employers in the state have successfully implemented HDHPs/HSAs? What lessons can be learned from them?**  
Prior legislation directed HCA to offer a health plan that was a high deductible health plan linked to a health savings account. This plan was made available to state employees starting in the 2012 benefit year. Several cities in Washington have also offered employees the HDHP/HSA option. If

**premium share? And what is the state's benefit year?**

Premium share refers to medical benefit payroll deductions. The state's benefit year runs from January 1 to December 31. So for the 2012-13 school year, the applicable state benefit year would be Calendar Year 2012. For benefit years 2012 and 2013, the employee/employer share has been established in the state's collective bargaining agreement. It is 15 percent employee/85 percent employer share (for the weighted average for all PEB plans all tiers within each plan). Each district will need to provide at least one plan option that meets the state's weighted average premium share. For benefit year 2014-15 and beyond the premium share requirement in this section will be the state's weighted average premium share established pursuant to RCW 41.80 for state employees' for benefits in 2014 and beyond.

**9. If the health plan offered under this option has multiple tiers, what does that mean?**

To be determined.

## **Sections 4 and 5**

**1. Data requirements in Sections 4 and 5. Sections 4 and 5 require districts and benefit carriers to provide information to OIC. Much of the information about dependents and all of the information related to claims costs, health services usage, plan reserves and insurance company administrative fees will need to be provided by the insurers. Individual districts do not have a contract with Premera. According to the Premera WEA plan benefits book, the WEA is the insured. Districts have no ability to compel Premera or WEA to provide data. The information about eligible dependents not covered can only be obtained, voluntarily from employees. Exactly what data will employers be held accountable for providing?**

The reporting requirements in this act are directed at both the districts and their benefit providers. To ensure compliance with the reporting requirements under the act, school districts should seek agreements with their benefit providers and other vendors to ensure that all of the data

available.

Old Capitol Building, PO Box 47200, 600 Washington St. S.E., Olympia, WA 98504-7200 (360) 725-6000 TTY (360) 664-3631

[Contact Us](#) | [A-Z Index](#) | [Site Info](#) | [Staff Only](#) | [Education Data System \(EDS\)](#)