

# School Employee Benefits: Exchange and Legislative Updates

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*Presented by*

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# Presentation Overview

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- Washington Exchange update
- ESSB 5940 recap
- Budget update

# ACA Exchange – Federal Design

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- Mechanism for organizing the health insurance marketplace to help consumers and small businesses access affordable insurance coverage
- Mitigate adverse selection
  - Essential health benefits for all plans
  - Single risk pool for individual market plans
  - Same plan same premium (inside and outside) <sup>3</sup>

# ACA Exchange Basics

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- All plans offered must offer EHBs
- Cost-sharing limitations
- Four categories of coverage by AV
  - Bronze = 60%
  - Silver = 70%
  - Gold = 80%
  - Platinum = 90%
  - Actuarial value is measure of plan generosity
- “Catastrophic” plans for select groups

# Qualified Health Plans

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- An insurance plan certified by an Exchange
- Provides essential health benefits
- Charges same premium for same plan
- Follows established limits on cost-sharing (like deductibles, copayments, and out-of-pocket maximum amounts)
- Meets other requirements

# WA Specific Provisions

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- Small business is up to 50 instead of 100
- Dental plans must be priced and offered separately (ACA is permissive)
- State market rules (see slides 19 & 20)
- Benchmark plan - Regence Blue Shield  
*Innova* small group plan
  - With additions to meet EHBs
  - Already meets WA mandated benefits

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# WA Health Benefit Exchange

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- Public-private partnership – independent
- Bipartisan 11-member board
- Federal establishment grants to setup
  - \$127.8 million in May 2012
  - \$22.9 million in May 2011
  - \$996,295 in Sept. 2010
- Must be self-sustaining by 2015

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# WA Market Rules

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- Only apply to individual and small group
- Reevaluate by Dec. 1, 2016
  - May maintain or allow to expire
- 3 market rules (see next slide)



# ACA and WA Market Rules

	Exchange	Outside
Federal Rule	IF: in exchange THEN: at least 1 Silver at least 1 Gold	
Federal Rule	Catastrophic only in individual market	
WA Rule 1		IF: Bronze THEN: Silver Gold
WA Rule 2	Catastrophic	(not allowed outside)
WA Rule 3		All plans meet AV tier: Bronze, Silver, Gold, or Platinum

# Washington Healthplanfinder

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- Online marketplace for:
  - Individuals
  - Families
  - Small businesses
- Personal assistance from navigators
- Compare qualified health plans
- Determine eligibility for Medicaid/subsidies

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# Letters of Intent

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- Nonbinding letters
- 24 were received by Jan. 22, 2013 due date
- Expect others to join

# Timing

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Oct. 1, 2013 –  
Exchange  
begins  
enrollment

2015 –  
WA Exchange  
self  
sustainable

2018 – Excise  
tax

2014 –  
Exchange launch;  
shared responsibility  
penalties;  
temporary  
reinsurance fees

2016 –  
reinsurance  
fee sunset;  
reevaluate  
market rules

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# ESSB 5940 Recap

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- Bill history
- Key provisions
- Future milestones

# ESSB 5940 History

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- 2010 State Auditor's Report recommended streamlining benefits array, standardize coverage, reduce costs through restructure
- 2011 HCA proposal for consolidating the purchase of school district benefits; suggested improved data sharing
- ESSB 5940 became effective July 11, 2012

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# Key Provisions: School District and Health Plan Providers

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- 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)

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# Key Provisions: Employees

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- 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

# Key Provisions: OIC

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- 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

# Future Milestones

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- Dec. 1, 2013 – first OIC annual report on school district insurance benefits
- June 1, 2015 – HCA must submit report with analysis of OIC reports and recommendations
- Dec. 31, 2015 – Joint Legislative Audit and Review Committee (JLARC) must submit report based on OIC and HCA reports

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# Budget Update

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- K-12 employee benefits and the Exchange
  - Senate bill
  - House replacement bill

# Senate Budget Bill

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- ESSB 5034 passed Senate on Apr. 5, 2013
- Included a provision requiring JLARC to analyze the impacts of using the Exchange to provide health insurance for part-time certificated and classified K-12 employees
- Intended to align with ACA employer shared responsibility standards and tax credit/subsidy eligibility

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# House Budget Bill

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- Striking amendment to ESSB 5034 passed House on Apr. 11, 2013
- Removes reference to moving part-time employees to the Exchange
- Appropriates \$676,000 for the Exchange
  - to lapse if the operating expenses bill (HB 1947) is not enacted by June 30, 2013

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# QUESTIONS?

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Thank you