Legislative update
Washington State K-12 benefits consolidation

- Engrossed Substitute Senate Bill (ESSB) 5940 passed the Senate and the House on April 11
  - While ESSB 5940 does not go so far as to mandate a state takeover of K-12 benefits, the provisions will impact ESEBT
- The bill establishes guidelines for employee contributions
  - Limiting contributions for family coverage to 3.0× the contribution for employee only coverage
    - ESEBT is in compliance except on the GHC plan (ratio of 4.4) necessitating an increased employee only or a decreased family contribution
    - Balance of the plans range between ratios of 2.4 and 2.8
- Includes a minimum employee premium charge, but does not define what that minimum is; depending on where that is set, it could have impact.

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- Appears to maintain current pooling requirements; prior versions sought to limit the number of pools
- Significant reporting requirement, which would appear to require Premera and the WEA to release school district specific claims, admin, and reserve information by benefit plan offering
- Must offer a High Deductible Health Plan with a Health Savings Account; presumably, the WEA will make such a plan available
- Must offer at least one non-HDHP with the "employee share of the premium" below the levels set in the prior year for non-HDHP coverage under the PEBB.
  - UMP current contributions for coverage are $82/$174/$144/$236
  - ESEBT contributions for WEA Plan 3 are below that, so presumably you would be in compliance

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- All contracts or agreements for ee benefits must go through an open competitive process; no specifics around timing requirements
- Includes a plan for the HCA to once again report back to the legislature on the progress made toward the goals of the current legislation, including commentary and recommendations on whether state wide consolidation of K-12 benefits would be a better approach
- Establishes a $5M performance fund
  - In the 2015-2016 school year, the joint committee will rank order school districts in their progress toward the goals of this legislation and provide performance grants to the top districts, to be used to reduce employee health insurance cost

Preceding commentary on ESSB 5940 is not intended to be comprehensive, does not address every issue in the legislation and should not be construed as legal interpretation nor advice.

2012 and 2013: Upcoming mandates and responsibilities

2012 Mandates	
Form W-2 Reporting	• Reporting for 2012 takes place in January 2013 • "Aggregate cost" using methods described in IRS guidance • Actives only
Women's Preventive Services	• Cover with no cost sharing for non-grandfathered plans (WEA and GHC plans are non-grandfathered) • Effective first plan year after 8/1/2012
Group Health Plan Fee	• Annual fee of $1, $2 in second year and indexed thereafter, assessed per participant until 2019 • Funds federal program on comparative effectiveness research
Uniform Benefit Summary (Open enrollments starting on or after 9/23/2012)	• Can be included in the beginning of the SPD • Four pages, 12-point font summary provided at initial and annual enrollment • Includes information about covered benefits, exclusions, cost-sharing and continuation coverage

2013 Mandates	
$2,500 Health FSA Contribution Cap	• CPI adjusted after 2013
Health Insurance Exchange Notice	• Inform employees about health insurance exchanges and eligibility rules in March 2013
New Taxes For High-income Households	• Additional *employee-only 0.9% Medicare* tax on wages exceeding: – $250,000/married filing jointly – $125,000/married filing separately – $200,000 in any other case • New 3.8% tax on investment income for taxpayers with incomes exceeding levels described above