



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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October 1, 2018

Sent via email only

TO: David Schumacher, Director
Office of Financial Management

FROM: Franklin Plaistowe, Assistant Director
State Human Resources

SUBJECT: OFFICIAL 2019–21 COLLECTIVE BARGAINING SUBMITTAL FOR K-12 HEALTHCARE

In accordance with the laws of 2017, chapter 13 and laws of 2018, chapter 260, this memorandum serves as the official collective bargaining status report and submittal for the 2019–21 contract period, per chapters 41.56.500 and 41.59.105 RCW. Below is summary-level detail on the School Employees Benefits program (SEB) K-12 negotiated health care agreement.

Statutory factors affecting SEB agreement

The bargaining process and tentative agreement submitted for your consideration of financial feasibility is impacted by several statutory parameters. Specifically, the legislation creating the SEB program and providing the Office of Financial Management with the responsibility to collectively bargain the agreement requires:

- All employees who are anticipated to work 630 hours will be eligible for benefits. See RCW 41.05.740 (6)(d)(ii).
- Establishment of tier ratios where the school employee share of the cost for family coverage premiums will not exceed three times the premiums for a school employee purchasing single coverage for the same coverage plan. See RCW 41.05.740 (6)(c).
- Costs associated with the agreement and outlined in the submittal must produce a funding rate that is no less than the per-employee-per-month-funding rate provided to state agencies for state employee benefits. See laws of 2018, chapter 260, § 33. For purposes of evaluating the financial feasibility of the tentative agreement, the submission references costs incurred above this required rate.
- Both tobacco and spousal surcharges are included in the agreement. See laws of 2018, chapter 299, § 504.

Finally, per RCW 41.59.105 and RCW 41.56.500, the bargaining to reach the tentative agreement and resultant submittal is in alignment with the model initially established in RCW 41.80.020.

Health care

The state reached a health care agreement with the coalition of K-12 unions to contribute 85 percent of the monthly premium, known as the employer medical contribution (EMC), for the self-insured School Employee's Benefits Board (SEBB) branded Uniform Medical Plan (UMP). The SEBB branded Uniform Medical Plan is estimated to have an actuarial value of 88 percent. Employees will contribute the balance of the premium. For employees covering a spouse, state registered domestic partner and/or children, the EMC rate and minimum employee contribution will be calculated using the tier ratios established by the School Employees Benefits Board in compliance with RCW 41.05.740 (6)(c).

Employers will contribute 100 percent of the premium cost across all tiers for dental insurance coverage and any offered stand-alone vision. Employers will contribute 100 percent of the premium cost for basic life and basic long-term disability insurance.

Employers will contribute 100 percent of the K-12 remittance.

Eligible enrolled subscribers who register for the SmartHealth Program and complete a well-being assessment during the 2019 open enrollment period will be eligible for a \$50 wellness incentive in calendar year 2020. During plan year 2020, eligible enrolled subscribers will have the option to earn a \$125 wellness incentive in calendar year 2021.

For the purposes of generating state insurance benefit contributions for school employees, state-funded staff unit allocations will be adjusted using a benefit allocation Factor (BAF). State-funded classified staff unit allocations will be multiplied by a BAF of 1.43 and state-funded certificated staff unit allocations will be multiplied by a BAF of 1.02. These factors are intended to adjust staff unit allocations on the basis of 630 hours of work per year.

Surcharges

The state will collect a \$25 per month surcharge payment from employee subscribers with one or more members on their accounts who use tobacco products. The state will also collect a surcharge payment of not less than \$50 per month for employee subscribers who cover a spouse or state-registered domestic partner who has chosen not to enroll in another employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the Public Employees Benefits Board plan with the largest enrollment.

cc: Pat Lashway, Deputy Director, OFM
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Scott Nicholson, Deputy Assistant Director, State HR
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Attachment: Financial Submittal