



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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October 1, 2020

Sent via email only

TO: David Schumacher, Director
Office of Financial Management

FROM: Franklin Plaistowe, Assistant Director
State Human Resources

SUBJECT: OFFICIAL 2021–23 COLLECTIVE BARGAINING SUBMITTAL FOR K-12 HEALTHCARE

In accordance with 41.56.500 and 41.59.105 RCW, this memorandum is the official collective bargaining status report and submittal for the 2021–23 contract period. Below is a summary of the School Employees Benefits program (SEB) K-12 negotiated health care agreement.

Context for negotiations

The state negotiated with its school employee union partners at the peak of the COVID-19 global health pandemic and against a backdrop of significant forecasted revenue shortfalls. Amid these circumstances, the state sought to maintain employee access to quality health care. In addition, the state recognizes that this is only the second proposed collective bargaining agreement related to the SEB program. By not making significant changes to the agreement, it allows the SEB program to continue to build experience for rate setting and other SEB board activity as well as maintain a level of consistency for school employees after a significant change in their healthcare system during the 2019–21 biennium.

Health care

The state reached a health care agreement with the coalition of K-12 unions to maintain the contribution of 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. 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).

School District employers will continue to contribute 100 percent of the premium cost across all tiers for dental insurance coverage and any offered stand-alone vision. Employers will also

continue to contribute 100 percent of the premium cost for any offered basic life and basic long-term disability insurance.

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

Eligible enrolled subscribers who register for the SmartHealth Program will continue to have the option to earn an annual \$125 wellness incentive in the form of a reduction in the medical deductible or a deposit into the Health Savings Account by completing required program activities.

To determine state insurance benefit contribution amounts for school employees, state-funded staff unit allocations will continue to be adjusted using a benefit allocation factor. State-funded classified staff unit allocations will be multiplied by a benefit allocation factor of 1.43 and state-funded certificated staff unit allocations will be multiplied by a benefit allocation factor of 1.02. These factors are intended to adjust staff unit allocations on the basis of 630 hours of work per year.

Surcharges

If directed by the legislature, the state will continue to 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
Nona Snell, Assistant Director, Budget
Roselyn Marcus, Assistant Director, Legal & Legislative Affairs
Scott Nicholson, Deputy Assistant Director, State HR
Diane Lutz, Section Chief, State HR

Attachment: Financial Submittal

2021-23 Cost of K-12 SEB Health Care Coalition Negotiations

OFM, State Human Resources Division

	General Fund-State \$		Other Funds \$		Total \$		2021-23
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	Biennial \$
School Employee Health Care Funding Collective Bargaining Agreement - RCW 41.56.500 & 41.59.105	122,189,000	207,719,000			122,189,000	207,719,000	329,908,000
<i>Labor Relations Negotiations</i>							
Tentative agreement total ¹	122,189,000	207,719,000			122,189,000	207,719,000	329,908,000

¹ Health care assumptions from the Health Care Authority SPM 3.0 model.
 The following funding rates are required to meet the 85% employer / 15% employee cost share agreed to in the collective bargaining agreement:
 FY 2022: \$1,097 per employee, per month
 FY 2023: \$1,149 per employee, per month