

## **THE K-12 PUBLIC SCHOOL EMPLOYEE HEALTH BENEFITS REPORT PROPOSED PURCHASING STRATEGY FOR A CONSOLIDATED BENEFITS SYSTEM FACT SHEET**

The Washington State Health Care Authority (HCA) has been tasked by the Washington State Legislature to submit a report outlining a proposed purchasing strategy for a strengthened, consolidated public school employee health benefits system. This system would deliver benefits such as medical, dental, vision and prescription coverage.

Such a revised system—which could streamline the numerous and widely varying health plans offered across the state’s 295 school districts and nine education service districts—could be implemented as early as the 2013-14 school year.

### **WHAT IS THE PURPOSE OF THIS PROJECT?**

The current K-12 public school employee health benefits system costs approximately \$1.2 billion annually—with the State of Washington covering approximately \$778 million of total costs. \* It is the intent of the Legislature to explore opportunities to improve the administration, transparency and equity of health benefits delivered to approximately 100,000 K-12 public school employees and their dependents. This report will deliver a proposed strategy for achieving these goals.

*\*Figures are from the State Auditor’s Office Performance Review of K-12 Employee Health Benefits, which includes the HayGroup study and was completed in January 2011.*

### **HOW DID THIS PROJECT ORIGINATE?**

This project is the culmination of discussions, research and analysis performed during the course of several years in response to ongoing interest and questions raised by elected and government agency officials, public education leaders, public school employees and others. In January 2011, the State Auditor’s Office delivered a performance audit of the public school employee health benefits system to the Legislature with three key recommendations:

- Streamline the benefits system to improve efficiency, transparency and stability
- Standardize coverage levels for more affordable and equitable health care benefits
- Reduce costs by restructuring the health benefits system

A copy of the State Auditor’s Office Performance Review of K-12 Employee Health Benefits, which includes the HayGroup study, is available online at [www.sao.wa.gov/auditreports/auditreportfiles/ar1004979.pdf](http://www.sao.wa.gov/auditreports/auditreportfiles/ar1004979.pdf).

Following the performance audit, during a 2011 Special Session of the State Legislature, the HCA was directed to develop a report with recommendations for a consolidated public school employee health benefits system, along with a proposed implementation plan. The HCA launched this project in July 2011 and will submit a final report on December 15, 2011.

### **WHAT WILL THE REPORT INCLUDE?**

The proposed consolidated K-12 public school employee health benefits system proposed in the report will be designed to achieve improvement in the areas of:

- Equitable access to quality and affordable health services for all eligible K-12 public school employees and their dependents
- Transparency of costs to employees, the Legislature and the public
- Stability in the system risk pool
- School district and employee participation in system governance
- Reduced duplication and increased cost efficiency

- Continuity of care, with minimal disruption to existing relationships between insured individuals and their healthcare providers

The report will include:

- A recommended purchasing strategy for a consolidated benefits system at the aggregate level
- Projected pros and cons for employees, school districts, and the state resulting from the transition from the current system to the proposed consolidated state-administered system
- Projected pros and cons resulting from moving to mandatory school district participation in the Washington State Public Employees Benefits Board Program
- Recommendations regarding mandatory participation, mandatory participation with provisions for exemption, or voluntary participation
- An implementation strategy identifying the process, timeline and budget the HCA will need to undertake to successfully implement necessary management, operations, information systems, etc., for start-up as early as the 2013–14 school year

## **PROJECT TIMELINE**

The short time in which to research, write, and complete the project to inform the Legislature’s decision-making requires the HCA to draw upon the internal resources of multiple state agencies, local school districts and external consultants to fully address the goals established for the project. It also means that the HCA will work diligently to engage stakeholders and to provide transparency about the project’s scope, expectations and deliverables. The general timeline consists of the following:

- July / August: Project organization and planning
- September: Information gathering; current system descriptions; initial development of purchasing strategy; Advisory Team meeting
- October: Information gathering; continued development and review of purchasing strategy; Advisory Team meeting
- November: Continued development and finalization of purchasing strategy; report drafting and finalization; Advisory Team meeting
- December: Delivery to the Legislature on December 15, 2011

## **WHO WILL BE ENGAGED IN THIS PROJECT?**

The HCA is engaging a range of elected and public education officials, K-12 public school employees and their representatives, state agencies and other stakeholders who have demonstrated ongoing interest in the K-12 public school employee health benefits system and potential alternatives. Throughout the project, we will be engaging members of the K-12 public school health benefits system network to inform the development of the highest quality program proposal through their data, expertise and unique perspectives. A project Advisory Team composed of K-12 and industry stakeholders is being engaged to offer input on a monthly basis as the report is developed.

In addition to its own staff and leadership, the HCA is engaging the following state agencies to offer their expertise in the design of a quality purchasing strategy and report.

- Office of Financial Management
- Attorney General’s Office
- Office of the Superintendent of Public Instruction
- Office of the Insurance Commissioner
- State Auditor’s Office

## **PROJECT UPDATES**

To track progress, visit the project webpages on the HCA website: <http://hca.wa.gov/k12report>. We will update information on the website on a regular basis throughout the course of the project.