



Washington State Health Care Authority

*Public Employees Benefits Board*

P.O. Box 42684 • Olympia, Washington 98504-2684  
360-412-4200 • FAX 360-923-2608 • TTY 360-923-2701 • [www.pebb.hca.wa.gov](http://www.pebb.hca.wa.gov)

August 2009

Dear School District Business Manager:

In 1993, the Washington State Legislature passed the K-12 Retiree Insurance Act (Ch. 386 Laws of 1993) establishing subsidized health insurance coverage for school district retirees beginning October 1, 1993. School districts and educational service districts (ESDs) are required to remit a specified amount (allocation) to the Health Care Authority (HCA) to fund the retiree subsidy. The retiree subsidy allocation is calculated in the state funding formula for benefits and outlined in the state operating budget. The state operating budget for the 2009-11 biennium (Engrossed Substitute House Bill 1244 PL) revised the remittance for the retiree subsidy allocation for the 2009-2010 school year.

**2009-10 SCHOOL YEAR ALLOCATION PAYMENT AND REPORTING**

For the 2009-2010 school year, the amount of the allocation remittance will be \$59.59 for a full-time employee, as outlined by the state operating budget (Section 914, 3(a) & (b)). The allocation is prorated for eligible part-time employees based on the prorated share of benefit contribution they receive from the district (the part-time employee must be employed in an eligible position as defined in RCW 41.32.010 or RCW 41.40.010 and eligible for district contributions toward insurance benefits). The first payment at this rate is due October 15, 2009.

Calculation and reporting of the allocation due from your district should be submitted on the enclosed worksheet. Instructions for completing the worksheet are included. Please note the section of the form addressing the school districts with bargaining unit(s) enrolled with HCA.

**PUBLIC EMPLOYEES BENEFITS BOARD (PEBB) COVERAGE – for your retirees**

Please help us to make sure that your employees know that they are eligible for PEBB insurance coverage as retirees and take action in a timely way. Retiring employees have 60 days to enroll in PEBB or defer coverage to a later date. The 60 days are measured from the date the employee was last insured by their employer, or the date their COBRA coverage ended. During that same 60 day period, employees may submit paperwork to defer their coverage if they have other qualifying coverage. This is their one-time-only opportunity to enroll in state-sponsored retiree coverage and we don't want anyone to miss this chance. We anticipate seeking input from districts in the future as to how we can better communicate with retiring employees regarding their eligibility and requirements to preserve and enroll in this valuable benefit.

PEBB provides three avenues for school district employees to receive information about retirement. Each avenue includes pre-retirement planning information and an opportunity to ask questions related to eligibility, enrollment, benefits and rates:

1. PEBB staff present at the Department of Retirement Systems retirement seminars scheduled year round across the state. For a schedule of seminars, look on the DRS web site at <https://fortress.wa.gov/drs/retirementplanning/main.asp>.

2. Districts may contact PEBB for information on our training one or two of your staff to provide retirement information in your district. For more information, please call 1-800-700-1555.
3. PEBB is partnering with the Washington Education Association – Retired to ensure that they have the necessary information about PEBB for the pre-retirement seminars they offer. To inquire about this service and dates and locations of seminars, contact Carl Taylor at 1-800-622-3393 ext. 7067 or [ctaylor@washingtonea.org](mailto:ctaylor@washingtonea.org).

### **SCHOOL DISTRICTS ENROLLED IN PEBB**

School districts and ESD's may apply for PEBB insurance coverage for their active employees at any time. Enrollment in PEBB insurance coverage may occur for the whole district or on a bargaining unit basis. The rates that are charged for participating districts or ESD's (or parts thereof) incorporate the amount charged as a remittance to non-participating districts (or parts thereof). The benefits package includes medical, dental, life, and long-term disability insurance coverage. For more information, please call 1-800-700-1555 or visit our web site: [www.hca.wa.gov](http://www.hca.wa.gov).

### **REMINDER OF ALLOCATION PAYMENT ADDRESS**

K-12 retiree allocation payments should be sent to:

Washington State Health Care Authority  
K-12 Retiree Allocation Payments  
P. O. Box 24142  
Seattle, WA 98124-0142

The instructions and worksheet included with this letter are also available on-line. Please visit <http://www.perspay.hca.wa.gov/rates.html> and find "K-12 Retiree Subsidy Instructions/Worksheet". Use the drop down box to locate the Microsoft Excel and Word versions of these documents, for the correct reporting period.

If you have questions or need more information on retiree allocation payments, please contact the HCA Accounting Office at 360-923-2863.

Sincerely,

  
Marilyn Wilfong  
Financial and Contract Services Manager

Enclosures

## K-12 RETIREE ALLOCATION PAYMENT METHOD

All school districts and educational service districts (ESDs) are required by RCW 28A.400.410 to remit monies to the Health Care Authority (HCA) for deposit in the retired school employees' subsidy account. The following instructions and attached form provide the necessary information for payment submission. Any questions should be directed to HCA Insurance Accounting at 360-923-2863. The worksheet is also available online to download at <http://www.perspay.hca.wa.gov/rates.html>.

1. A *K-12 Retiree Subsidy Worksheet* and payments are due from each school district or ESD on a monthly basis.
2. Payments are due to the HCA by the 15th of the month for which an allocation is due (e.g., October's allocation payment will be due by October 15).
3. Allocation payments will be calculated using one of two methods as shown in the *K-12 Retiree Subsidy Worksheet*:
  - a) The school district will base all payments on the current fiscal year of the Superintendent of Public Instruction (SPI) S275 and S277 reports; or
  - b) The school district will base all payments on actual benefits calculated on a monthly basis upon the prior month's actual qualified benefits recipients.
4. In both methodologies, this will include:
  - a) All full-time employees, and/or
  - b) Part-time employees who are employed in an eligible position as defined in RCW 41.32.010 or RCW 41.40.010, and are also eligible for contribution toward insurance benefits.

**Note:** Payment is required regardless of the funding source (local vs. state).

5. Benefits, for the purpose of the part-time employee calculation, include medical, dental, vision, life, and long term disability.
6. Part-time employee benefits will be based on the amount of **benefits** that a part-time employee **receives** as opposed to the amount of benefits for which the part-time employee is eligible. (Please note: It is not based on the number of hours worked by the part-time employee.)
7. For the purpose of calculating part-time employee benefits, the denominator (or amount used to designate full-time employee benefits) will be based on the amount of benefit dollars allocated to full-time eligible employees by the legislature. The amount allocated for the 2009-10 school year is \$745.00 per month.

8. When the calculation is based on the SPI's S275 and S277 reports (Method A), the school district will estimate the allocation payment amounts due for October, November, and December; these can be based on the reports from the prior school year or upon another reasonable methodology. The January through September allocation payments will be based on the current school year's S275 and S277 reports which are submitted to the SPI in January. Reconciliation worksheets are the responsibility of each district and shall be provided upon request.
9. As an alternative to Method A described above, allocation payments may be based on an actual count of full-time and part-time employees as shown in Method B on the *K-12 Retiree Subsidy Worksheet*. School districts that choose to submit reports based on actual benefits delivered should be able to provide, upon request, documentation substantiating the level of staffing and benefit funding indicated on the report.
10. School districts that enroll in the PEBB will not pay a separate monthly retiree subsidy payment to the HCA. Participating school districts in which certain (but not all) bargaining units enroll in PEBB plans will reduce their payments to the HCA based on the number of employees who enroll in PEBB plans through their school districts.
11. The reporting year will be 12 months, from October through September.
12. The HCA will not send invoices to school districts. At the beginning of each reporting year, the HCA will send instructions and the reporting format to each school district.

Payment should be made payable to **Washington State Treasurer** and mailed to:

Washington State Health Care Authority  
K-12 Retiree Allocation Payments  
P. O. Box 24142  
Seattle, WA 98124-0142

Questions regarding payment submission can be directed to the HCA Insurance Accounting at 360-923-2863.

**Washington State Health Care Authority  
K-12 RETIREE SUBSIDY WORKSHEET**

School District/ESD Name \_\_\_\_\_

School District/ESD Number \_\_\_\_\_

Month/Year of Report \_\_\_\_\_

Reporting Methodology:

- A.  S275 & S277 Basis  
 Based on SPI Prior Year or Estimate (October – December)  
 Based on SPI Current Year Report (January – September)
- B.  Monthly Actuals

**Please fill in the section below that corresponds with the method selected**

**Method A:**

S275 (Certified Eligible Employees)

|                                         |         |                 |
|-----------------------------------------|---------|-----------------|
| Full-Time Staff                         | _____ x | \$59.59 = _____ |
| Part-Time Employees Receiving:          |         |                 |
| Equal to or more than 87.5% of Benefits | _____ x | 59.59 = _____   |
| 62.5% to 87.49% of Benefits             | _____ x | 44.69 = _____   |
| 37.5% to 62.49% of Benefits             | _____ x | 29.80 = _____   |
| 12.5% to 37.49% of Benefits             | _____ x | 14.90 = _____   |

Subtotal: S275 Subsidy Due \$ \_\_\_\_\_

S277 (Classified Eligible Employees)

|                                         |         |                 |
|-----------------------------------------|---------|-----------------|
| Full-Time Staff                         | _____ x | \$59.59 = _____ |
| Part-Time Employees Receiving:          |         |                 |
| Equal to or more than 87.5% of Benefits | _____ x | 59.59 = _____   |
| 62.5% to 87.49% of Benefits             | _____ x | 44.69 = _____   |
| 37.5% to 62.49% of Benefits             | _____ x | 29.80 = _____   |
| 12.5% to 37.49% of Benefits             | _____ x | 14.90 = _____   |

Subtotal: S277 Subsidy Due \$ \_\_\_\_\_

Adjustment of October – December Estimates \_\_\_\_\_  
*January Only/Method A: Attach Worksheet*

Less employees enrolled in PEBB plans \_\_\_\_\_ x \$59.59 = \_\_\_\_\_  
 Total Amount Due for the Month \$ \_\_\_\_\_

**Method B:**

Number of Full-Time Eligible Employees \_\_\_\_\_  
 Number of Part-Time Eligible Employees \_\_\_\_\_  
 Average Percentage of Benefits for Part-Time Employees \_\_\_\_\_

Number of Employees enrolled in PEBB plans \_\_\_\_\_  
 Total Amount Due for the Month \$ \_\_\_\_\_

*I certify that the information in this report is correct and that the financial calculation upon which this report is based is accurate.*

Date \_\_\_\_\_ Name \_\_\_\_\_ Title \_\_\_\_\_

**Washington State Health Care Authority**  
**K-12 RETIREE SUBSIDY METHOD A - RECONCILIATION**

This worksheet will determine the January Reconciliation for School Districts Using Method A (S275 and S277) by calculating the adjustment of amounts submitted based on estimates for October, November and December. *This worksheet should not be used by school districts or ESDs that are calculating the subsidy based upon actual staffing counts on a month-to-month basis (Method B).*

Amount Due Per Month per S275/S277 Calculation \$ \_\_\_\_\_  
x 3 months

Adjusted Subsidy for Period October – December \_\_\_\_\_

Actual Amount Submitted October \_\_\_\_\_  
 Actual Amount Submitted November \_\_\_\_\_  
 Actual Amount Submitted December \_\_\_\_\_

Amount Previously Submitted for Period October – December \_\_\_\_\_

Additional Amounts Due (Overpaid) for October – December \$ \_\_\_\_\_

Add (subtract) the amount shown to the January amounts due on the January report submission.