

Educational Service Districts' employee health benefits

Engrossed Substitute House Bill 2140; Section 7; Chapter 411; Laws of 2019

December 31, 2020



Educational Service Districts' employee health benefits



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Executive summary

Purpose

In Engrossed Substitute House Bill (ESHB) 2140 (2019) codified as C 411 L 19 Section 7, the Washington Legislature requires that the Health Care Authority (HCA) study and report on the health benefits offered to employees of Educational Service Districts (ESD), with the final report due to the Legislature on December 31, 2020. HCA’s study, in consultation with the Office of the Superintendent of Public Instruction (OSPI), ESDs, and the Office of Financial Management (OFM), is to include an analysis of the following:

1. Health benefit plans provided to ESD employees and their costs;
2. Estimated costs to ESDs to participate in the School Employees Benefits Board (SEBB) Program;
3. Comparisons of costs, benefits offered, and employees covered, between ESD health benefits and SEBB health benefits, if adopted; and
4. Revenue from school districts, and state, federal, and other sources that support ESDs and their ability to support rates negotiated for the SEBB Program.

Approach

HCA consulted with various stakeholders in order to determine the necessary sources of data to respond to the requirements of ESHB 2140. This included collecting data from existing reports published by OFM and OSPI, as well as working with each of the nine ESDs to collect specific data. HCA staff, with guidance from the actuarial firm, Milliman, aggregated and analyzed the data in support of the reporting requirements.

Key findings

- ESD revenue is a mix between local (6 percent), state (30 percent), federal (27 percent), and other program (37 percent) funding.
- As of January 1, 2020, five ESDs were participating in the Public Employees Benefits Board (PEBB) Program and must use PEBB eligibility rules for their employees. The remaining four ESDs independently acquire employee benefits and have varying rules for benefits eligibility.
- All ESDs’ benefits are similar to SEBB benefits.
- Current cost to ESDs for 2020 benefits is an estimated \$22,306,083. The cost to ESDs if they had participated in the SEBB Program for 2020 is an estimated \$27,955,940, which is an increase of \$5,649,857.
 - The majority of this increased cost would be for the four ESDs not participating in the PEBB Program, and the primary driver of this cost increase is due to the difference in financial impact when an employee waives enrollment in benefits.
 - As of January 1, 2021, ESD 112 will transition into participating in the PEBB Program for their employees’ benefits. This will be the sixth ESD participating in the PEBB Program.



Background

The Public Employees Benefits Board (PEBB) and the School Employees Benefits Board (SEBB)

HCA purchases and manages health care and other insurance benefits for more than 350,000 eligible public employees, retirees, continuation coverage members, and their families through the PEBB Program.

The PEBB Program covers various entities, including state agencies, public institutions of higher education, and a variety of public agencies within counties, municipalities, tribal governments, and political subdivisions. Prior to January, 2020, school districts were permitted to voluntarily participate in the PEBB Program, and 77 school districts (representing approximately three to five percent of the total statewide school employee population) offered part or all of their employees PEBB benefits.

ESDs are also permitted to voluntarily contract to participate in the PEBB Program. This permissive authority is found in RCW 41.05.011(6)(a)(i) and 41.05.065(4). There are nine ESDs in Washington. As of the 2020 benefit plan year, five ESDs voluntarily participate in the PEBB Program (ESD 101, 105, 113, 171, and 189). A sixth ESD (ESD 112) will begin participating in the PEBB Program starting January 1, 2021. The remaining ESDs (114, 121, and 123) have indicated an intent to transition to participating in the PEBB Program within the next few years.

On June 30, 2017, Engrossed House Bill (EHB) 2242 directed the creation of SEBB to design and approve insurance benefit plans for all levels of employees working for charter schools, school districts, and ESDs in Washington State. The legislation established minimal eligibility criteria for participation in the SEBB plans and the SEB Board established additional eligibility criteria and designed and approved benefit offerings for the SEBB population.

In addition to requiring this report, ESHB 2140 also modified the participation of ESDs in the SEBB Program. While all union-represented ESD employees were required to have benefits offered through the SEBB Program effective January 1, 2020, all other ESD employees are required to join the SEBB Program effective January 1, 2024.

The SEBB Program's initial open enrollment occurred from October 1 through November 15, 2019, and the new benefits coverage began on January 1, 2020. Currently, the SEBB Program provides benefits for approximately 332,000 eligible school and union-represented ESD employees and their dependents. There are 305 SEBB organizations (school districts, charter schools, and ESDs) whose employees receive their benefits through the SEBB Program.



Educational Service Districts (ESDs)

Washington's nine ESDs have evolved from a system that began as 39 individual county offices of education. A series of consolidations and name changes between 1969 to 1977 ultimately yielded a statewide system of nine regional ESDs. In 1969, RCW 28A.310.010 established the purpose of ESDs to:

1. Provide cooperative and informational services to local school districts;
2. Assist the superintendent of public instruction and the state board of education in the performance of their respective statutory or constitutional duties; and
3. Provide services to school districts, the Washington Center for Deaf and Hard of Hearing Youth, and the Washington State School for the Blind to assure equal educational opportunities.

Statutory authority and governance structure for the ESDs are further outlined in RCW 28A.310. Each of the nine ESDs is governed by a board of directors elected to four-year staggered terms by the board members from the local school districts they serve.

Over time, ESDs have been granted statutory authority, at the purview of their boards of directors, to provide services that support K-12 education and school districts, such as:

- Operation of instructional materials distribution centers and joint purchasing programs for school districts (RCW 28A.310.180(2)(3), 28A.320.080(3));
- Provision of direct student service programs through school district cooperatives, including but not limited to pupil transportation and special education (RCW 28A.310.180(4)). When ESDs provide direct student services in partnership with local school districts, they may be entitled to receive direct state apportionment through the consent of the district;
- Partnerships with behavioral health organizations to operate wraparound service programs that include coordination of care and delivery of services (RCW 28A.310.202). In these programs, ESDs are granted authority to contract to provide the services;
- Regional educator recruitment programs (RCW 28A.310.235);
- Educator professional development programs, such as academic content learning and suicide prevention;
- Regional school safety centers as outlined in RCW 28A.310.510;
- Infrastructure supports to school districts when necessary, such as those outlined in RCW 28A.310.300, including support to school districts with their financial accounting and reporting needs; and
- Implementation of programs, projects, or services authorized or directed by the legislature to be performed by OSPI or the State Board of Education (SBE) (RCWs 28A.310.470 and 28A.310.480).

ESDs are expected to provide foundational “core services” within each region and are allocated state funding through a formula established by OSPI in order to accomplish core activities as outlined in RCW 28A.310.350. It should be noted, however, that less than three percent of funding for each ESD is provided by state appropriation for core services. The remaining revenue comes from grants, fees for service provided by the ESDs, cooperatives, and entrepreneurial activities for activities such as those mentioned above.



Statute allows for each ESD board to independently employ a superintendent and staff who work with the school districts in their region to provide requested services. The staff composition of ESDs consists of a combination of certificated and classified employees. While a majority of staff hold a Washington State teaching or administrator certificate, many do not. In the case of certificated individuals supporting ESD programs, they may be employees on a time-based contract and/or they may provide support through a personal services contract. The job duties and classes of ESD employees closely mirror state agencies, such as the OSPI, where some employees fall into a classified structure and are represented by a labor union (such as early childhood employees), and others work on an “at will” basis, serving at the will of the ESD superintendent and board of directors.

WAC 392-125 outlines administrative rules established for ESD budgeting and accounting. While OSPI has established budgeting procedures for ESDs modeled after those established for school districts (RCW 28A.310.330), ESD revenues and expenditures fundamentally differ from those of school districts.

ESD budgets consist of several local, state, and federal revenue sources. Total expenditures across the nine ESDs in 2019-2020 exceeded \$300 million. The vast majority of the ESDs’ operating revenue is restricted and does not include a formula or revenue adjustment to account for the increased benefit costs. On average, ESDs have approximately only six percent of total revenue unrestricted, so ESD programs are constrained by the amount of their funding sources that they can use to pay for benefits. As benefit costs go up, services generally decline. The exception across the ESDs is a small provision of staff funded out of the ESD core services in the state operating budget. The majority of ESD staff are funded through contractual agreements with school districts or other agencies for direct services and programs that have fixed revenues and that do not allow for benefit increases. At the time of this report, five ESDs participate in the PEBB Program, while four currently secure employee benefits on the open market. However, ESD 112 will be joining the PEBB Program as of January 1, 2021, and the remaining three ESDs have indicated an intent to join the PEBB Program within the next few years.

The following table shows the number of employees at each ESD as of February 2020. This is a head count of employees, not full-time equivalent employees.

Table 1: Number of employees per ESD as of February 2020

	Number of employees
ESD 101	171
ESD 105	146
ESD 112	676
ESD 113	409
ESD 114	245
ESD 121	513
ESD 123	195
ESD 171	114
ESD 189	218



ESHB 2140 required analyses

In ESHB 2140 (2019) codified as C 411 L 19 Section 7, the Washington Legislature requires that HCA study and report on the health benefits offered to ESD employees, with the final report due to the Legislature on December 31, 2020. HCA's study, in consultation with the OSPI, ESDs, and the OFM, is to include an analysis of the following:

1. Health benefit plans provided to ESD employees and their costs;
2. Estimated costs to ESDs to participate in the SEBB Program;
3. Comparisons of costs, benefits offered, and employees covered, between ESD health benefits and SEBB health benefits, if adopted; and
4. Revenue from school districts, state, federal, and other sources that support ESDs and their ability to support rates negotiated for the SEBB Program.

The following sections address required areas of analysis. For logical clarity, the analyses are presented in the following order:

1. ESD revenue
2. ESD health benefit plans and costs
3. ESD and SEBB Program health benefits comparison

Data

In order to provide the required analysis, HCA collected data from several sources. The primary source of data regarding the health plans, costs, and ESD population was provided by each ESD. HCA utilized a previous call for data that had been used by the Office of the Insurance Commissioner (OIC) for the collection of K-12 school district data pursuant to ESSB 5940 (2012). HCA expanded the call for data to include not only health insurance information, but to data regarding dental, vision, life, accidental death & dismemberment (AD&D), and long-term disability (LTD) insurance information. The call for data requested all employees' census information as of the snapshot date of October 1 each year, for calendar years 2017, 2018, and 2019. Annual expenditure totals, as well as all financial statement data, was captured on a school fiscal year (ScFY) basis (September 1 – August 31). Additionally, information on benefits the ESDs offered was collected for plan years 2018, 2019, and 2020. This call for data was sent to ESDs in November 2019, and the final sets were obtained from all the ESDs by April 2020.

HCA obtained ESD revenue data from the ESD F-185 annual financial reporting documents from OSPI's website, available at k12.wa.us/policy-funding/school-apportionment/educational-service-district-esd-reports-and-resources, for each of the nine ESDs. These audited financial statements were then analyzed and compiled to produce summary information. HCA utilized the ESD F-185 reports for the 2016-2017 and 2017-2018 school fiscal years, which were the only available financial statements at the time.



In addition to the ESD F-185 reports that are publicly available, the ESDs provided additional insight into restricted revenue sources not made explicit in the financial reporting documents. Restricted and unrestricted annual revenue amounts were provided manually by each ESD. Representatives from the ESDs expressed that this information better illustrates how much of ESD revenue is limited for specific purposes and which are not available for purchasing of benefits for ESD employees.

The data received was aggregated into a unique database using PowerBI for analysis. The charts and graphs used in this report are primarily derived from PowerBI. Additional information was aggregated for analysis using Microsoft Excel.

ESD revenue

ESD revenue is separate and distinct from school district funding. While there are similarities in revenue between ESDs and school districts, there are significant proportionality differences between the two. For purposes of this report, revenues to ESDs are broken down into four revenue streams: local, state, federal, and other sources. The breakdown of these revenue sources comes from OSPI's *Accounting Manual for Educational Service Districts in the State of Washington*, September 2019 edition available at k12.wa.us/sites/default/files/public/safs/ins/esd/1920/ESDAM1920All.pdf (accessed August 11, 2020).

Local government sources

- Tuition and fees
- Sale of goods, supplies, and services
- Food services fees and charges
- School bus fees and charges
- Investment earnings
- Gifts and donations
- Rental of property
- Insurance recoveries
- Certification fees
- Precertification fees
- E-Rate
- Local unassigned source

State government sources

- ESD allotment
- Special education
- State institutions (juvenile centers and homes)
- State institutions (juveniles in adult jails)
- Special, pilot, or enhancement programs
- Nursing services

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- Traffic safety education
- State general purpose (unassigned)
- Early childhood
- Transportation (operations)
- Transportation reimbursement (depreciation)
- Other state agencies
- State special purpose (unassigned)

Federal government sources

- Special education (Individuals with Disabilities Education Act grant)
- Remediation
- Migrant
- Mathematics and science
- School food services
- Head start
- Youth training programs
- USDA commodities
- Qualified bond tax credit payments
- Federal ARRA grants
- Federal special purposes (unassigned)

Other sources (cooperative programs, other programs, financial sources)

- Payments for cooperative programs:
 - Payments from school districts in Washington
 - Payments from school districts in other states
 - Payments from other entities
- Payments for other programs:
 - Payments from school districts in Washington
 - Payments from school districts in other states
 - Payments from other entities
- Other financing sources:
 - Sale of real property
 - Sale of personal property
 - Compensated loss of capital assets
 - Long-term financing
 - Change in joint venture equity

The ESDs' F-185 financial reports for the 2016-17 and 2017-18 fiscal years were the basis for this report's analysis. The ESD fiscal year runs September 1 through August 31. These two fiscal years were used because it allowed for the most recent fully completed benefit year to be assessed at the time of data collection for the other required sections of this report.



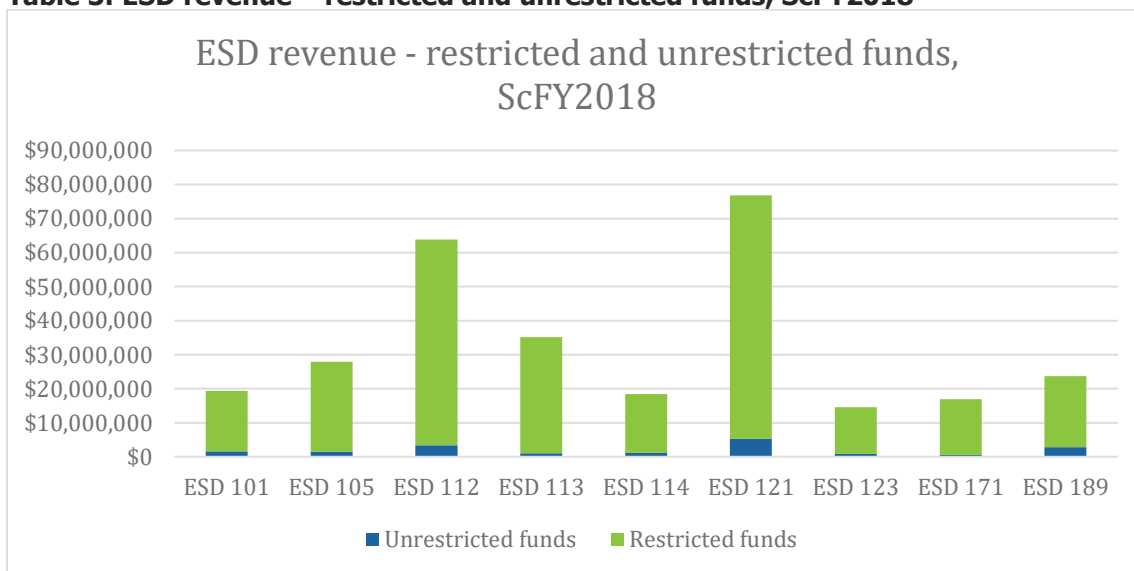
Total reported revenue for all nine ESDs was \$288,282,999 (FY 2016-17) and \$296,793,193 (FY 2017-18). Revenue varied between ESDs, with ESD 123 having the smallest total revenue for both years (\$12.8M, \$14.6M), while ESD 121 had the largest total revenue (\$79.0M, \$76.8M). The revenue source proportionality also varied from each ESD, but on average the ESDs received the largest percentage of revenue from other sources (37 percent), followed by state government sources (30 percent), federal government sources (27 percent), and local government sources (~6 percent) for both analyzed fiscal years (see table below for a summary of revenues for school fiscal year 2017). The variations in total revenue proportionality of revenue sources relates back to the respective size and number of the school districts served by each ESD, as well as the specific services that are provided to those school districts.

Table 2: Average reported ESD revenue by source, ScFY 2017

	Average revenue	% of average total revenue
Local	\$1,897,919	6%
State	\$9,622,826	30%
Federal	\$8,746,535	27%
Other sources	\$11,764,165	37%
Average total revenue	\$32,031,445	

The ESDs provided restricted and unrestricted annual revenue amounts that HCA used to inform estimates for the portion of revenue available to purchase employee benefits. Restricted revenue sources are allocated with a strict and limited purpose for which the funds can be used, such as special education or nutritional services. Each ESD reported that a high proportion of its revenue falls under these sort of expenditure restrictions and cannot be utilized for any other purpose, such as the purchase of benefits. For ScFYs 2017 and 2018, the ESDs indicated that, on average, 90 percent and 94 percent of total ESD revenue was restricted.

Table 3: ESD revenue – restricted and unrestricted funds, ScFY2018



ESD health benefit plans and costs

All nine ESDs offer a comprehensive suite of benefits to their employees. In order to provide a comparative analysis with the SEBB Program benefits, data collection focused on the same benefit types that both the ESDs and the SEBB Program provide. These benefits included:

- Medical insurance (including prescription drug coverage)
- Dental insurance
- Vision insurance (if a standalone benefit and not embedded in medical insurance)
- Life insurance
- Accidental Death & Dismemberment (AD&D) insurance
- Long-term Disability (LTD) Insurance

This section will break down the benefits into two groups: ESDs that participate in the PEBB Program; and those who obtained benefits independently.

Note: On the medical plan tiers, the PEBB Program, as well as the SEBB Program, allows an employee to cover their spouse or state-registered domestic partner. For the ESDs not participating in the PEBB Program, it is unknown whether each ESD only allows an employee’s spouse to be covered or if other relationship statuses can be covered as well. Accordingly, the medical plan chart tiers for PEBB indicate “spouse/state-registered domestic partner,” whereas the medical plan chart tiers for ESDs only indicate “spouse.”

PEBB-participating ESDs

The five ESDs (ESD 101, 105, 113, 171, and 189) currently participating in the PEBB Program for their employees’ benefits have been with the PEBB Program since at least 2018. As such, the information on benefits for these five ESDs is identical for the specific benefits offered.

For the 2020 benefit plan year, the PEBB Program offered 10 different medical plan options, though plan availability depends on the employee’s county of residence. The following table provides a high-level description of the PEBB medical plans:

Table 4: PEBB Program medical plan options for 2020 benefit plan year

Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription drug coverage
Kaiser Permanente NW Classic	\$300/\$900	\$2,000/\$4,000	Yes	Yes
Kaiser Permanente NW CDHP	\$1,400/\$2,800	\$5,100/\$10,200	Yes	Yes
Kaiser	\$175/\$525	\$2,000/\$4,000	Yes	Yes

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Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription drug coverage
Permanente WA Classic				
Kaiser Permanente WA CDHP	\$1,400/\$2,800	\$5,100/\$10,200	Yes	Yes
Kaiser Permanente WA SoundChoice	\$125/\$375	\$2,000/\$4,000	Yes	Yes
Kaiser Permanente WA Value	\$250/\$750	\$3,000/\$6,000	Yes	Yes
UMP Classic	\$250/\$750	\$2,000/\$4,000	Yes	Yes
UMP CDHP	\$1,400/\$2,800	\$4,200/\$8,400	Yes	Yes
UMP Plus-PSHVN	\$125/\$375	\$2,000/\$4,000	Yes	Yes
UMP Plus-UW	\$125/\$375	\$2,000/\$4,000	Yes	Yes

More details on the 2020 PEBB medical benefits can be found by visiting HCA’s website at hca.wa.gov/employee-retiree-benefits/public-employees/medical-plans-and-benefits.

The cost for PEBB benefits for ESDs is a composite rate. This composite rate includes a base rate for the employer that is the same for every eligible employee, and an employee rate that is dependent on the medical plan and tier chosen by the employee. These two rates make up the total rate that the ESD pays to the PEBB Program for the employee’s benefits. The composite rate includes coverage for medical, vision, prescription drugs, dental, and the basic life, AD&D, and LTD benefits.

The Legislature sets the funding rate in the state operating budget, and the funding rate is usually set on a school year basis. PEBB benefits are procured on a calendar year basis, and the funding rate collected from ESDs is typically updated every six months to reflect the calendar year rate and the funding rate as established by the Legislature.

For the period of July 2019 through June 2020, the funding rate for ESDs was \$939 per eligible member per month. The following table reflects the monthly composite rates for PEBB benefits for January through June 2020. ESDs are responsible for paying the full rate below, and are able to determine what amount employees contribute. All five ESDs participating in the PEBB Program

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indicated they charge employees the same monthly premiums that PEBB state agency and higher-education employees pay. Based on this information, the employee’s portion of the rate below can be calculated by reducing any amount by the \$939 monthly employer contribution.

Table 5: Monthly composite rate for PEBB benefits, January through June 2020

Medical plans	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse/state-registered domestic partner, and child(ren)
Kaiser Permanente NW Classic	\$1,079	\$1,229	\$1,184	\$1,334
Kaiser Permanente NW CDHP	\$964	\$999	\$983	\$1,018
Kaiser Permanente WA Classic	\$1,115	\$1,301	\$1,247	\$1,433
Kaiser Permanente WA CDHP	\$966	\$1,003	\$986	\$1,023
Kaiser Permanente WA SoundChoice	\$981	\$1,033	\$1,013	\$1,065
Kaiser Permanente WA Value	\$1,039	\$1,149	\$1,114	\$1,224
UMP Classic	\$1,043	\$1,157	\$1,121	\$1,235
UMP CDHP	\$964	\$999	\$983	\$1,018
UMP Plus	\$1,008	\$1,087	\$1,060	\$1,139

Note: Employees of ESDs may have to pay the PEBB Program monthly surcharges also established in the state operating budget (\$25 for smokers, \$50 for spousal waiver coverage). More information on these surcharges can be found by visiting HCA’s website at hca.wa.gov/employee-retiree-benefits/public-employees/surcharges.

Employees of employer groups (such as ESDs) by rule are permitted under certain circumstances to waive enrollment in the medical benefit, but are not permitted to waive enrollment in dental, basic life and AD&D, and LTD benefits. If an employee chooses to waive enrollment in medical benefits, the ESD is still obligated to contribute the entire base rate for that employee. The full base rate is still required because the base rate represents an average amount needed to cover benefit expenses for the PEBB Program; the averaging calculation already includes assumptions about the total number of eligible subscribers who will waive medical benefits based on historical trends. While an



employee may waive enrollment in medical benefits, the employee can choose to enroll their dependents in dental coverage with no additional cost to the employee or the employer.

The base rate paid by the ESD includes the costs for dental coverage at any tier, as well as the basic life, AD&D, and LTD benefit for the employee. The employee has the option of enrolling and paying for supplemental coverage for basic life, AD&D, and/or LTD. The employee can choose to obtain supplemental life or AD&D coverage for their spouse/state-registered domestic partner.

For the PEBB dental benefits, employees have a choice of three dental plans. The preferred-provider plan is Uniform Dental Plan (UDP). The two managed-care plans are DeltaCare and Willamette Dental Group. The two managed-care plans have no deductible, and UDP has a \$50/person and \$150/family deductible. The employee does not pay any monthly premium for dental, regardless of which plan or tier is chosen.

Table 6: PEBB Program other benefit options for 2020 benefit plan year

Other benefits	Plan or carrier	General description
Dental	DeltaCare (managed-care plan)	No deductible, no general annual plan maximum
Dental	Uniform Dental Plan (preferred-provider plan)	\$50/person, \$150/family deductible; \$1,750 annual plan maximum
Dental	Willamette Dental Group (managed-care plan)	No deductible, no general annual plan maximum
Life	Metropolitan Life Insurance Company (MetLife)	- <u>Basic</u> : \$35,000 coverage for employee - <u>Supplemental</u> : \$1M max coverage for employee; \$500K max coverage for spouse/state-registered domestic partner; \$20K max for child.
AD&D	Metropolitan Life Insurance Company MetLife	- <u>Basic</u> : \$5,000 coverage for employee - <u>Supplemental</u> : \$250K max coverage for employee; \$250K max coverage for spouse/state-registered domestic partner; \$25K max for child.
LTD	Standard Insurance Company	- <u>Basic</u> : 60% of first \$400 of monthly income; \$50 minimum, \$240 maximum - <u>Supplemental</u> : 60% of first \$10,000 of monthly income; \$50 minimum, \$6,000 maximum

Non-PEBB participating ESDs

As of 2020, there are four ESDs (112, 114, 121, and 123) that obtain their employees' benefits independently, rather than as part of the PEBB Program.

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ESD 112

For the 2020 plan year, ESD 112 offered its employees a choice of three medical plans. The amounts listed for the medical plans are for the total premium amount. The employer-employee split of the medical premium contribution varies depending on the employee's FTE status. ESD 112 also provides a dental plan, and basic life, AD&D, and LTD coverage, all paid by the employer.

ESD 112 offers a Health Reimbursement Arrangement (HRA) for its employees. The amount varies depending on which medical plan the employee chooses. The HRA requires the employee to pay the first \$750 of the plan deductible, and then the ESD will contribute up to \$4,250 (Regence 5000) or \$2,250 (Kaiser Northwest and Kaiser Washington) for eligible medical expenses.

Table 7: ESD 112 medical plan offerings for 2020 benefit plan year

Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription drug coverage
Regence 5000	\$5,000/\$10,000	\$6,350/\$12,700	Yes	Yes
Kaiser Northwest	\$3,000/\$9,000	\$5,000/\$10,000	Yes	Yes
Kaiser Washington	\$3,000/\$6,000	\$6,000/\$12,000	Yes	Yes

Table 8: Monthly premiums for ESD 112 employees for 2020 benefit plan year

Medical plans	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse/state-registered domestic partner, and child(ren)
Regence 5000	\$778.25	\$1,633.45	\$1,400.20	\$2,255.40
Kaiser Northwest	\$541.50	\$1,110.08	\$1,083.01	\$1,564.95
Kaiser Washington	Not available	\$1,022.15	\$978.08	\$1521.83

Table 9: ESD 112 other benefit options for 2020 benefit plan year

Other benefits	Plan or carrier	General description
Dental	Guardian	\$50/person, \$150/family deductible; \$1,500 annual plan maximum per person



Other benefits	Plan or carrier	General description
Life	Life Map	\$25,000 coverage
AD&D	Life Map	\$25,000 coverage
LTD	Life Map	60% of basic monthly earnings; \$100 minimum, \$1,000 maximum per month

Table 10: Other benefit monthly rates for ESD 112 employees for 2020 benefit plan year

Other benefits	Rates
Dental	\$4.13 (all coverage tiers)
Life	\$3.00 (employee only)
AD&D	\$0.50 (employee only)
LTD	\$6.97 (employee only)

ESD 114

For the 2020 plan year, ESD 114 offers its employees a choice of eight medical plans. The amounts listed for the medical plans are for the total premium amount. The employer-employee split of the medical premium contribution varies depending on the employee's FTE status. ESD 114 also offers a stand-alone vision plan, three dental plans, and life insurance, all paid by the employer.

Table 11: ESD 114 medical plan offerings for 2020 benefit plan year

Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription coverage
Kaiser WA HMO	\$200/\$400	\$3,000/\$6,000	No	Yes
Premera Plan 2	\$300/\$900	\$2,000/\$6,000	No	Yes
Premera Plan 3	\$500/\$1,500	\$3,000/\$9,000	No	Yes
Premera Plan 5	\$200/\$600	\$1,000/\$3,000	No	Yes
Premera Plan EasyChoice A	\$1,250/\$3,750	\$4,000/\$8,000	No	Yes
Premera Plan	\$750/\$2,250	\$3,500/\$7,500	No	Yes



Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription coverage
EasyChoice B				
Premera Basic	\$2,100/\$4,200	\$6,600/\$13,200	No	Yes
Premera Plan QHD-HSA	\$1,750/\$3,000	\$5,000/\$10,000	No	Yes

Table 12: Monthly premiums for ESD 114 employees for 2020 benefit plan year

Medical plan rates	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse /state-registered domestic partner, and child(ren)
Kaiser WA HMO	\$887.50	Not available	\$1,242.35	Not available
Premera Plan 2	\$1,137.70	\$2,083.3.	\$1,519.37	Not available
Premera Plan 3	\$1,040.01	\$1,904.77	\$1,389.11	Not available
Premera Plan 5	\$1,315.84	Not available	\$1,795.74	Not available
Premera Plan EasyChoice A	\$765.67	\$1,391.96	\$1,016.18	\$1,668.02
Premera Plan EasyChoice B	\$765.67	\$1,391.96	\$1,016.18	\$1,668.02
Premera Basic	\$617.91	\$1,122.48	\$819.74	\$1,668.02
Premera Plan QHD-HSA	\$599.65	\$773.14	Not available	Not available

Table 13: ESD 114 other benefit options for 2020 benefit plan year

Other benefits	Plan or carrier	Description
Dental	Delta Dental Plan A	No deductible; \$2,300 annual maximum per person
Dental	DeltaCare	No deductible; no annual maximum per person



Other benefits	Plan or carrier	Description
Dental	Willamette Dental Group	No deductible; no annual maximum per person
Vision	Northwest Benefits Network	\$275 annual maximum benefit per person
Life	LifeMap	\$10,000 coverage; prorated after age 65 and prorated again after age 70

Table 14: Other benefit monthly rates for ESD 114 employees for 2020 benefit plan year

Other benefits	Rates
Dental (Delta Dental Plan A)	\$127.48 (all coverage tiers)
Dental (DeltaCare)	\$33.33/\$67.80/\$139.12 (subscriber; subscriber and spouse/state-registered domestic partner; subscriber, spouse/state-registered domestic partner, and children)
Dental (Willamette)	\$107.32 (all coverage tiers)
Vision	\$22.50 (all coverage tiers)
Life	\$1.68 (employee only)

ESD 121

For the 2020 plan year, ESD 121 offers its employees a choice of nine medical plans. The amounts listed for the medical plans are for the total premium amount. The employer-employee split of the medical premium contribution varies depending on the employee's FTE status. ESD 121 also offers a stand-alone vision plan, two dental plans, and basic life and AD&D coverage, all paid by the employer.

Table 15: ESD 121 medical plan offerings for 2020 benefit plan year

Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription coverage
Kaiser HMO \$100	\$100/\$300	\$2,000/\$6,000	No	Yes
Kaiser HMO \$1000	\$1,000/\$3,000	\$4,000/\$12,000	No	Yes
Premera Plan 2	\$300/\$900	\$2,000/\$6,000	No	Yes



Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription coverage
Premera Plan 3	\$500/\$1,500	\$3,000/\$9,000	No	Yes
Premera Plan 5	\$200/\$600	\$1,000/\$3,000	No	Yes
Premera Plan EasyChoice A	\$1,250/\$3,750	\$4,000/\$8,000	No	Yes
Premera Plan EasyChoice B	\$750/\$2,250	\$3,500/\$7,500	No	Yes
Premera Basic	\$2,100/\$4,200	\$6,600/\$13,200	No	Yes
Premera Plan QHD-HSA	\$1,750/\$3,000	\$5,000/\$10,000	No	Yes

Table 16: Monthly premiums for ESD 121 employees for 2020 benefit plan year

Medical plan rates	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse/state-registered domestic partner, and child(ren)
Kaiser HMO \$100	\$893.11	\$1,512.27	\$1,088.01	\$1,821.01
Kaiser HMO \$1000	\$776.06	\$1,314.07	\$945.41	\$1,582.54
Premera Plan 2	\$1,143.03	\$2096.54	\$1,527.93	\$2,514.57
Premera Plan 3	\$1,044.55	\$1,916.53	\$1,396.59	\$2,298.99
Premera Plan 5	\$1,322.69	\$2,546.63	\$1,806.58	\$3,068.95
Premera Plan EasyChoice A	\$767.87	\$1,399.37	\$1,020.51	\$1,677.84
Premera Plan EasyChoice B	\$767.87	\$1,399.37	\$1,020.51	\$1,677.84
Premera Basic	\$618.88	\$1,127.67	\$822.43	\$1,351.95



Medical plan rates	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse/state-registered domestic partner, and child(ren)
Premera Plan QHD-HSA	\$600.45	\$1,094	\$797.90	\$1,293.62

Table 17: ESD 121 other benefit options for 2020 benefit plan year

Other benefits	Plan or carrier	Description
Dental	Premera Dental Plan A	No deductible; \$2,000 annual plan maximum per person
Dental	Premera Dental Plan C	No deductible; \$2,000 annual plan maximum per person
Vision	Premera Vision Plan C	\$250 annual maximum benefit per person
Life	Sun Life	Up to \$250,000 coverage
AD&D	Sun Life	Up to \$250,000 coverage

Table 18: Other benefit monthly rates for ESD 121 employees for 2020 benefit plan year

Other benefits	Rates
Dental (Premera Plan A)	\$118.27 (all coverage tiers)
Dental (Premera Plan C)	\$83.23 (all coverage tiers)
Vision	\$11.60 (all coverage tiers)
Life	\$1.86 - \$33.18 (employee only)
AD&D	\$0.20 - \$3.48 (employee only)

ESD 123

For the 2020 plan year, ESD 123 offers its employees a choice of five medical plans. The amounts listed for the medical plans are for the total premium amount. The employer-employee split of the medical premium contribution varies depending on the employee's FTE status. For employees who enroll in the Kaiser WA HSA plan, ESD 123 contributes up to \$1,785.95 annually to the employee's Health Savings Account (HSA). ESD 123 also offers a stand-alone vision plan, dental plan, and life, AD&D, and LTD insurance, all paid by the employer.



Table 19: ESD 123 medical plan offerings for 2020 benefit plan year

Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription coverage
Kaiser WA Plan 3	\$250/\$500	\$2,000/\$4,000	No	Yes
Kaiser WA Plan 4	\$750/\$1,500	\$6,000/\$12,000	No	Yes
Kaiser WA PPO3	\$500/\$1,000	\$2,500/\$5,000	No	Yes
Kaiser WA PPO4	\$2,000/\$4,000	\$6,600/\$13,200	No	Yes
Kaiser WA HSA	\$2,700/\$5,400	\$5,100/\$10,200	No	Yes

Table 20: Monthly premiums for ESD 123 employees for 2020 benefit plan year

Medical plan rates	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse/state-registered domestic partner, and child(ren)
Kaiser WA Plan 3	Not available	Not available	Not available	Not available
Kaiser WA Plan 4	\$645.34	\$1251.95	\$903.46	\$1510.08
Kaiser WA PPO3	\$943.08	\$1829.56	\$1320.32	Not available
Kaiser WA PPO4	Not available	Not available	Not available	Not available
Kaiser WA HSA	\$496.51	\$963.23	\$695.12	\$1161.83

Table 21: ESD 123 other benefit options for 2020 benefit plan year

Other benefits	Plan or carrier	Description
Dental	Sun Life Dental	\$50/person, \$150/family deductible; \$1,750/person, \$5,250/family annual maximum
Vision	Vision Service Plan	Full coverage with varied coverage limits
Life	LifeMap	\$25,000 coverage



Other benefits	Plan or carrier	Description
AD&D	LifeMap	\$25,000 coverage
LTD	LifeMap	60% of basic monthly earnings; \$100 minimum, \$1,000 maximum per month

Table 22: Other benefit monthly rates for ESD 123 employees for 2020 benefit plan year

Other benefits	Rates
Dental	\$52.36/\$104.76/\$132.47/\$184.87 (standard coverage tiers)
Vision	\$8.70/\$13.92/\$14.21/\$22.91 (standard coverage tiers)
Life	\$3.38 (employee only)
AD&D	\$0.88 (employee only)
LTD	\$5.33 (employee only)

ESD and SEBB program health benefits comparison

SEBB Program benefits

The SEBB Program offers a comparable suite of benefits to that of the PEBB Program, though there are some notable differences: the number of medical plans offered; and the use of stand-alone vision plans.

First, because of the distribution of K-12 employees throughout the state, SEBB offers 17 different medical plan options, though not all plans are available in all counties. In every county, K-12 employees have at least three medical plan options, and most have significantly more plan choices. For more information, see the *2020 SEBB Medical Plan Premiums and Deductibles Available by County* available at hca.wa.gov/assets/pebb/20-0043-sebb-premiums-deductibles-county-2020.pdf, which gives the plan available by each county.

Table 23: SEBB Program medical plan options for 2020 benefit plan year

Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription coverage
Kaiser	\$1,250/\$2,500	\$4,000/\$8,000	No	Yes

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Medical plans	Deductible (person/family)	Maximum out-of- pocket (person/family)	Vision coverage	Prescription coverage
Permanente NW 1				
Kaiser Permanente NW 2	\$750/\$1,500	\$3,500/\$7,000	No	Yes
Kaiser Permanente NW 3	\$125/\$250	\$2,000/\$4,000	No	Yes
Kaiser Permanente WA Core 1	\$1,250/\$3,750	\$4,000/\$8,000	No	Yes
Kaiser Permanente WA Core 2	\$750/\$2,250	\$3,000/\$6,000	No	Yes
Kaiser Permanente WA Core 3	\$250/\$750	\$2,000/\$4,000	No	Yes
Kaiser Permanente WA SoundChoice	\$125/\$375	\$2,000/\$4,000	No	Yes
Kaiser Permanente WA Options Access PPO 1	\$1,250/\$3,750	\$4,500/\$9,000	No	Yes
Kaiser Permanente WA Options Access PPO 2	\$750/\$2,250	\$3,500/\$7,000	No	Yes
Kaiser Permanente WA Options Access PPO 3	\$250/\$750	\$2,500/\$5,000	No	Yes
Premera High PPO	\$750/\$1,875	\$3,500/\$7,000	No	Yes

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Medical plans	Deductible (person/family)	Maximum out-of-pocket (person/family)	Vision coverage	Prescription coverage
Premera Peak Care EPO	\$750/\$1,875	\$3,500/\$7,000	No	Yes
Premera Standard PPO	\$1,250/\$3,125	\$5,000/\$10,000	No	Yes
UMP Achieve 1	\$750/\$2,250	\$3,500/\$7,000	No	Yes
UMP Achieve 2	\$250/\$750	\$2,000/\$4,000	No	Yes
UMP High Deductible	\$1,400/\$2,800	\$4,200/\$8,400	No	Yes
UMP Plus	\$125/\$375	\$2,000/\$4,000	No	Yes

The costs for participating in the SEBB Program are assessed similarly to the composite rate for participating in the PEBB Program. In the SEBB Program, there is a funding rate, established in the state operating budget, that the employer contributes monthly for each eligible employee. The employee's contribution is based on the medical plan and tier that is chosen. The funding rate and the employee's contributions are paid by the employer to the SEBB Program. For the period of January through June 2020, the SEBB funding rate was \$994 per eligible employee per month.

The composite rates for the SEBB Program are listed in the following table for January through June 2020, sorted by medical plan. The composite rate is comprised of the funding rate paid by the employer (\$994 per employee) plus the employee contribution for the medical premium.

Table 24: Composite rates for the SEBB program, January through June 2020

Medical plans	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse/state-registered domestic partner, and child(ren)
Kaiser Permanente NW 1	\$1,022	\$1,050	\$1,043	\$1,078
Kaiser Permanente NW 2	\$1,035	\$1,076	\$1,066	\$1,117
Kaiser Permanente NW 3	\$1,100	\$1,206	\$1,180	\$1,312
Kaiser Permanente WA	\$1,007	\$1,020	\$1,017	\$1,033

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Medical plans	Subscriber	Subscriber and spouse/state-registered domestic partner	Subscriber and child(ren)	Subscriber, spouse/state-registered domestic partner, and child(ren)
Core 1				
Kaiser Permanente WA Core 2	\$1,013	\$1,032	\$1,027	\$1,051
Kaiser Permanente WA Core 3	\$1,083	\$1,172	\$1,150	\$1,261
Kaiser Permanente WA SoundChoice	\$1,043	\$1,092	\$1,080	\$1,141
Kaiser Permanente WA Options Access PPO 1	\$1,033	\$1,072	\$1,062	\$1,111
Kaiser Permanente WA Options Access PPO 2	\$1,063	\$1,132	\$1,115	\$1,201
Kaiser Permanente WA Options Access PPO 3	\$1,110	\$1,226	\$1,197	\$1,342
Premera High PPO	\$1,064	\$1,134	\$1,117	\$1,204
Premera Peak Care EPO	\$1,025	\$1,056	\$1,048	\$1,087
Premera Standard PPO	\$1,016	\$1,038	\$1,033	\$1,060
UMP Achieve 1	\$1,027	\$1,060	\$1,052	\$1,093
UMP Achieve 2	\$1,092	\$1,190	\$1,166	\$1,288
UMP High Deductible	\$1,019	\$1,044	\$1,038	\$1,069
UMP Plus	\$1,062	\$1,130	\$1,113	\$1,198

SEBB members are permitted, under certain circumstances, to waive enrollment in medical benefits, but are not permitted to waive enrollment in vision, dental, basic life and AD&D, and basic LTD benefits. If a SEBB member chooses to waive enrollment in medical benefits, the employer is still obligated to submit the funding rate for that employee. The full funding rate is still required because the funding rate represents an average amount needed to cover benefit expenses for the PEBB Program. The averaging calculation already includes assumptions about the total number of eligible subscribers who will waive medical benefits based on historical trends. While an employee

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may waive enrollment in medical benefits, the employee can choose to enroll their dependents in vision and dental coverage with no additional cost to the employee or the employer.

The second notable difference between the PEBB Program and the SEBB Program is that the SEBB Program offers a stand-alone vision benefit. SEBB members have three plan options to choose from, and there is no employee monthly premium for the vision plan.

In addition to medical and vision benefits, the SEBB Program offers the same dental plan offerings as the PEBB Program (DeltaCare, Willamette Dental Group, and Uniform Dental Plan) and comparable life and AD&D benefits, and slightly higher LTD benefits.

Table 25: SEBB Program other benefit options for 2020 benefit plan year

Other benefits	Plan or carrier	Description
Dental	DeltaCare (managed-care plan)	No deductible, no general annual plan maximum
Dental	Uniform Dental Plan (preferred-provider organization)	\$50/person, \$150/family deductible; \$1,750 annual plan maximum
Dental	Willamette Dental Group (managed-care plan)	No deductible, no general annual plan maximum
Vision	Davis Vision	Full coverage with varied coverage limits
Vision	EyeMed	Full coverage with varied coverage limits
Vision	MetLife	Full coverage with varied coverage limits
Life	Metropolitan Life Insurance Company (MetLife)	- <u>Basic</u> : \$35,000 coverage for employee - <u>Supplemental</u> : \$1M max coverage for employee; \$500K max coverage for spouse/state-registered domestic partner; \$20K max for child.
AD&D	Metropolitan Life Insurance Company MetLife	- <u>Basic</u> : \$5,000 coverage for employee - <u>Supplemental</u> : \$250K max coverage for employee; \$250K max coverage for spouse/state-registered domestic partner; \$25K max for child.
LTD	Standard Insurance Company	- <u>Basic</u> : 60% of first \$667 of monthly income; \$100 minimum, \$400 maximum <u>Supplemental</u> : 60% of first \$10,000 of monthly income; \$50 minimum, \$6,000 maximum



ESD and SEBB Program benefits comparison

Generally speaking, the benefits offered by the ESDs and the SEBB Program have many similarities. Both offer comprehensive medical, dental, and vision coverage. All ESDs offer life insurance, and most offer a basic AD&D and LTD benefit.

The medical plan is the highest costing component of benefits for both ESDs and the SEBB Program. In order to compare medical benefits, the actuarial value (AV) for each plan was calculated using the *Federal AV Calculator* that is provided by the Centers for Medicare & Medicaid Services. The AV for each plan is useful in comparing the relative value of plans based on the different cost-sharing and covered service components of a health plan. The AV is expressed as a percentage, which makes it possible to compare the relative value of one plan to another. The higher the AV percentage equates, on average, to higher coverage of services by the plan and lower out-of-pocket costs for services by the enrollee.

The SEBB medical plan AVs for calendar year 2020 are listed below. SEBB medical plan AVs ranged from 80.49 - 91.90 percent.

Table 26: SEBB Program medical plan AVs for 2020 benefit plan year

Medical Plans	Actuarial Value
Kaiser Permanente NW 1	83.24%
Kaiser Permanente NW 2	85.62%
Kaiser Permanente NW 3	90.60%
Kaiser Permanente WA Core 1	83.74%
Kaiser Permanente WA Core 2	86.81%
Kaiser Permanente WA Core 3	90.40%
Kaiser Permanente WA SoundChoice	91.90%
Kaiser Permanente WA Options Access PPO 1	82.75%
Kaiser Permanente WA Options Access PPO 2	85.68%
Kaiser Permanente WA Options Access PPO 3	89.35%
Premera High PPO	84.67%
Premera Peak Care EPO	84.67%



Medical Plans	Actuarial Value
Premera Standard PPO	80.49%
UMP Achieve 1	83.62%
UMP Achieve 2	88.24%
UMP High Deductible*	84.84%
UMP Plus	89.99%

*The State of Washington contributes annually \$375 for one person and the \$750 for more than one person enrolled in the UMP High Deductible (SEBB) plan to the employee's HSA account. This amount is included in the AV calculation.

The following tables give the AVs for the ESD's medical plans, as well as the enrollment in each plan. The enrollment in each plan is broken out by the number of employees enrolled in each plan (the # column) and the percent of all eligible ESD employees enrolled in the plan (the percent column). The last row in the table shows the number of employees and percent of all eligible ESD employees who waived medical coverage. AVs were calculated using the 2020 Federal AV calculator, and benefit structure was added with information provided by each ESD.

Table 27: ESD medical plan AVs for 2020 benefit plan year

Medical plans	Actuarial value	ESD 101		ESD 105		ESD 113		ESD 171		ESD 189	
		#	%	#	%	#	%	#	%	#	%
Kaiser Permanente NW Classic	88.80%	--		--		--		--		--	
Kaiser Permanente NW CDHP*	85.40%	--		--		--		--		--	
Kaiser Permanente WA Classic	88.18%	14	9.5%	14	9.6%	32	13.7%	--		21	11.9%
Kaiser Permanente WA CDHP	87.90%	5	3.4%	--		4	1.7%	--		6	3.4%
Kaiser Permanente	88.95%	11	7.5%	--		10	4.3%	--		2	1.1%



Medical plans	Actuarial value	ESD 101		ESD 105		ESD 113		ESD 171		ESD 189	
		#	%	#	%	#	%	#	%	#	%
WA SoundChoice											
Kaiser Permanente WA Value	84.42%	17	11.6%	30	20.5%	21	9.0%	--		37	20.9%
UMP Classic	88.18%	69	46.9%	54	37.0%	118	50.4%	88	77.9%	76	42.9%
UMP CDHP*	87.93%	12	8.2%	23	15.8%	7	3.0%	17	15.0%	10	5.6%
UMP Plus	89.46%	2	1.4%	10	6.8%	14	6.0%	--		7	4.0%
Medical waived		17	11.6%	15	10.3%	28	12.0%	8	7.1%	18	10.2%

*The State of Washington contributes annually \$700.08 for one person and the \$1,400.04 for more than one person enrolled in a PEBB CDHP plan to the employee's HSA account. This amount is included in the AV calculation.

Table 28: ESD 112 medical plan AVs for 2020 benefit plan year

Medical plans	Actuarial value	ESD 112	
		#	%
Regence 5000	72.86%	268	40.7%
Kaiser Northwest	78.23%	213	32.4%
Kaiser Washington	76.10%	6	0.9%
Waived		171	26.0%



Medical plans	Actuarial value*	Employees Enrolled ESD 114	
		#	%
Kaiser WA HMO	88.53%	14	7.1%
Premera Plan 2	89.58%	11	5.6%
Premera Plan 3	86.65%	7	3.6%
Premera Plan 5	93.42%	3	1.5%
Premera Plan EasyChoice A	79.86%	35	17.9%
Premera Plan EasyChoice B	84.32%	53	27.0%
Premera Basic	74.80%	15	7.7%
Premera Plan QHD-HSA	75.70%	6	3.1%
Waived		52	26.5%

*AV calculation does not include any HRA/HSA contribution.

Table 29: ESD 121 medical plan AVs for 2020 benefit plan year

Medical plans	Actuarial value*	ESD 121	
		#	%
Kaiser HMO \$100	88.16%	28	8.6%
Kaiser HMO \$1000	(indeterminate)	5	1.5%
Premera Plan 2	88.70%	20	6.1%
Premera Plan 3	84.87%	9	2.8%
Premera Plan 5	92.04%	7	2.1%
Premera Plan EasyChoice A	78.06%	102	31.2%
Premera Plan EasyChoice B	82.24%	96	29.4%
Premera Basic	70.56%	18	5.5%



Medical plans	Actuarial value*	ESD 121	
		#	%
Premera Plan QHD-HSA	75.70%	10	3.1%
Waived		32	9.8%

*AV calculation does not include any HRA/HSA contribution.

Table 30: ESD 123 medical plan AVs for 2020 benefit plan year

Medical plans	Actuarial value*	ESD 123	
		#	%
Kaiser WA Plan 3 (HMO)	89.66%	--	
Kaiser WA Plan 4 (HMO)	78.91%	114	60.0%
Kaiser WA PPO3 (PPO)	86.44%	21	11.1%
Kaiser WA PPO4 (PPO)	71.39%	--	
Kaiser WA HSA (HMO)	88.95%	19	10.0%
Waived		36	18.9%

Eligibility

Currently, each ESD decides the eligibility criteria it uses for employee benefits. The ESDs participating in the PEBB Program use the PEBB eligibility rules, while the other ESDs have varied approaches for eligibility. The following table provides an overview of each ESD's benefit eligibility criteria.

Table 31: Benefit eligibility requirements of ESDs for 2020 benefit plan year

ESD	Eligibility criteria
101*	Benefits offered to all employees working 1,040 hours per year (0.5 FTE). Full employer contribution for eligible employees. Employee responsible for employee portion of medical premium and any supplemental benefits. Represented employees participate in SEBB.
105**	Benefits offered to all employees working 1,040 hours per year (0.5 FTE). Full

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ESD	Eligibility criteria
	employer contribution for eligible employees. Employee responsible for employee portion of medical premium and any supplemental benefits.
112	Employees working 1,080 hours per year (~0.52 FTE) or more are eligible for the full employer contribution towards benefits. Employees working between 720 (~0.35 FTE) and 1,080 (~0.52 FTE) hours per year receive a prorated amount of the employer contribution for benefits. Employees working less than 720 hours per year are not eligible for benefits.
113*	Benefits offered to all employees working 1,040 hours per year (0.5 FTE). Full employer contribution for eligible employees. Employee responsible for employee portion of medical premium and any supplemental benefits. Represented employees participate in SEBB.
114	Employees working 1,440 hours per year (~0.7 FTE) or more are eligible for the full employer contribution towards benefits. Employees working between 1,040 hours (0.5 FTE) and 1,440 hours (~0.7 FTE) per year receive a prorated amount of the employer contribution for benefits. Employees working less than 1,040 hours per year are not eligible for benefits.
121	Employees working 2,080 hours per year (1.0 FTE) are eligible for the full employer contribution towards benefits. Employees working less than 2,080 hours per year receive a prorated amount of the employer contribution towards benefits.
123	Employees working at least 1,040 hours per year (0.5 FTE) are eligible for the full employer contribution towards benefits. Employees working less than 1,040 hours per year (0.5 FTE) are not eligible for benefits. There are different rates for employees hired prior to 2011; rates are grandfathered for employees (certificated or classified) hired prior to 2011.
171**	Benefits offered to all employees working 1,040 hours per year (0.5 FTE). Full employer contribution for eligible employees. Employee responsible for employee portion of medical premium and any supplemental benefits.
189**	Benefits offered to all employees working 1,040 hours per year (0.5 FTE). Full employer contribution for eligible employees. Employee responsible for employee portion of medical premium and any supplemental benefits.

*Participates in the PEBB Program; union-represented employees participate in the SEBB Program.

**Participates in the PEBB Program.

The SEB Board is authorized to determine the terms and conditions of school employee and dependent eligibility, policies, and scope of coverage for participation in SEBB benefits (RCW 41.04.740(6)(d)). At a minimum, a K-12 employee is eligible for SEBB benefits if they are “anticipated to work at least 630 hours per school year.”



The minimum eligibility threshold is further refined by SEBB rules. These rules have been created with consideration of the cyclical nature of school districts and the school year. Eligibility for SEBB benefits is “rebooted” at the start of each school year, with the SEBB rules being applied to all employees to determine eligibility for each school year. These rules contemplate mid-year eligibility determinations, and are applicable to K-12 employees who work year round. However, the minimum eligibility threshold applies to all K-12 employees regardless of the calculated FTE level (i.e., 1,440 hours per year or 2,080 hours per year). This is why the SEBB rules do not contemplate eligibility for a specific FTE level.

The following table shows the number of eligible and non-eligible ESD employees under each individual ESD’s eligibility criteria, and an estimated number of eligible and non-eligible employees if the ESDs fully participate in the SEBB Program. This snapshot of data was for 2020, which means that there are three ESDs that, in addition to voluntarily participating in PEBB benefits, also have represented staff that fall under the SEBB Program. (ESD 189 had no employees that were determined eligible for SEBB benefits as of the date of this snapshot of data.) The number of employees eligible for SEBB benefits was determined using the “anticipated to work 630 hours per school year” criteria, applied to the number of hours each ESD reported for its employees, and incorporates all employees that are currently in the SEBB Program.

Table 32: Number of eligible and non-eligible ESD employees for 2020 benefit plan year

ESD	ESD eligibility		SEBB eligibility	
	Eligible	Non-eligible	Eligible (+/- employees)	Non-eligible
ESD 101*	146 (PEBB) 18 (SEBB)	7	168 (+4)	3
ESD 105**	146	0	146	0
ESD 112	658	18	661 (+3)	15
ESD 113*	236 (PEBB) 79 (SEBB)	94	306 (-9)	103
ESD 114	197	48	198 (+1)	47
ESD 121	327	186	338 (+11)	175
ESD 123	190	5	194 (+4)	1
ESD 171**	113	1	113 (+0)	1
ESD 189**	178	40	192 (+14)	26

*Participates in the PEBB Program. Represented employees participate in the SEBB Program.

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**Participates in the PEBB Program.

Because this snapshot of data is for 2020, it is likely that there would be a notable reduction in “newly eligible” employees if all ESDs were participating in the SEBB Program. Had the snapshot been for 2019, then the application of SEBB eligibility would have resulted in a larger number of “newly eligible” employees.

Estimated cost of benefits

The total annual costs for benefits under either the existing structure or the SEBB Program in the table below was calculated using the snapshot of costs from February 2020. The costs were estimated using the eligibility under both benefit systems, and represent the total cost to the ESD. The costs do not include the employee contribution. The SEBB Program estimate is based on the number of employees eligible under the SEBB eligibility rules and the 2020 SEBB funding rate of \$994 per eligible employee per month.

Table 33: Total annual costs for benefits under the existing structure of the SEBB Program, February 2020

2020 total benefits employer costs	Current (estimated)	SEBB Program (estimated)	Difference	Percent increase
ESD 101*	\$1,894,908	\$2,028,768	+\$133,860	7.1%
ESD 105**	\$1,666,050	\$1,763,096	+\$97,046	5.8%
ESD 112	\$5,525,667	\$7,982,236	+\$2,456,569	44.5%
ESD 113*	\$3,665,644	\$3,695,256	+\$29,612	0.8%
ESD 114	\$1,611,389	\$2,378,972	+\$767,583	47.6%
ESD 121	\$3,121,247	\$4,081,688	+\$960,441	30.8%
ESD 123	\$1,477,588	\$2,342,744	+\$865,156	58.6%
ESD 171**	\$1,298,370	\$1,364,588	+\$66,218	5.1%
ESD 189**	\$2,045,220	\$2,318,592	+\$273,372	13.4%
Total	\$22,306,083	\$27,955,940	+\$5,649,857	24.3%

*Participates in the PEBB Program. Represented employees participate in the SEBB Program.

**Participates in the PEBB Program.

It is notable that the four ESDs (112, 114, 121, and 123) that would experience the highest increase in costs by joining the SEBB Program are the same four ESDs that do not currently participate in the SEBB Program. The cost increase for these four ESDs is largely attributable to the employees who



waive coverage and the differences in the costs for these employees. Under SEBB rules, employees can only waive medical benefits (but are required to enroll in dental, vision, basic life and AD&D, and basic LTD). However, the ESD pays the SEBB Program the employer contribution regardless of whether the employee waives medical benefits. The full employer contribution is still required because the employer funding rate contribution represents an average amount needed to cover benefit expenses for the PEBB Program. The averaging calculation already includes assumptions about the total number of eligible subscribers who will waive medical benefits based on historical trends.

Here is a breakdown of eligible employees for these four ESDs and the number of employees who waived coverage:

- ESD 112 – 658 eligible employees, 171 waived medical and dental coverage
- ESD 114 – 197 eligible employees, 52 waived medical
- ESD 121 – 327 eligible employees, 32 waived medical
- ESD 123 – 191 eligible employees, 36 waived medical, 44 waived dental, 41 waived vision Life, AD&D, and LTD is mandatory for eligible employees of ESD 123.

For the ESDs currently participating in the PEBB Program, changing to the SEBB Program does not result in the same significant increase in costs. The increased costs for these ESDs is attributed in part to the slight increase in eligible employees under SEBB rules, as well as to the difference between the employer contribution for SEBB benefits.

PEBB discussion

While the legislative charge is to consider the cost and benefits comparison for the ESDs to join the SEBB Program, it warrants considering whether the ESDs may be better situated be required to join the PEBB Program instead. ESDs' organizational structure more closely resembles OSPI and other state agencies than it does the school districts they serve. ESDs' revenue is not predominantly tied to the K-12 funding allocation formula, and, as such, ESDs' employees are not funded similarly.

The FTE status for ESD employees is based on the standard 2,080 hours per year basis, which is another significant difference from school districts. Generally speaking, eligibility for SEBB benefits is based on anticipation of an employee working 630 hours in a school year. Eligibility for PEBB benefits is based on anticipation of an employee working 80 hours per month. The data showed that there would be more eligible ESD employees under SEBB eligibility rules than would be under PEBB eligibility rules due.

Because of the cost differences for the employer contribution, requiring ESDs to participate in the PEBB Program would result in a reduced cost as opposed to participating in the SEBB Program.



Table 34: Total ESD costs for benefits for 2020 benefit plan year

2020 total benefits employer costs	Current (estimated)	SEBB Program (estimated)	PEBB Program (estimated)	Difference between PEBB and SEBB
ESD 101*	\$1,894,908	\$2,028,768	\$1,677,540	\$(351,228)
ESD 105**	\$1,666,050	\$1,763,096	\$1,677,540	\$(85,556)
ESD 112	\$5,525,667	\$7,982,236	\$6,939,960	\$(1,042,276)
ESD 113*	\$3,665,644	\$3,695,256	\$3,125,280	\$(569,976)
ESD 114	\$1,611,389	\$2,378,972	\$2,056,710	\$(322,262)
ESD 121	\$3,121,247	\$4,081,688	\$3,722,760	\$(358,928)
ESD 123	\$1,477,588	\$2,342,744	\$2,114,160	\$(228,584)
ESD 171**	\$1,298,370	\$1,364,588	\$1,217,940	\$(146,648)
ESD 189**	\$2,045,220	\$2,318,592	\$2,091,180	\$(227,412)
Total	\$22,306,083	\$27,955,940	\$24,623,070	\$(3,332,870)

*Participates in the PEBB Program. Represented employees participate in the SEBB Program.

**Participates in the PEBB Program.

Lastly, it should again be noted that five ESDs are already participating (voluntarily) in the PEBB Program, with a sixth ESD joining PEBB for the 2021 plan year. The remaining three ESDs have indicated their intent to join PEBB in the next few years.

