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**SENATE BILL 6290**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Senators Short, Mullet, and Wilson, C.

AN ACT Relating to contributions to and eligibility for school employee benefit plans; and amending RCW 41.05.050 and 41.05.740.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 41.05.050 and 2019 c 411 s 5 are each amended to read as follows:

(1) Every: (a) Department, division, or separate agency of state government; (b) county, municipal, school district, educational service district, or other political subdivisions; and (c) tribal governments as are covered by this chapter, shall provide contributions to insurance and health care plans for its employees and their dependents, the content of such plans to be determined by the authority. Contributions, paid by the county, the municipality, other political subdivision, or a tribal government for their employees, shall include an amount determined by the authority to pay such administrative expenses of the authority as are necessary to administer the plans for employees of those groups, except as provided in subsection (4) of this section.

(2) To account for increased cost of benefits for the state and for state employees, the authority may develop a rate surcharge applicable to participating counties, municipalities, other political subdivisions, and tribal governments.

(3) The contributions of any: (a) Department, division, or separate agency of the state government; (b) county, municipal, or other political subdivisions; (c) any tribal government as are covered by this chapter; and (d) school districts, educational service districts, and charter schools, shall be set by the authority, subject to the approval of the governor for availability of funds as specifically appropriated by the legislature for that purpose. Insurance and health care contributions for ferry employees shall be governed by RCW 47.64.270.

(4)(a) Until January 1, 2020, the authority shall collect from each participating school district and educational service district an amount equal to the composite rate charged to state agencies, plus an amount equal to the employee premiums by plan and family size as would be charged to employees, for groups of school district and educational service district employees enrolled in authority plans. The authority may collect these amounts in accordance with the school district or educational service district fiscal year, as described in RCW 28A.505.030.

(b)(i) For all groups of school district or educational service district employees enrolling in authority plans for the first time after September 1, 2003, and until January 1, 2020, the authority shall collect from each participating school district or educational service district an amount equal to the composite rate charged to state agencies, plus an amount equal to the employee premiums by plan and by family size as would be charged to employees, only if the authority determines that this method of billing the school districts and educational service districts will not result in a material difference between revenues from school districts and educational service districts and expenditures made by the authority on behalf of school districts and educational service districts and their employees. The authority may collect these amounts in accordance with the school district or educational service district fiscal year, as described in RCW 28A.505.030.

(ii) For all groups of educational service district employees enrolling in plans developed by the public employees' benefits board after January 1, 2020, and until January 1, 2024, the authority shall collect from each participating educational service district an amount equal to the composite rate charged to state agencies, plus an amount equal to the employee premiums by plan and by family size as would be charged to employees, only if the authority determines that this method of billing the educational service districts will not result in a material difference between revenues from educational service districts and expenditures made by the authority on behalf of educational service districts and their employees. The authority may collect these amounts in accordance with the educational service district fiscal year, as described in RCW 28A.505.030.

(c) Until January 1, 2020, if the authority determines at any time that the conditions in (b) of this subsection cannot be met, the authority shall offer enrollment to additional groups of school and educational service district employees on a tiered rate structure until such time as the authority determines there would be no material difference between revenues and expenditures under a composite rate structure for all school and educational service district employees enrolled in authority plans.

(d)(i) Beginning January 1, 2020, all school districts, represented employees of educational service districts, and charter schools shall commence participation in the school employees' benefits board program established under RCW 41.05.740. All school districts, represented employees of educational service districts, charter schools, and all school district employee groups participating in the public employees' benefits board plans before January 1, 2020, shall thereafter participate in the school employees' benefits board program administered by the authority. All school districts, represented employees of educational service districts, and charter schools shall provide contributions to the authority for insurance and health care plans for school employees and their dependents. These contributions must be provided to the authority for all eligible school employees eligible for benefits under RCW 41.05.740(6)(d)((~~, including school employees who have waived their coverage;~~)). For school employee benefits beginning July 1, 2021, for the 2021-22 school year, contributions to the authority are not required for individuals ((~~eligible for benefits under RCW 41.05.740(6)(e)~~)) who waive their coverage.

(ii) Beginning January 1, 2024, all educational service districts shall participate in the school employees' benefits board program.

(e) For the purposes of this subsection, "tiered rates" means the amounts the authority must pay to insuring entities by plan and by family size.

(f) Notwithstanding this subsection and RCW 41.05.065(4), the authority may allow school districts and educational service districts enrolled on a tiered rate structure prior to September 1, 2002, and until January 1, 2020, to continue participation based on the same rate structure and under the same conditions and eligibility criteria.

(5) The authority shall transmit a recommendation for the amount of the employer contributions to the governor and the director of financial management for inclusion in the proposed budgets submitted to the legislature.

**Sec.**  RCW 41.05.740 and 2018 c 260 s 1 are each amended to read as follows:

(1) The school employees' benefits board is created within the authority. The function of the school employees' benefits board is to design and approve insurance benefit plans for school employees and to establish eligibility criteria for participation in insurance benefit plans.

(2) By September 30, 2017, the governor shall appoint the following voting members to the school employees' benefits board as follows:

(a) Two members from associations representing certificated employees;

(b) Two members from associations representing classified employees;

(c) Four members with expertise in employee health benefits policy and administration, one of which is nominated by an association representing school business officials; and

(d) The director of the authority or his or her designee.

(3) Initial members of the school employees' benefits board shall serve staggered terms not to exceed four years. Members appointed thereafter shall serve two-year terms.

(4) Compensation and reimbursement related to school employees' benefits board member service are as follows:

(a) Members of the school employees' benefits board must be compensated in accordance with RCW 43.03.250 and must be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060.

(b) While school employees' benefits board members are carrying out their powers and duties under this chapter ((~~41.05 RCW~~)), if the service of any certificated or classified employee results in a need for a school employees' benefits board organization to employ a substitute for such certificated or classified employee during such service, payment for such a substitute may be made by the authority from funds appropriated by the legislature for the school employees' benefits board program. If such substitute is paid by the authority, no deduction shall be made from the salary of the certificated or classified employee. In no event shall a school employees' benefits board organization deduct from the salary of a certificated or classified employee serving on the school employees' benefits board more than the amount paid the substitute employed by the school employees' benefits board organization.

(5) The director of the authority or his or her designee shall be the chair and another member shall be selected by the school employees' benefits board as vice chair. The chair shall conduct meetings of the school employees' benefits board. The vice chair shall preside over meetings in the absence of the chair. The school employees' benefits board shall develop bylaws for the conduct of its business.

(6) The school employees' benefits board shall:

(a) Study all matters connected with the provision of health care coverage, life insurance, liability insurance, accidental death and dismemberment, and disability insurance, or any of, or combination of, the enumerated types of insurance for eligible school employees and their dependents on the best basis possible with relation both to the welfare of the school employees and the state. However, liability insurance should not be made available to dependents;

(b) Develop school employee benefit plans that include comprehensive, evidence-based health care benefits for school employees. In developing these plans, the school employees' benefits board shall consider the following elements:

(i) Methods of maximizing cost containment while ensuring access to quality health care;

(ii) Development of provider arrangements that encourage cost containment and ensure access to quality care including, but not limited to, prepaid delivery systems and prospective payment methods;

(iii) Wellness, preventive care, chronic disease management, and other incentives that focus on proven strategies;

(iv) Utilization review procedures to support cost-effective benefits delivery;

(v) Ways to leverage efficient purchasing by coordinating with the public employees' benefits board;

(vi) Effective coordination of benefits; and

(vii) Minimum standards for insuring entities;

(c) Authorize premium contributions for a school employee and the employee's dependents in a manner that encourages the use of cost-efficient health care systems. For participating school employees, the required school employee share of the cost for family coverage premiums may not exceed three times the premiums for a school employee purchasing single coverage for the same coverage plan;

(d) Determine the terms and conditions of school employee and dependent eligibility criteria, enrollment policies, and scope of coverage. At a minimum, the eligibility criteria established by the school employees' benefits board shall address the following:

(i) The effective date of coverage following hire;

(ii) The benefits eligibility criteria, but the school employees' benefits board's criteria shall be no more restrictive than requiring that a school employee be anticipated to work at least six hundred thirty hours per school year to be benefits eligible; and

(iii) Coverage for dependents, including criteria for legal spouses; children up to age twenty-six; children of any age with disabilities, mental illness, or intellectual or other developmental disabilities; and state registered domestic partners, as defined in RCW 26.60.020, and others authorized by the legislature;

(e) Establish terms and conditions for a school employees' benefits board organization to have the ability to locally negotiate eligibility criteria for a school employee who is anticipated to work less than six hundred thirty hours in a school year. A school employees' benefits board organization that elects to use a lower threshold of hours for benefits eligibility must use benefits authorized by the school employees' benefits board and shall do so as an enrichment to the state's definition of basic education;

(f) Establish penalties to be imposed when a school employees' benefits board organization fails to comply with established participation criteria; and

(g) Participate with the authority in the preparation of specifications and selection of carriers contracted for school employee benefit plan coverage of eligible school employees in accordance with the criteria set forth in rules. To the extent possible, the school employees' benefits board shall leverage efficient purchasing by coordinating with the public employees' benefits board.

(7) School employees shall choose participation in one of the health care benefit plans developed by the school employees' benefits board. Individual school employees eligible for benefits under subsection (6)(d) of this section may be permitted to waive coverage under terms and conditions established by the school employees' benefits board.

(8) Substitute employees and coaches are not eligible for benefits beginning with the 2021-22 school year through the school employees' benefits board.

(9) By November 30, 2021, the authority shall review the benefit plans provided through the school employees' benefits board, complete an analysis of the benefits provided and the administration of the benefits plans, and determine whether provisions in chapter 13, Laws of 2017 3rd sp. sess. have resulted in cost savings to the state. The authority shall submit a report to the relevant legislative policy and fiscal committees summarizing the results of the review and analysis.

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