CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2458**

Chapter 231, Laws of 2020

66th Legislature

2020 Regular Session

SCHOOL DISTRICT OPTIONAL BENEFITS--SCHOOL EMPLOYEES' BENEFITS BOARD

EFFECTIVE DATE: June 11, 2020

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| Passed by the House March 10, 2020  Yeas 91 Nays 6  LAURIE JINKINS  **Speaker of the House of Representatives**  Passed by the Senate March 6, 2020  Yeas 47 Nays 1  CYRUS HABIB  **President of the Senate** | CERTIFICATE  I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2458** as passed by the House of Representatives and the Senate on the dates hereon set forth.  BERNARD DEAN  Chief Clerk |
| Approved March 31, 2020 10:53 AM | March 31, 2020 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**HOUSE BILL 2458**

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AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

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

**By** Representatives Stonier, Sells, Dolan, Schmick, Boehnke, Bergquist, Vick, Pollet, and Wylie

AN ACT Relating to optional benefits offered by school districts; amending RCW 28A.400.280 and 28A.400.350; and adding a new section to chapter 41.05 RCW.

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

**Sec.**  RCW 28A.400.280 and 2018 c 260 s 29 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, school districts may provide employer fringe benefit contributions after October 1, 1990, only for basic benefits. However, school districts may continue payments under contracts with employees or benefit providers in effect on April 13, 1990, until the contract expires.

(2)(a) School districts may provide employer contributions after October 1, 1990, for optional benefit plans, in addition to basic benefits. Beginning January 1, 2020, school district optional benefits must ((~~be outside~~)) not compete with any form of the basic or optional benefits offered in the school employees' benefits board program either under the school employees' benefits board's authority in RCW 41.05.740((~~(6)~~)) or offered under the authority of the health care authority in the salary reduction plan authorized in RCW 41.05.300 and 41.05.310.

(b) Beginning December 1, 2019, and each December 1st thereafter, school district optional benefits must be reported to the school employees' benefits board and health care authority. ((~~The school employees' benefits board shall review the optional benefits offered by districts and: (a) Determine if the optional benefits conflict with school employees' benefits board's plans offering authority and, if not, (b) evaluate whether to seek additional benefit offerings authority from the legislature. Optional benefits may include direct agreements as defined in chapter 48.150 RCW, and may include employee~~))

(c) School districts, and the applicable carrier, must work with the health care authority to either modify and remove competing components of the district-based benefit or end any district-based benefit offering in competition with either the health care authority's or the school employees' benefits board offered benefits.

(d) Unless the school employees' benefits board offers such benefits, school districts may offer only the following optional benefits to school employees:

(i) Benefits listed in section 3(1) (a) through (i) of this act, offered as employee-paid, voluntary benefits that may be administered by using payroll deductions; and

(ii) Voluntary employees' beneficiary association accounts ((~~that can be liquidated by the employee on termination of employment~~)), including benefit plans authorized in RCW 28A.400.210(3).

((~~Optional benefit plans may be offered only if:~~

~~(a) Each full-time employee, regardless of the number of dependents receiving basic coverage, receives the same additional employer contribution for other coverage or optional benefits; and~~

~~(b) For part-time employees, participation in optional benefit plans shall be governed by the same eligibility criteria and/or proration of employer contributions used for allocations for basic benefits.~~))

(3) School districts are not intended to divert state basic benefit allocations for other purposes. Beginning January 1, 2020, school districts must offer all benefits offered by the school employees' benefits board administered by the health care authority, and consistent with RCW 41.56.500(2).

(4) Any optional benefits offered by a school district under subsection (2) of this section are considered an enhancement to the state's definition of basic education.

**Sec.**  RCW 28A.400.350 and 2019 c 411 s 6 are each amended to read as follows:

(1) The board of directors of any of the state's school districts or educational service districts may make available medical, dental, vision, liability, life, accident, disability, and salary protection or insurance, direct agreements as defined in chapter 48.150 RCW, or any one of, or a combination of the types of employee benefits enumerated in this subsection, or any other type of insurance or protection, for the members of the boards of directors, the students, and employees of the school district or educational service district, and their dependents. Except as provided in subsection (6) of this section, such coverage may be provided by contracts or agreements with private carriers, with the state health care authority, or through self-insurance or self-funding pursuant to chapter 48.62 RCW, or in any other manner authorized by law. Any direct agreement must comply with RCW 48.150.050.

(2)(a) Whenever funds are available for these purposes the board of directors of the school district or educational service district may contribute all or a part of the cost of such protection or insurance for the employees of their respective school districts or educational service districts and their dependents. The premiums on such liability insurance shall be borne by the school district or educational service district.

(b) After October 1, 1990, school districts may not contribute to any employee protection or insurance other than liability insurance unless the district's employee benefit plan conforms to RCW 28A.400.275 and 28A.400.280.

(c) After December 31, 2019, school district contributions to any employee insurance that is purchased through the health care authority must conform to the requirements established by chapter 41.05 RCW and the school employees' benefits board.

(3) For school board members, educational service district board members, and students, the premiums due on such protection or insurance shall be borne by the assenting school board member, educational service district board member, or student. The school district or educational service district may contribute all or part of the costs, including the premiums, of life, health, health care, accident or disability insurance which shall be offered to all students participating in interschool activities on the behalf of or as representative of their school, school district, or educational service district. The school district board of directors and the educational service district board may require any student participating in extracurricular interschool activities to, as a condition of participation, document evidence of insurance or purchase insurance that will provide adequate coverage, as determined by the school district board of directors or the educational service district board, for medical expenses incurred as a result of injury sustained while participating in the extracurricular activity. In establishing such a requirement, the district shall adopt regulations for waiving or reducing the premiums of such coverage as may be offered through the school district or educational service district to students participating in extracurricular activities, for those students whose families, by reason of their low income, would have difficulty paying the entire amount of such insurance premiums. The district board shall adopt regulations for waiving or reducing the insurance coverage requirements for low-income students in order to assure such students are not prohibited from participating in extracurricular interschool activities.

(4) All contracts or agreements for insurance or protection written to take advantage of the provisions of this section shall provide that the beneficiaries of such contracts may utilize on an equal participation basis the services of those practitioners licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

(5)(a) Until the creation of the school employees' benefits board under RCW 41.05.740, school districts offering medical, vision, and dental benefits shall:

(i) Offer a high deductible health plan option with a health savings account that conforms to section 223, part VII of subchapter 1 of the internal revenue code of 1986. School districts shall comply with all applicable federal standards related to the establishment of health savings accounts;

(ii) Make progress toward employee premiums that are established to ensure that full family coverage premiums are not more than three times the premiums for employees purchasing single coverage for the same coverage plan, unless a subsequent premium differential target is defined as a result of the review and subsequent actions described in RCW 41.05.655;

(iii) Offer employees at least one health benefit plan that is not a high deductible health plan offered in conjunction with a health savings account in which the employee share of the premium cost for a full-time employee, regardless of whether the employee chooses employee-only coverage or coverage that includes dependents, does not exceed the share of premium cost paid by state employees during the state employee benefits year that started immediately prior to the school year.

(b) All contracts or agreements for employee benefits must be held to responsible contracting standards, meaning a fair, prudent, and accountable competitive procedure for procuring services that includes an open competitive process, except where an open process would compromise cost-effective purchasing, with documentation justifying the approach.

(c) School districts offering medical, vision, and dental benefits shall also make progress on promoting health care innovations and cost savings and significantly reduce administrative costs.

(d) All contracts or agreements for insurance or protection described in this section shall be in compliance with chapter 3, Laws of 2012 2nd sp. sess.

(6) The authority to make available basic and optional benefits to school employees under this section expires December 31, 2019, except (a) for nonrepresented employees of educational service districts for which the authority expires December 31, 2023, and (b) as authorized under RCW 28A.400.280. Beginning January 1, 2020, school districts, for all school employees, and educational service districts, for represented employees, shall make available basic and optional benefits through plans offered by the health care authority and the school employees' benefits board. Beginning January 1, 2024, educational service districts, for nonrepresented employees, shall make available basic and optional benefits through plans offered by the health care authority and the school employees' benefits board.

NEW SECTION. **Sec.**  A new section is added to chapter 41.05 RCW to read as follows:

(1) In addition to the benefits offering authority under this chapter, the school employees' benefits board may study and, subject to the availability of funding, offer the following employee-paid, voluntary benefits:

(a) Emergency transportation;

(b) Identity protection;

(c) Legal aid;

(d) Long-term care insurance;

(e) Noncommercial personal automobile insurance;

(f) Personal homeowner's or renter's insurance;

(g) Pet insurance;

(h) Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit regulated by the office of the insurance commissioner;

(i) Travel insurance; and

(j) Voluntary employees' beneficiary association accounts.

(2) The health care authority, in consultation with the school employees' benefits board, shall review the optional benefits reported by school districts as required in RCW 28A.400.280 and determine if the optional benefits are in competition with benefits currently offered under either the authority's or the board's authorities. If a school district benefit offering is determined to be in competition with the benefits offered under either the authority's or the board's authorities, the health care authority must inform the school district of the benefits conflict and work with the school district, and the applicable carrier, to either modify and remove competing components of the district-based benefit or end the district-based offering. If a carrier is in the process of modifying benefits, including seeking any required regulatory approval, a school district may continue to offer the original benefit.

(3) Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered pursuant to this section as an independent, noncoordinated benefit is not a health plan as defined in RCW 48.43.005.

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Passed by the House March 10, 2020.

Passed by the Senate March 6, 2020.

Approved by the Governor March 31, 2020.

Filed in Office of Secretary of State March 31, 2020.