

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1721

Chapter 458, Laws of 1993

53rd Legislature
1993 Regular Session

LOCAL GOVERNMENT HEALTH AND WELFARE BENEFIT TRUSTS--CREATION
OF JOINTLY ADMINISTERED TRUSTS AUTHORIZED

EFFECTIVE DATE: 7/25/93

Passed by the House April 20, 1993
Yeas 97 Nays 0

BRIAN EBERSOLE
**Speaker of the
House of Representatives**

Passed by the Senate April 12, 1993
Yeas 45 Nays 0

JOEL PRITCHARD
President of the Senate

Approved May 17, 1993

MIKE LOWRY
Governor of the State of Washington

CERTIFICATE

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1721** as passed by the House of Representatives and the Senate on the dates hereon set forth.

ALAN THOMPSON
Chief Clerk

FILED

May 17, 1993 - 1:54 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1721

AS AMENDED BY THE SENATE

Passed Legislature - 1993 Regular Session

State of Washington 53rd Legislature 1993 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives R. Meyers, Dorn, Zellinsky, Wang, Reams, G. Fisher, H. Myers and Mielke)

Read first time 03/03/93.

1 AN ACT Relating to jointly administered health and welfare benefits
2 trusts; amending RCW 48.62.121; adding a new section to chapter 48.62
3 RCW; and creating a new section.

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

5 **Sec. 1.** RCW 48.62.121 and 1991 sp.s. c 30 s 12 are each amended to
6 read as follows:

7 (1) No employee or official of a local government entity may
8 directly or indirectly receive anything of value for services rendered
9 in connection with the operation and management of a self-insurance
10 program other than the salary and benefits provided by his or her
11 employer or the reimbursement of expenses reasonably incurred in
12 furtherance of the operation or management of the program. No employee
13 or official of a local government entity may accept or solicit anything
14 of value for personal benefit or for the benefit of others under
15 circumstances in which it can be reasonably inferred that the
16 employee's or official's independence of judgment is impaired with
17 respect to the management and operation of the program.

1 (2)(a) No local government entity may participate in a joint self-
2 insurance program in which local government entities do not retain
3 complete governing control. This prohibition does not apply to:

4 (i) Local government contribution to a self-insured employee health
5 and welfare benefits plan otherwise authorized and governed by state
6 statute ((not to));

7 (ii) Local government participation in a multistate joint program
8 where control is shared with local government entities from other
9 states; or

10 (iii) Local government contribution to a self-insured employee
11 health and welfare benefit trust in which the local government shares
12 governing control with their employees.

13 (b) If a local government self-insured health and welfare benefit
14 program, established by the local government as a trust, shares
15 governing control of the trust with its employees:

16 (i) The local government must maintain at least a fifty percent
17 voting control of the trust;

18 (ii) No more than one voting, nonemployee, union representative
19 selected by employees may serve as a trustee; and

20 (iii) The trust agreement must contain provisions for resolution of
21 any deadlock in the administration of the trust.

22 (3) Moneys made available and moneys expended by school districts
23 and educational service districts for self-insurance under this chapter
24 are subject to such rules of the superintendent of public instruction
25 as the superintendent may adopt governing budgeting and accounting.
26 However, the superintendent shall ensure that the rules are consistent
27 with those adopted by the state risk manager for the management and
28 operation of self-insurance programs.

29 (4) RCW 48.30.140, 48.30.150, 48.30.155, and 48.30.157 apply to the
30 use of agents and brokers by local government self-insurance programs.

31 (5) Every individual and joint local government self-insured health
32 and welfare benefits program that provides comprehensive coverage for
33 health care services shall include mandated benefits that the state
34 health care authority is required to provide under RCW 41.05.170 and
35 41.05.180. The state risk manager may adopt rules identifying the
36 mandated benefits.

37 (6) An employee health and welfare benefit program established as
38 a trust shall contain a provision that trust funds be expended only for

1 purposes of the trust consistent with statutes and rules governing the
2 local government or governments creating the trust.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.62 RCW
4 to read as follows:

5 No local government self-insured employee health and welfare
6 benefit program established as a trust by a local government entity or
7 entities prior to the effective date of this act may continue in
8 operation unless such program complies with the provisions of this
9 chapter within one hundred eighty days after the effective date of this
10 act. The state risk manager may extend such period if the risk manager
11 finds that such local government entity or entities are making a good
12 faith effort and taking all necessary steps to comply with this
13 chapter; however, in no event may the risk manager extend the period
14 required for compliance more than ninety days after the expiration of
15 the initial one hundred eighty-day period.

16 NEW SECTION. **Sec. 3.** If Engrossed Second Substitute Senate Bill
17 No. 5304 is enacted into law, the provisions of chapter 48.62 RCW shall
18 be reviewed to evaluate the extent to which health care trusts provide
19 benefits to certain individuals in the state; and to review the federal
20 laws that may constrain the organization or operation of these joint
21 employee-employer entities. The health services commission shall make
22 appropriate recommendations to the governor and the legislature as to
23 how these trusts can be brought under the provisions of Engrossed
24 Second Substitute Senate Bill No. 5304.

Passed the House April 20, 1993.

Passed the Senate April 12, 1993.

Approved by the Governor May 17, 1993.

Filed in Office of Secretary of State May 17, 1993.