

CERTIFICATION OF ENROLLMENT

SENATE BILL 5640

Chapter 114, Laws of 2007

60th Legislature
2007 Regular Session

TRIBAL GOVERNMENTS--PUBLIC EMPLOYEES' BENEFIT BOARD PROGRAMS

EFFECTIVE DATE: 01/01/09

Passed by the Senate March 10, 2007
YEAS 45 NAYS 2

BRAD OWEN

President of the Senate

Passed by the House April 4, 2007
YEAS 59 NAYS 37

FRANK CHOPP

Speaker of the House of Representatives

Approved April 18, 2007, 11:20 a.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5640** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

April 18, 2007

**Secretary of State
State of Washington**

SENATE BILL 5640

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By Senators Kauffman, Fairley, Prentice, Swecker, Rockefeller, Fraser, Kohl-Welles, Shin, Rasmussen and Kline; by request of Health Care Authority

Read first time 01/26/2007. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to authorizing tribal governments to participate in
2 public employees' benefits board programs; amending RCW 41.05.011,
3 41.05.021, 41.05.050, 41.05.065, 41.05.080, and 41.05.195; creating a
4 new section; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** Consistent with the centennial accord, the
7 new millennium agreement, related treaties, and federal and state law,
8 it is the intent of the legislature to authorize tribal governments to
9 participate in public employees' benefits board programs to the same
10 extent that counties, municipalities, and other political subdivisions
11 of the state are authorized to do so.

12 **Sec. 2.** RCW 41.05.011 and 2005 c 143 s 1 are each amended to read
13 as follows:

14 (~~Unless the context clearly requires otherwise,~~) The definitions
15 in this section (~~shall~~) apply throughout this chapter unless the
16 context clearly requires otherwise.

17 (1) "Administrator" means the administrator of the authority.

1 (2) "State purchased health care" or "health care" means medical
2 and health care, pharmaceuticals, and medical equipment purchased with
3 state and federal funds by the department of social and health
4 services, the department of health, the basic health plan, the state
5 health care authority, the department of labor and industries, the
6 department of corrections, the department of veterans affairs, and
7 local school districts.

8 (3) "Authority" means the Washington state health care authority.

9 (4) "Insuring entity" means an insurer as defined in chapter 48.01
10 RCW, a health care service contractor as defined in chapter 48.44 RCW,
11 or a health maintenance organization as defined in chapter 48.46 RCW.

12 (5) "Flexible benefit plan" means a benefit plan that allows
13 employees to choose the level of health care coverage provided and the
14 amount of employee contributions from among a range of choices offered
15 by the authority.

16 (6) "Employee" includes all full-time and career seasonal employees
17 of the state, whether or not covered by civil service; elected and
18 appointed officials of the executive branch of government, including
19 full-time members of boards, commissions, or committees; and includes
20 any or all part-time and temporary employees under the terms and
21 conditions established under this chapter by the authority; justices of
22 the supreme court and judges of the court of appeals and the superior
23 courts; and members of the state legislature or of the legislative
24 authority of any county, city, or town who are elected to office after
25 February 20, 1970. "Employee" also includes: (a) Employees of a
26 county, municipality, or other political subdivision of the state if
27 the legislative authority of the county, municipality, or other
28 political subdivision of the state seeks and receives the approval of
29 the authority to provide any of its insurance programs by contract with
30 the authority, as provided in RCW 41.04.205 and 41.05.021(1)(g); (b)
31 employees of employee organizations representing state civil service
32 employees, at the option of each such employee organization, and,
33 effective October 1, 1995, employees of employee organizations
34 currently pooled with employees of school districts for the purpose of
35 purchasing insurance benefits, at the option of each such employee
36 organization; ~~((and))~~ (c) employees of a school district if the
37 authority agrees to provide any of the school districts' insurance
38 programs by contract with the authority as provided in RCW 28A.400.350;

1 and (d) employees of a tribal government, if the governing body of the
2 tribal government seeks and receives the approval of the authority to
3 provide any of its insurance programs by contract with the authority,
4 as provided in RCW 41.05.021(1) (f) and (g).

5 (7) "Board" means the public employees' benefits board established
6 under RCW 41.05.055.

7 (8) "Retired or disabled school employee" means:

8 (a) Persons who separated from employment with a school district or
9 educational service district and are receiving a retirement allowance
10 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

11 (b) Persons who separate from employment with a school district or
12 educational service district on or after October 1, 1993, and
13 immediately upon separation receive a retirement allowance under
14 chapter 41.32, 41.35, or 41.40 RCW;

15 (c) Persons who separate from employment with a school district or
16 educational service district due to a total and permanent disability,
17 and are eligible to receive a deferred retirement allowance under
18 chapter 41.32, 41.35, or 41.40 RCW.

19 (9) "Benefits contribution plan" means a premium only contribution
20 plan, a medical flexible spending arrangement, or a cafeteria plan
21 whereby state and public employees may agree to a contribution to
22 benefit costs which will allow the employee to participate in benefits
23 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
24 internal revenue code.

25 (10) "Salary" means a state employee's monthly salary or wages.

26 (11) "Participant" means an individual who fulfills the eligibility
27 and enrollment requirements under the benefits contribution plan.

28 (12) "Plan year" means the time period established by the
29 authority.

30 (13) "Separated employees" means persons who separate from
31 employment with an employer as defined in:

32 (a) RCW 41.32.010(11) on or after July 1, 1996; or

33 (b) RCW 41.35.010 on or after September 1, 2000; or

34 (c) RCW 41.40.010 on or after March 1, 2002;

35 and who are at least age fifty-five and have at least ten years of
36 service under the teachers' retirement system plan 3 as defined in RCW
37 41.32.010(40), the Washington school employees' retirement system plan

1 3 as defined in RCW 41.35.010, or the public employees' retirement
2 system plan 3 as defined in RCW 41.40.010.

3 (14) "Emergency service personnel killed in the line of duty" means
4 law enforcement officers and fire fighters as defined in RCW 41.26.030,
5 and reserve officers and fire fighters as defined in RCW 41.24.010 who
6 die as a result of injuries sustained in the course of employment as
7 determined consistent with Title 51 RCW by the department of labor and
8 industries.

9 (15) "Employer" means the state of Washington.

10 (16) "Employing agency" means a division, department, or separate
11 agency of state government (~~and~~); a county, municipality, school
12 district, educational service district, or other political
13 subdivision(~~7~~); and a tribal government covered by this chapter.

14 (17) "Tribal government" means an Indian tribal government as
15 defined in section 3(32) of the employee retirement income security act
16 of 1974, as amended, or an agency or instrumentality of the tribal
17 government, that has government offices principally located in this
18 state.

19 **Sec. 3.** RCW 41.05.021 and 2006 c 103 s 2 are each amended to read
20 as follows:

21 (1) The Washington state health care authority is created within
22 the executive branch. The authority shall have an administrator
23 appointed by the governor, with the consent of the senate. The
24 administrator shall serve at the pleasure of the governor. The
25 administrator may employ up to seven staff members, who shall be exempt
26 from chapter 41.06 RCW, and any additional staff members as are
27 necessary to administer this chapter. The administrator may delegate
28 any power or duty vested in him or her by this chapter, including
29 authority to make final decisions and enter final orders in hearings
30 conducted under chapter 34.05 RCW. The primary duties of the authority
31 shall be to: Administer state employees' insurance benefits and
32 retired or disabled school employees' insurance benefits; administer
33 the basic health plan pursuant to chapter 70.47 RCW; study state-
34 purchased health care programs in order to maximize cost containment in
35 these programs while ensuring access to quality health care; and
36 implement state initiatives, joint purchasing strategies, and

1 techniques for efficient administration that have potential application
2 to all state-purchased health services. The authority's duties
3 include, but are not limited to, the following:

4 (a) To administer health care benefit programs for employees and
5 retired or disabled school employees as specifically authorized in RCW
6 41.05.065 and in accordance with the methods described in RCW
7 41.05.075, 41.05.140, and other provisions of this chapter;

8 (b) To analyze state-purchased health care programs and to explore
9 options for cost containment and delivery alternatives for those
10 programs that are consistent with the purposes of those programs,
11 including, but not limited to:

12 (i) Creation of economic incentives for the persons for whom the
13 state purchases health care to appropriately utilize and purchase
14 health care services, including the development of flexible benefit
15 plans to offset increases in individual financial responsibility;

16 (ii) Utilization of provider arrangements that encourage cost
17 containment, including but not limited to prepaid delivery systems,
18 utilization review, and prospective payment methods, and that ensure
19 access to quality care, including assuring reasonable access to local
20 providers, especially for employees residing in rural areas;

21 (iii) Coordination of state agency efforts to purchase drugs
22 effectively as provided in RCW 70.14.050;

23 (iv) Development of recommendations and methods for purchasing
24 medical equipment and supporting services on a volume discount basis;

25 (v) Development of data systems to obtain utilization data from
26 state-purchased health care programs in order to identify cost centers,
27 utilization patterns, provider and hospital practice patterns, and
28 procedure costs, utilizing the information obtained pursuant to RCW
29 41.05.031; and

30 (vi) In collaboration with other state agencies that administer
31 state purchased health care programs, private health care purchasers,
32 health care facilities, providers, and carriers:

33 (A) Use evidence-based medicine principles to develop common
34 performance measures and implement financial incentives in contracts
35 with insuring entities, health care facilities, and providers that:

36 (I) Reward improvements in health outcomes for individuals with
37 chronic diseases, increased utilization of appropriate preventive
38 health services, and reductions in medical errors; and

1 (II) Increase, through appropriate incentives to insuring entities,
2 health care facilities, and providers, the adoption and use of
3 information technology that contributes to improved health outcomes,
4 better coordination of care, and decreased medical errors;

5 (B) Through state health purchasing, reimbursement, or pilot
6 strategies, promote and increase the adoption of health information
7 technology systems, including electronic medical records, by hospitals
8 as defined in RCW 70.41.020(4), integrated delivery systems, and
9 providers that:

10 (I) Facilitate diagnosis or treatment;

11 (II) Reduce unnecessary duplication of medical tests;

12 (III) Promote efficient electronic physician order entry;

13 (IV) Increase access to health information for consumers and their
14 providers; and

15 (V) Improve health outcomes;

16 (C) Coordinate a strategy for the adoption of health information
17 technology systems using the final health information technology report
18 and recommendations developed under chapter 261, Laws of 2005((-));

19 (c) To analyze areas of public and private health care interaction;

20 (d) To provide information and technical and administrative
21 assistance to the board;

22 (e) To review and approve or deny applications from counties,
23 municipalities, and other political subdivisions of the state to
24 provide state-sponsored insurance or self-insurance programs to their
25 employees in accordance with the provisions of RCW 41.04.205 and (g) of
26 this subsection, setting the premium contribution for approved groups
27 as outlined in RCW 41.05.050;

28 (f) To review and approve or deny the application when the
29 governing body of a tribal government applies to transfer their
30 employees to an insurance or self-insurance program administered under
31 this chapter. In the event of an employee transfer pursuant to this
32 subsection (1)(f), members of the governing body are eligible to be
33 included in such a transfer if the members are authorized by the tribal
34 government to participate in the insurance program being transferred
35 from and subject to payment by the members of all costs of insurance
36 for the members. The authority shall: (i) Establish the conditions
37 for participation; (ii) have the sole right to reject the application;
38 and (iii) set the premium contribution for approved groups as outlined

1 in RCW 41.05.050. Approval of the application by the authority
2 transfers the employees and dependents involved to the insurance,
3 self-insurance, or health care program approved by the authority;

4 (g) To ensure the continued status of the employee insurance or
5 self-insurance programs administered under this chapter as a
6 governmental plan under section 3(32) of the employee retirement income
7 security act of 1974, as amended, the authority shall limit the
8 participation of employees of a county, municipal, school district,
9 educational service district, or other political subdivision, or a
10 tribal government, including providing for the participation of those
11 employees whose services are substantially all in the performance of
12 essential governmental functions, but not in the performance of
13 commercial activities;

14 (h) To establish billing procedures and collect funds from school
15 districts in a way that minimizes the administrative burden on
16 districts;

17 ~~((g))~~ (i) To publish and distribute to nonparticipating school
18 districts and educational service districts by October 1st of each year
19 a description of health care benefit plans available through the
20 authority and the estimated cost if school districts and educational
21 service district employees were enrolled;

22 ~~((h))~~ (j) To apply for, receive, and accept grants, gifts, and
23 other payments, including property and service, from any governmental
24 or other public or private entity or person, and make arrangements as
25 to the use of these receipts to implement initiatives and strategies
26 developed under this section; and

27 ~~((i))~~ (k) To ~~(promulgate and)~~ adopt rules consistent with this
28 chapter as described in RCW 41.05.160.

29 (2) On and after January 1, 1996, the public employees' benefits
30 board may implement strategies to promote managed competition among
31 employee health benefit plans. Strategies may include but are not
32 limited to:

33 (a) Standardizing the benefit package;

34 (b) Soliciting competitive bids for the benefit package;

35 (c) Limiting the state's contribution to a percent of the lowest
36 priced qualified plan within a geographical area;

37 (d) Monitoring the impact of the approach under this subsection
38 with regards to: Efficiencies in health service delivery, cost shifts

1 to subscribers, access to and choice of managed care plans statewide,
2 and quality of health services. The health care authority shall also
3 advise on the value of administering a benchmark employer-managed plan
4 to promote competition among managed care plans.

5 **Sec. 4.** RCW 41.05.050 and 2005 c 518 s 919 are each amended to
6 read as follows:

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

19 (2) If the authority at any time determines that the participation
20 of a county, municipal, ~~((or))~~ other political subdivision, or a tribal
21 government covered under this chapter adversely impacts insurance rates
22 for state employees, the authority shall implement limitations on the
23 participation of additional county, municipal, ~~((or))~~ other political
24 subdivisions, or a tribal government.

25 (3) The contributions of any: (a) Department, division, or
26 separate agency of the state government(~~(, and such))~~; (b) county,
27 municipal, or other political subdivisions; and (c) any tribal
28 government as are covered by this chapter, shall be set by the
29 authority, subject to the approval of the governor for availability of
30 funds as specifically appropriated by the legislature for that purpose.
31 Insurance and health care contributions for ferry employees shall be
32 governed by RCW 47.64.270.

33 (4)(a) Beginning September 1, 2003, the authority shall collect
34 from each participating school district and educational service
35 district an amount equal to the composite rate charged to state
36 agencies, plus an amount equal to the employee premiums by plan and
37 family size as would be charged to state employees, for groups of

1 district employees enrolled in authority plans as of January 1, 2003.
2 However, during the 2005-07 fiscal biennium, the authority shall
3 collect from each participating school district and educational service
4 district an amount equal to the insurance benefit allocations provided
5 in section 504, chapter 518, Laws of 2005, plus any additional funding
6 provided by the legislature for school employee health benefits, plus
7 an amount equal to the employee premiums by plan and family size as
8 would be charged to state employees, for groups of district employees
9 enrolled in authority plans as of July 1, 2005.

10 (b) For all groups of district employees enrolling in authority
11 plans for the first time after September 1, 2003, the authority shall
12 collect from each participating school district an amount equal to the
13 composite rate charged to state agencies, plus an amount equal to the
14 employee premiums by plan and by family size as would be charged to
15 state employees, only if the authority determines that this method of
16 billing the districts will not result in a material difference between
17 revenues from districts and expenditures made by the authority on
18 behalf of districts and their employees.

19 (c) If the authority determines at any time that the conditions in
20 (b) of this subsection cannot be met, the authority shall offer
21 enrollment to additional groups of district employees on a tiered rate
22 structure until such time as the authority determines there would be no
23 material difference between revenues and expenditures under a composite
24 rate structure for all district employees enrolled in authority plans.

25 (d) The authority may charge districts a one-time set-up fee for
26 employee groups enrolling in authority plans for the first time.

27 (e) For the purposes of this subsection:

28 (i) "District" means school district and educational service
29 district; and

30 (ii) "Tiered rates" means the amounts the authority must pay to
31 insuring entities by plan and by family size.

32 (f) Notwithstanding this subsection and RCW 41.05.065(3), the
33 authority may allow districts enrolled on a tiered rate structure prior
34 to September 1, 2002, to continue participation based on the same rate
35 structure and under the same conditions and eligibility criteria.

36 (5) The authority shall transmit a recommendation for the amount of
37 the employer contribution to the governor and the director of financial

1 management for inclusion in the proposed budgets submitted to the
2 legislature.

3 **Sec. 5.** RCW 41.05.065 and 2006 c 299 s 2 are each amended to read
4 as follows:

5 (1) The board shall study all matters connected with the provision
6 of health care coverage, life insurance, liability insurance,
7 accidental death and dismemberment insurance, and disability income
8 insurance or any of, or a combination of, the enumerated types of
9 insurance for employees and their dependents on the best basis possible
10 with relation both to the welfare of the employees and to the state.
11 However, liability insurance shall not be made available to dependents.

12 (2) The board shall develop employee benefit plans that include
13 comprehensive health care benefits for all employees. In developing
14 these plans, the board shall consider the following elements:

15 (a) Methods of maximizing cost containment while ensuring access to
16 quality health care;

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

20 (c) Wellness incentives that focus on proven strategies, such as
21 smoking cessation, injury and accident prevention, reduction of alcohol
22 misuse, appropriate weight reduction, exercise, automobile and
23 motorcycle safety, blood cholesterol reduction, and nutrition
24 education;

25 (d) Utilization review procedures including, but not limited to a
26 cost-efficient method for prior authorization of services, hospital
27 inpatient length of stay review, requirements for use of outpatient
28 surgeries and second opinions for surgeries, review of invoices or
29 claims submitted by service providers, and performance audit of
30 providers;

31 (e) Effective coordination of benefits;

32 (f) Minimum standards for insuring entities; and

33 (g) Minimum scope and content of public employee benefit plans to
34 be offered to enrollees participating in the employee health benefit
35 plans. To maintain the comprehensive nature of employee health care
36 benefits, employee eligibility criteria related to the number of hours
37 worked and the benefits provided to employees shall be substantially

1 equivalent to the state employees' health benefits plan and eligibility
2 criteria in effect on January 1, 1993. Nothing in this subsection
3 (2)(g) shall prohibit changes or increases in employee point-of-service
4 payments or employee premium payments for benefits or the
5 administration of a high deductible health plan in conjunction with a
6 health savings account.

7 (3) The board shall design benefits and determine the terms and
8 conditions of employee and retired employee participation and coverage,
9 including establishment of eligibility criteria. The same terms and
10 conditions of participation and coverage, including eligibility
11 criteria, shall apply to state employees and to school district
12 employees and educational service district employees.

13 (4) The board may authorize premium contributions for an employee
14 and the employee's dependents in a manner that encourages the use of
15 cost-efficient managed health care systems. During the 2005-2007
16 fiscal biennium, the board may only authorize premium contributions for
17 an employee and the employee's dependents that are the same, regardless
18 of an employee's status as represented or nonrepresented by a
19 collective bargaining unit under the personnel system reform act of
20 2002. The board shall require participating school district and
21 educational service district employees to pay at least the same
22 employee premiums by plan and family size as state employees pay.

23 (5) The board shall develop a health savings account option for
24 employees that conform to section 223, Part VII of subchapter B of
25 chapter 1 of the internal revenue code of 1986. The board shall comply
26 with all applicable federal standards related to the establishment of
27 health savings accounts.

28 (6) Notwithstanding any other provision of this chapter, the board
29 shall develop a high deductible health plan to be offered in
30 conjunction with a health savings account developed under subsection
31 (5) of this section.

32 (7) Employees shall choose participation in one of the health care
33 benefit plans developed by the board and may be permitted to waive
34 coverage under terms and conditions established by the board.

35 (8) The board shall review plans proposed by insuring entities that
36 desire to offer property insurance and/or accident and casualty
37 insurance to state employees through payroll deduction. The board may
38 approve any such plan for payroll deduction by insuring entities

1 holding a valid certificate of authority in the state of Washington and
2 which the board determines to be in the best interests of employees and
3 the state. The board shall (~~promulgate~~) adopt rules setting forth
4 criteria by which it shall evaluate the plans.

5 (9) Before January 1, 1998, the public employees' benefits board
6 shall make available one or more fully insured long-term care insurance
7 plans that comply with the requirements of chapter 48.84 RCW. Such
8 programs shall be made available to eligible employees, retired
9 employees, and retired school employees as well as eligible dependents
10 which, for the purpose of this section, includes the parents of the
11 employee or retiree and the parents of the spouse of the employee or
12 retiree. Employees of local governments (~~and employees of~~),
13 political subdivisions, and tribal governments not otherwise enrolled
14 in the public employees' benefits board sponsored medical programs may
15 enroll under terms and conditions established by the administrator, if
16 it does not jeopardize the financial viability of the public employees'
17 benefits board's long-term care offering.

18 (a) Participation of eligible employees or retired employees and
19 retired school employees in any long-term care insurance plan made
20 available by the public employees' benefits board is voluntary and
21 shall not be subject to binding arbitration under chapter 41.56 RCW.
22 Participation is subject to reasonable underwriting guidelines and
23 eligibility rules established by the public employees' benefits board
24 and the health care authority.

25 (b) The employee, retired employee, and retired school employee are
26 solely responsible for the payment of the premium rates developed by
27 the health care authority. The health care authority is authorized to
28 charge a reasonable administrative fee in addition to the premium
29 charged by the long-term care insurer, which shall include the health
30 care authority's cost of administration, marketing, and consumer
31 education materials prepared by the health care authority and the
32 office of the insurance commissioner.

33 (c) To the extent administratively possible, the state shall
34 establish an automatic payroll or pension deduction system for the
35 payment of the long-term care insurance premiums.

36 (d) The public employees' benefits board and the health care
37 authority shall establish a technical advisory committee to provide
38 advice in the development of the benefit design and establishment of

1 underwriting guidelines and eligibility rules. The committee shall
2 also advise the board and authority on effective and cost-effective
3 ways to market and distribute the long-term care product. The
4 technical advisory committee shall be comprised, at a minimum, of
5 representatives of the office of the insurance commissioner, providers
6 of long-term care services, licensed insurance agents with expertise in
7 long-term care insurance, employees, retired employees, retired school
8 employees, and other interested parties determined to be appropriate by
9 the board.

10 (e) The health care authority shall offer employees, retired
11 employees, and retired school employees the option of purchasing long-
12 term care insurance through licensed agents or brokers appointed by the
13 long-term care insurer. The authority, in consultation with the public
14 employees' benefits board, shall establish marketing procedures and may
15 consider all premium components as a part of the contract negotiations
16 with the long-term care insurer.

17 (f) In developing the long-term care insurance benefit designs, the
18 public employees' benefits board shall include an alternative plan of
19 care benefit, including adult day services, as approved by the office
20 of the insurance commissioner.

21 (g) The health care authority, with the cooperation of the office
22 of the insurance commissioner, shall develop a consumer education
23 program for the eligible employees, retired employees, and retired
24 school employees designed to provide education on the potential need
25 for long-term care, methods of financing long-term care, and the
26 availability of long-term care insurance products including the
27 products offered by the board.

28 ~~((h) By December 1998, the health care authority, in consultation
29 with the public employees' benefits board, shall submit a report to the
30 appropriate committees of the legislature, including an analysis of the
31 marketing and distribution of the long term care insurance provided
32 under this section.))~~

33 **Sec. 6.** RCW 41.05.080 and 2001 c 165 s 3 are each amended to read
34 as follows:

35 (1) Under the qualifications, terms, conditions, and benefits set
36 by the board:

1 (a) Retired or disabled state employees, retired or disabled school
2 employees, (~~(or)~~) retired or disabled employees of county, municipal,
3 or other political subdivisions, or retired or disabled employees of
4 tribal governments covered by this chapter (~~(who are retired)~~) may
5 continue their participation in insurance plans and contracts after
6 retirement or disablement;

7 (b) Separated employees may continue their participation in
8 insurance plans and contracts if participation is selected immediately
9 upon separation from employment;

10 (c) Surviving spouses and dependent children of emergency service
11 personnel killed in the line of duty may participate in insurance plans
12 and contracts.

13 (2) Rates charged surviving spouses of emergency service personnel
14 killed in the line of duty, retired or disabled employees, separated
15 employees, spouses, or dependent children who are not eligible for
16 parts A and B of medicare shall be based on the experience of the
17 community rated risk pool established under RCW 41.05.022.

18 (3) Rates charged to surviving spouses of emergency service
19 personnel killed in the line of duty, retired or disabled employees,
20 separated employees, spouses, or children who are eligible for parts A
21 and B of medicare shall be calculated from a separate experience risk
22 pool comprised only of individuals eligible for parts A and B of
23 medicare; however, the premiums charged to medicare-eligible retirees
24 and disabled employees shall be reduced by the amount of the subsidy
25 provided under RCW 41.05.085.

26 (4) Surviving spouses and dependent children of emergency service
27 personnel killed in the line of duty and retired or disabled and
28 separated employees shall be responsible for payment of premium rates
29 developed by the authority which shall include the cost to the
30 authority of providing insurance coverage including any amounts
31 necessary for reserves and administration in accordance with this
32 chapter. These self pay rates will be established based on a separate
33 rate for the employee, the spouse, and the children.

34 (5) The term "retired state employees" for the purpose of this
35 section shall include but not be limited to members of the legislature
36 whether voluntarily or involuntarily leaving state office.

1 **Sec. 7.** RCW 41.05.195 and 2005 c 47 s 1 are each amended to read
2 as follows:

3 Notwithstanding any other provisions of this chapter or rules or
4 procedures adopted by the authority, the authority shall make available
5 to retired or disabled employees who are enrolled in parts A and B of
6 medicare one or more medicare supplemental insurance policies that
7 conform to the requirements of chapter 48.66 RCW. The policies shall
8 be chosen in consultation with the public employees' benefits board.
9 These policies shall be made available to retired or disabled state
10 employees; retired or disabled school district employees; retired
11 employees of county, municipal, or other political subdivisions or
12 retired employees of tribal governments eligible for coverage available
13 under the authority; or surviving spouses of emergency service
14 personnel killed in the line of duty.

15 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2009.

Passed by the Senate March 10, 2007.

Passed by the House April 4, 2007.

Approved by the Governor April 18, 2007.

Filed in Office of Secretary of State April 18, 2007.