

SSB 5905 - S AMD 308

By Senators Hargrove, Hill

WITHDRAWN 04/22/2013

1 Beginning on page 3, line 24, strike all of section 3 and insert
2 the following:

3 "Sec. 3. RCW 41.05.065 and 2011 1st sp.s. c 8 s 1 are each amended
4 to read 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 employees. In developing these
14 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;

- 1 (e) Effective coordination of benefits; and
- 2 (f) Minimum standards for insuring entities.

3 (3) To maintain the comprehensive nature of employee health care
4 benefits, benefits provided to employees shall be substantially
5 equivalent to the state employees' health benefits plan in effect on
6 January 1, 1993. Nothing in this subsection shall prohibit changes or
7 increases in employee point-of-service payments or employee premium
8 payments for benefits or the administration of a high deductible health
9 plan in conjunction with a health savings account. (~~The board may~~
10 ~~establish employee eligibility criteria which are not substantially~~
11 ~~equivalent to employee eligibility criteria in effect on January 1,~~
12 ~~1993.))~~

13 (4) The eligibility provisions of this subsection have effect
14 through December 31, 2013. Except if bargained for under chapter 41.80
15 RCW, the board shall design benefits and determine the terms and
16 conditions of employee and retired employee participation and coverage,
17 including establishment of eligibility criteria subject to the
18 requirements of this chapter. Employer groups obtaining benefits
19 through contractual agreement with the authority for employees defined
20 in RCW 41.05.011(6) (a) through (d) may contractually agree with the
21 authority to benefits eligibility criteria which differs from that
22 determined by the board. The eligibility criteria established by the
23 board shall be no more restrictive than the following:

24 (a) Except as provided in (b) through (e) of this subsection, an
25 employee is eligible for benefits from the date of employment if the
26 employing agency anticipates he or she will work an average of at least
27 eighty hours per month and for at least eight hours in each month for
28 more than six consecutive months. An employee determined ineligible
29 for benefits at the beginning of his or her employment shall become
30 eligible in the following circumstances:

31 (i) An employee who works an average of at least eighty hours per
32 month and for at least eight hours in each month and whose anticipated
33 duration of employment is revised from less than or equal to six
34 consecutive months to more than six consecutive months becomes eligible
35 when the revision is made.

36 (ii) An employee who works an average of at least eighty hours per
37 month over a period of six consecutive months and for at least eight

1 hours in each of those six consecutive months becomes eligible at the
2 first of the month following the six-month averaging period.

3 (b) A seasonal employee is eligible for benefits from the date of
4 employment if the employing agency anticipates that he or she will work
5 an average of at least eighty hours per month and for at least eight
6 hours in each month of the season. A seasonal employee determined
7 ineligible at the beginning of his or her employment who works an
8 average of at least half-time, as defined by the board, per month over
9 a period of six consecutive months and at least eight hours in each of
10 those six consecutive months becomes eligible at the first of the month
11 following the six-month averaging period. A benefits-eligible seasonal
12 employee who works a season of less than nine months shall not be
13 eligible for the employer contribution during the off season, but may
14 continue enrollment in benefits during the off season by self-paying
15 for the benefits. A benefits-eligible seasonal employee who works a
16 season of nine months or more is eligible for the employer contribution
17 through the off season following each season worked.

18 (c) Faculty are eligible as follows:

19 (i) Faculty who the employing agency anticipates will work
20 half-time or more for the entire instructional year or equivalent nine-
21 month period are eligible for benefits from the date of employment.
22 Eligibility shall continue until the beginning of the first full month
23 of the next instructional year, unless the employment relationship is
24 terminated, in which case eligibility shall cease the first month
25 following the notice of termination or the effective date of the
26 termination, whichever is later.

27 (ii) Faculty who the employing agency anticipates will not work for
28 the entire instructional year or equivalent nine-month period are
29 eligible for benefits at the beginning of the second consecutive
30 quarter or semester of employment in which he or she is anticipated to
31 work, or has actually worked, half-time or more. Such an employee
32 shall continue to receive uninterrupted employer contributions for
33 benefits if the employee works at least half-time in a quarter or
34 semester. Faculty who the employing agency anticipates will not work
35 for the entire instructional year or equivalent nine-month period, but
36 who actually work half-time or more throughout the entire instructional
37 year, are eligible for summer or off-quarter coverage. Faculty who
38 have met the criteria of this subsection (4)(c)(ii), who work at least

1 two quarters of the academic year with an average academic year
2 workload of half-time or more for three quarters of the academic year,
3 and who have worked an average of half-time or more in each of the two
4 preceding academic years shall continue to receive uninterrupted
5 employer contributions for benefits if he or she works at least half-
6 time in a quarter or semester or works two quarters of the academic
7 year with an average academic workload each academic year of half-time
8 or more for three quarters. Eligibility under this section ceases
9 immediately if this criteria is not met.

10 (iii) Faculty may establish or maintain eligibility for benefits by
11 working for more than one institution of higher education. When
12 faculty work for more than one institution of higher education, those
13 institutions shall prorate the employer contribution costs, or if
14 eligibility is reached through one institution, that institution will
15 pay the full employer contribution. Faculty working for more than one
16 institution must alert his or her employers to his or her potential
17 eligibility in order to establish eligibility.

18 (iv) The employing agency must provide written notice to faculty
19 who are potentially eligible for benefits under this subsection (4)(c)
20 of their potential eligibility.

21 (v) To be eligible for maintenance of benefits through averaging
22 under (c)(ii) of this subsection, faculty must provide written
23 notification to his or her employing agency or agencies of his or her
24 potential eligibility.

25 (d) A legislator is eligible for benefits on the date his or her
26 term begins. All other elected and full-time appointed officials of
27 the legislative and executive branches of state government are eligible
28 for benefits on the date his or her term begins or they take the oath
29 of office, whichever occurs first.

30 (e) A justice of the supreme court and judges of the court of
31 appeals and the superior courts become eligible for benefits on the
32 date he or she takes the oath of office.

33 (f) Except as provided in (c)(i) and (ii) of this subsection,
34 eligibility ceases for any employee the first of the month following
35 termination of the employment relationship.

36 (g) In determining eligibility under this section, the employing
37 agency may disregard training hours, standby hours, or temporary

1 changes in work hours as determined by the authority under this
2 section.

3 (h) Insurance coverage for all eligible employees begins on the
4 first day of the month following the date when eligibility for benefits
5 is established. If the date eligibility is established is the first
6 working day of a month, insurance coverage begins on that date.

7 (i) Eligibility for an employee whose work circumstances are
8 described by more than one of the eligibility categories in (a) through
9 (e) of this subsection shall be determined solely by the criteria of
10 the category that most closely describes the employee's work
11 circumstances.

12 (j) Except for an employee eligible for benefits under (b) or
13 (c)(ii) of this subsection, an employee who has established eligibility
14 for benefits under this section shall remain eligible for benefits each
15 month in which he or she is in pay status for eight or more hours, if
16 (i) he or she remains in a benefits-eligible position and (ii) leave
17 from the benefits-eligible position is approved by the employing
18 agency. A benefits-eligible seasonal employee is eligible for the
19 employer contribution in any month of his or her season in which he or
20 she is in pay status eight or more hours during that month.
21 Eligibility ends if these conditions are not met, the employment
22 relationship is terminated, or the employee voluntarily transfers to a
23 noneligible position.

24 (k) For the purposes of this subsection:

25 (i) "Academic year" means summer, fall, winter, and spring quarters
26 or semesters;

27 (ii) "Half-time" means one-half of the full-time academic workload
28 as determined by each institution, except that half-time for community
29 and technical college faculty employees shall have the same meaning as
30 "part-time" under RCW 28B.50.489;

31 (iii) "Benefits-eligible position" shall be defined by the board.

32 (5) Beginning January 1, 2014, eligibility for health care benefits
33 is as provided under this subsection. Except if bargained for under
34 chapter 41.80 RCW, the board must design benefits and determine the
35 terms and conditions of employee and retired employee participation and
36 coverage. The terms and conditions must be consistent with the
37 provisions of this subsection. Employer groups obtaining benefits
38 through contractual agreement with the authority for employees defined

1 in RCW 41.05.011(6) (a), (b), (c), and (d) may contractually agree with
2 the authority to benefits eligibility criteria which differs from the
3 criteria contained in this section. The eligibility criteria for
4 health care benefits is:

5 (a) Each employee who is a full-time employee as defined by section
6 1513 of the patient protection and affordable care act and related
7 regulations, as administered by the authority, is eligible for
8 benefits. Except if bargained for pursuant to (a)(i) of this
9 subsection, or if authorized by the office of financial management
10 pursuant to (a)(ii) of this subsection, employees who are not full-time
11 employees as defined by section 1513 of the patient protection and
12 affordable care act and related regulations, as administered by the
13 authority, are not eligible for benefits.

14 (i) The employer and exclusive bargaining representative, pursuant
15 to chapter 41.80 RCW, may bargain part-time employee eligibility
16 criteria that does not exceed the criteria under subsection (4) of this
17 section for up to ten percent of the half-time or greater part-time
18 positions covered under a collective bargaining agreement.

19 (ii) The office of financial management may approve part-time
20 employee eligibility criteria that does not exceed the criteria under
21 subsection (4) of this section for up to ten percent of the half-time
22 or greater part-time state positions not covered under any collective
23 bargaining agreement.

24 (b) A legislator is eligible for benefits on the date his or her
25 term begins. All other elected and full-time appointed officials of
26 the legislative and executive branches of state government are eligible
27 for benefits on the date their term begins or they take the oath of
28 office, whichever occurs first.

29 (c) Justices of the supreme court and judges of the court of
30 appeals and the superior courts become eligible for benefits on the
31 date they take the oath of office.

32 (d) Except as provided by section 1513 of the patient protection
33 and affordable care act and related regulations, as administered by the
34 authority, eligibility ceases for any employee the first day of the
35 month following termination of the employment relationship.

36 (e) Insurance coverage for all eligible employees begins on the
37 first day of the month following the date when eligibility for benefits

1 is established. If the date eligibility is established is the first
2 working day of a month, insurance coverage begins on that date.

3 (f) From funding provided in the omnibus appropriations act, the
4 authority must establish and administer a compensation arrangement to
5 reimburse a portion of the premium or out-of-pocket costs of part-time
6 state agency and higher education institution employees who obtain
7 health insurance coverage through the Washington health benefit
8 exchange. Only persons who are employed for at least eighty hours per
9 month for at least six consecutive months are eligible for the exchange
10 premium reimbursement benefit provided under this section, and only for
11 months in which they work at least eighty hours. The exchange premium
12 reimbursement benefit may not exceed two dollars per hour for the
13 number of hours worked by the part-time employee in a month, and in no
14 case may exceed two hundred sixty dollars per month. Reimbursement may
15 only be provided for coverage of the employee and the employee's spouse
16 and dependent children. The authority may adopt rules that are
17 consistent with the goals in section 1 of this act to implement the
18 benefit.

19 (6) The board may authorize premium contributions for an employee
20 and the employee's dependents in a manner that encourages the use of
21 cost-efficient managed health care systems.

22 ((+6+)) (7)(a) For any open enrollment period following August 24,
23 2011, the board shall offer a health savings account option for
24 employees that conforms 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 (b) By November 30, 2015, and each year thereafter, the authority
29 shall submit a report to the relevant legislative policy and fiscal
30 committees that includes the following:

31 (i) Public employees' benefits board health plan cost and service
32 utilization trends for the previous three years, in total and for each
33 health plan offered to employees;

34 (ii) For each health plan offered to employees, the number and
35 percentage of employees and dependents enrolled in the plan, and the
36 age and gender demographics of enrollees in each plan;

37 (iii) Any impact of enrollment in alternatives to the most
38 comprehensive plan, including the high deductible health plan with a

1 health savings account, upon the cost of health benefits for those
2 employees who have chosen to remain enrolled in the most comprehensive
3 plan.

4 ~~((+7))~~ (8) Notwithstanding any other provision of this chapter,
5 for any open enrollment period following August 24, 2011, the board
6 shall offer a high deductible health plan in conjunction with a health
7 savings account developed under subsection ~~((+6))~~ (7) of this section.

8 ~~((+8))~~ (9) Employees shall choose participation in one of the
9 health care benefit plans developed by the board and may be permitted
10 to waive coverage under terms and conditions established by the board.

11 ~~((+9))~~ (10) The board shall review plans proposed by insuring
12 entities that desire to offer property insurance and/or accident and
13 casualty insurance to state employees through payroll deduction. The
14 board may approve any such plan for payroll deduction by insuring
15 entities holding a valid certificate of authority in the state of
16 Washington and which the board determines to be in the best interests
17 of employees and the state. The board shall adopt rules setting forth
18 criteria by which it shall evaluate the plans.

19 ~~((+10))~~ (11) Before January 1, 1998, the public employees'
20 benefits board shall make available one or more fully insured long-term
21 care insurance plans that comply with the requirements of chapter 48.84
22 RCW. Such programs shall be made available to eligible employees,
23 retired employees, and retired school employees as well as eligible
24 dependents which, for the purpose of this section, includes the parents
25 of the employee or retiree and the parents of the spouse of the
26 employee or retiree. Employees of local governments, political
27 subdivisions, and tribal governments not otherwise enrolled in the
28 public employees' benefits board sponsored medical programs may enroll
29 under terms and conditions established by the administrator, if it does
30 not jeopardize the financial viability of the public employees'
31 benefits board's long-term care offering.

32 (a) Participation of eligible employees or retired employees and
33 retired school employees in any long-term care insurance plan made
34 available by the public employees' benefits board is voluntary and
35 shall not be subject to binding arbitration under chapter 41.56 RCW.
36 Participation is subject to reasonable underwriting guidelines and
37 eligibility rules established by the public employees' benefits board
38 and the health care authority.

1 (b) The employee, retired employee, and retired school employee are
2 solely responsible for the payment of the premium rates developed by
3 the health care authority. The health care authority is authorized to
4 charge a reasonable administrative fee in addition to the premium
5 charged by the long-term care insurer, which shall include the health
6 care authority's cost of administration, marketing, and consumer
7 education materials prepared by the health care authority and the
8 office of the insurance commissioner.

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

12 (d) The public employees' benefits board and the health care
13 authority shall establish a technical advisory committee to provide
14 advice in the development of the benefit design and establishment of
15 underwriting guidelines and eligibility rules. The committee shall
16 also advise the board and authority on effective and cost-effective
17 ways to market and distribute the long-term care product. The
18 technical advisory committee shall be comprised, at a minimum, of
19 representatives of the office of the insurance commissioner, providers
20 of long-term care services, licensed insurance agents with expertise in
21 long-term care insurance, employees, retired employees, retired school
22 employees, and other interested parties determined to be appropriate by
23 the board.

24 (e) The health care authority shall offer employees, retired
25 employees, and retired school employees the option of purchasing long-
26 term care insurance through licensed agents or brokers appointed by the
27 long-term care insurer. The authority, in consultation with the public
28 employees' benefits board, shall establish marketing procedures and may
29 consider all premium components as a part of the contract negotiations
30 with the long-term care insurer.

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

35 (g) The health care authority, with the cooperation of the office
36 of the insurance commissioner, shall develop a consumer education
37 program for the eligible employees, retired employees, and retired
38 school employees designed to provide education on the potential need

1 for long-term care, methods of financing long-term care, and the
2 availability of long-term care insurance products including the
3 products offered by the board.

4 ~~((11))~~ (12) The board may establish penalties to be imposed by
5 the authority when the eligibility determinations of an employing
6 agency fail to comply with the criteria under ~~((this chapter))~~ section
7 1513 of the patient protection and affordable care act and related
8 regulations, as administered by the authority."

EFFECT: Clarifies that current PEBB part-time eligibility
criteria remains in place through December 31, 2013.

Limits the number of part-time positions that can be made eligible
for PEBB coverage through collective bargaining to ten percent of the
half-time or greater positions covered by a collective bargaining
agreement.

Permits OFM to approve PEBB eligibility for up to ten percent of
the part-time positions that are half-time or greater and not covered
by a collective bargaining agreement.

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