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SENATE BILL 6475

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State of Washington                      64th Legislature                      2016 Regular Session

By Senators Dansel, King, Takko, and Frockt

Read first time 01/21/16. Referred to Committee on Ways & Means.

1            AN ACT Relating to political subdivisions purchasing health  
2 coverage through the public employees' benefits board program;  
3 amending RCW 41.04.205 and 41.05.050; and reenacting and amending RCW  
4 41.05.011.

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

6            **Sec. 1.** RCW 41.04.205 and 1995 1st sp.s. c 6 s 8 are each  
7 amended to read as follows:

8            (1) Notwithstanding the provisions of RCW 41.04.180, the  
9 employees, with their dependents, of any county, municipality, or  
10 other political subdivision of this state shall be eligible to  
11 participate in any insurance or self-insurance program for employees  
12 administered under chapter 41.05 RCW if the legislative authority of  
13 any such county, municipality, or other political subdivisions of  
14 this state determines, subject to collective bargaining under  
15 applicable statutes, a transfer to an insurance or self-insurance  
16 program administered under chapter 41.05 RCW should be made. In the  
17 event of a special district employee transfer pursuant to this  
18 section, members of the governing authority shall be eligible to be  
19 included in such transfer if such members are authorized by law as of  
20 June 25, 1976 to participate in the insurance program being

1 transferred from and subject to payment by such members of all costs  
2 of insurance for members.

3 (2) When the legislative authority of a county, municipality, or  
4 other political subdivision determines to so transfer, the state  
5 health care authority shall:

6 (a) Establish the conditions for participation; and

7 (b) Have the sole right to reject the application, except a group  
8 application from a county or other political subdivision of the state  
9 with fewer than five thousand employees must be approved.

10 Approval of the application by the state health care authority  
11 shall effect a transfer of the employees involved to the insurance,  
12 self-insurance, or health care program applied for.

13 (3) Any application of this section to members of the law  
14 enforcement officers' and firefighters' retirement system under  
15 chapter 41.26 RCW is subject to chapter 41.56 RCW.

16 (4) School districts may voluntarily transfer, except that all  
17 eligible employees in a bargaining unit of a school district may  
18 transfer only as a unit and all nonrepresented employees in a  
19 district may transfer only as a unit.

20 **Sec. 2.** RCW 41.05.011 and 2015 c 116 s 2 are each reenacted and  
21 amended to read as follows:

22 The definitions in this section apply throughout this chapter  
23 unless the context clearly requires otherwise.

24 (1) "Authority" means the Washington state health care authority.

25 (2) "Board" means the public employees' benefits board  
26 established under RCW 41.05.055.

27 (3) "Dependent care assistance program" means a benefit plan  
28 whereby state and public employees may pay for certain employment  
29 related dependent care with pretax dollars as provided in the salary  
30 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or  
31 other sections of the internal revenue code.

32 (4) "Director" means the director of the authority.

33 (5) "Emergency service personnel killed in the line of duty"  
34 means law enforcement officers and firefighters as defined in RCW  
35 41.26.030, members of the Washington state patrol retirement fund as  
36 defined in RCW 43.43.120, and reserve officers and firefighters as  
37 defined in RCW 41.24.010 who die as a result of injuries sustained in  
38 the course of employment as determined consistent with Title 51 RCW  
39 by the department of labor and industries.

1 (6) "Employee" includes all employees of the state, whether or  
2 not covered by civil service; elected and appointed officials of the  
3 executive branch of government, including full-time members of  
4 boards, commissions, or committees; justices of the supreme court and  
5 judges of the court of appeals and the superior courts; and members  
6 of the state legislature. Pursuant to contractual agreement with the  
7 authority, "employee" may also include: (a) Employees of a county,  
8 municipality, or other political subdivision of the state and members  
9 of the legislative authority of any county, city, or town who are  
10 elected to office after February 20, 1970, if the legislative  
11 authority of the county, municipality, or other political subdivision  
12 of the state (~~seeks and receives the approval of~~) submits  
13 application materials to the authority to provide any of its  
14 insurance programs by contract with the authority, as provided in RCW  
15 41.04.205 and 41.05.021(1)(g); (b) employees of employee  
16 organizations representing state civil service employees, at the  
17 option of each such employee organization, and, effective October 1,  
18 1995, employees of employee organizations currently pooled with  
19 employees of school districts for the purpose of purchasing insurance  
20 benefits, at the option of each such employee organization; (c)  
21 employees of a school district if the authority agrees to provide any  
22 of the school districts' insurance programs by contract with the  
23 authority as provided in RCW 28A.400.350; (d) employees of a tribal  
24 government, if the governing body of the tribal government seeks and  
25 receives the approval of the authority to provide any of its  
26 insurance programs by contract with the authority, as provided in RCW  
27 41.05.021(1) (f) and (g); (e) employees of the Washington health  
28 benefit exchange if the governing board of the exchange established  
29 in RCW 43.71.020 seeks and receives approval of the authority to  
30 provide any of its insurance programs by contract with the authority,  
31 as provided in RCW 41.05.021(1) (g) and (n); and (f) employees of a  
32 charter school established under chapter 28A.710 RCW. "Employee" does  
33 not include: Adult family home providers; unpaid volunteers; patients  
34 of state hospitals; inmates; employees of the Washington state  
35 convention and trade center as provided in RCW 41.05.110; students of  
36 institutions of higher education as determined by their institution;  
37 and any others not expressly defined as employees under this chapter  
38 or by the authority under this chapter.

39 (7) "Employer" means the state of Washington.

1 (8) "Employer group" means those counties, municipalities,  
2 political subdivisions, the Washington health benefit exchange,  
3 tribal governments, school districts, and educational service  
4 districts, and employee organizations representing state civil  
5 service employees, obtaining employee benefits through a contractual  
6 agreement with the authority.

7 (9) "Employing agency" means a division, department, or separate  
8 agency of state government, including an institution of higher  
9 education; a county, municipality, school district, educational  
10 service district, or other political subdivision; charter school; and  
11 a tribal government covered by this chapter.

12 (10) "Faculty" means an academic employee of an institution of  
13 higher education whose workload is not defined by work hours but  
14 whose appointment, workload, and duties directly serve the  
15 institution's academic mission, as determined under the authority of  
16 its enabling statutes, its governing body, and any applicable  
17 collective bargaining agreement.

18 (11) "Flexible benefit plan" means a benefit plan that allows  
19 employees to choose the level of health care coverage provided and  
20 the amount of employee contributions from among a range of choices  
21 offered by the authority.

22 (12) "Insuring entity" means an insurer as defined in chapter  
23 48.01 RCW, a health care service contractor as defined in chapter  
24 48.44 RCW, or a health maintenance organization as defined in chapter  
25 48.46 RCW.

26 (13) "Medical flexible spending arrangement" means a benefit plan  
27 whereby state and public employees may reduce their salary before  
28 taxes to pay for medical expenses not reimbursed by insurance as  
29 provided in the salary reduction plan under this chapter pursuant to  
30 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

31 (14) "Participant" means an individual who fulfills the  
32 eligibility and enrollment requirements under the salary reduction  
33 plan.

34 (15) "Plan year" means the time period established by the  
35 authority.

36 (16) "Premium payment plan" means a benefit plan whereby state  
37 and public employees may pay their share of group health plan  
38 premiums with pretax dollars as provided in the salary reduction plan  
39 under this chapter pursuant to 26 U.S.C. Sec. 125 or other sections  
40 of the internal revenue code.

1 (17) "Retired or disabled school employee" means:

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

5 (b) Persons who separate from employment with a school district,  
6 educational service district, or charter school on or after October  
7 1, 1993, and immediately upon separation receive a retirement  
8 allowance under chapter 41.32, 41.35, or 41.40 RCW;

9 (c) Persons who separate from employment with a school district,  
10 educational service district, or charter school due to a total and  
11 permanent disability, and are eligible to receive a deferred  
12 retirement allowance under chapter 41.32, 41.35, or 41.40 RCW.

13 (18) "Salary" means a state employee's monthly salary or wages.

14 (19) "Salary reduction plan" means a benefit plan whereby state  
15 and public employees may agree to a reduction of salary on a pretax  
16 basis to participate in the dependent care assistance program,  
17 medical flexible spending arrangement, or premium payment plan  
18 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the  
19 internal revenue code.

20 (20) "Seasonal employee" means an employee hired to work during a  
21 recurring, annual season with a duration of three months or more, and  
22 anticipated to return each season to perform similar work.

23 (21) "Separated employees" means persons who separate from  
24 employment with an employer as defined in:

25 (a) RCW 41.32.010(17) on or after July 1, 1996; or

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

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

28 and who are at least age fifty-five and have at least ten years of  
29 service under the teachers' retirement system plan 3 as defined in  
30 RCW 41.32.010(33), the Washington school employees' retirement system  
31 plan 3 as defined in RCW 41.35.010, or the public employees'  
32 retirement system plan 3 as defined in RCW 41.40.010.

33 (22) "State purchased health care" or "health care" means medical  
34 and health care, pharmaceuticals, and medical equipment purchased  
35 with state and federal funds by the department of social and health  
36 services, the department of health, the basic health plan, the state  
37 health care authority, the department of labor and industries, the  
38 department of corrections, the department of veterans affairs, and  
39 local school districts.

1 (23) "Tribal government" means an Indian tribal government as  
2 defined in section 3(32) of the employee retirement income security  
3 act of 1974, as amended, or an agency or instrumentality of the  
4 tribal government, that has government offices principally located in  
5 this state.

6 **Sec. 3.** RCW 41.05.050 and 2009 c 537 s 5 are each amended to  
7 read as follows:

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

20 (2) (~~(If the authority at any time determines that the~~  
21 ~~participation of a county, municipal, other political subdivision, or~~  
22 ~~a tribal government covered under this chapter adversely impacts~~  
23 ~~insurance rates for state employees, the authority shall implement~~  
24 ~~limitations on the participation of additional county, municipal,~~  
25 ~~other political subdivisions, or a tribal government)) To account for  
26 increased cost of benefits for the state and for state employees, the  
27 authority may develop a rate surcharge applicable to participating  
28 counties, municipalities, other political subdivisions, and tribal  
29 governments.~~

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

38 (4)(a) The authority shall collect from each participating school  
39 district and educational service district an amount equal to the

1 composite rate charged to state agencies, plus an amount equal to the  
2 employee premiums by plan and family size as would be charged to  
3 state employees, for groups of district employees enrolled in  
4 authority plans. The authority may collect these amounts in  
5 accordance with the district fiscal year, as described in RCW  
6 28A.505.030.

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

18 (c) If the authority determines at any time that the conditions  
19 in (b) of this subsection cannot be met, the authority shall offer  
20 enrollment to additional groups of district employees on a tiered  
21 rate structure until such time as the authority determines there  
22 would be no material difference between revenues and expenditures  
23 under a composite rate structure for all district employees enrolled  
24 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(4), the  
33 authority may allow districts enrolled on a tiered rate structure  
34 prior to September 1, 2002, to continue participation based on the  
35 same rate structure and under the same conditions and eligibility  
36 criteria.

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

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

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