

1 (2) By September 30, 2017, the governor shall appoint the
2 following voting members to the school employees' benefits board as
3 follows:

4 (a) Two members from associations representing certificated
5 employees;

6 (b) Two members from associations representing classified
7 employees;

8 (c) Four members with expertise in employee health benefits
9 policy and administration, one of which is nominated by an
10 association representing school business officials; and

11 (d) The director of the authority or his or her designee.

12 (3) Initial members of the school employees' benefits board shall
13 serve staggered terms not to exceed four years. Members appointed
14 thereafter shall serve two-year terms.

15 (4) Compensation and reimbursement related to school employees'
16 benefits board member service are as follows:

17 (a) Members of the school employees' benefits board must be
18 compensated in accordance with RCW 43.03.250 and must be reimbursed
19 for their travel expenses while on official business in accordance
20 with RCW 43.03.050 and 43.03.060.

21 (b) While school employees' benefits board members are carrying
22 out their powers and duties under chapter 41.05 RCW, if the service
23 of any certificated or classified employee results in a need for a
24 school employees' benefits board organization to employ a substitute
25 for such certificated or classified employee during such service,
26 payment for such a substitute may be made by the authority from funds
27 appropriated by the legislature for the school employees' benefits
28 board program. If such substitute is paid by the authority, no
29 deduction shall be made from the salary of the certificated or
30 classified employee. In no event shall a school employees' benefits
31 board organization deduct from the salary of a certificated or
32 classified employee serving on the school employees' benefits board
33 more than the amount paid the substitute employed by the school
34 employees' benefits board organization.

35 (5) The director of the authority or his or her designee shall be
36 the chair and another member shall be selected by the school
37 employees' benefits board as vice chair. The chair shall conduct
38 meetings of the school employees' benefits board. The vice chair
39 shall preside over meetings in the absence of the chair. The school

1 employees' benefits board shall develop bylaws for the conduct of its
2 business.

3 (6) The school employees' benefits board shall:

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

11 (b) Develop school employee benefit plans that include
12 comprehensive, evidence-based health care benefits for school
13 employees. In developing these plans, the school employees' benefits
14 board shall consider the following elements:

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

17 (ii) 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 (iii) Wellness, preventive care, chronic disease management, and
21 other incentives that focus on proven strategies;

22 (iv) Utilization review procedures to support cost-effective
23 benefits delivery;

24 (v) Ways to leverage efficient purchasing by coordinating with
25 the public employees' benefits board;

26 (vi) Effective coordination of benefits; and

27 (vii) Minimum standards for insuring entities;

28 (c) Authorize premium contributions for ~~((an))~~ a school employee
29 and the employee's dependents in a manner that encourages the use of
30 cost-efficient health care systems. For participating school
31 employees, the required school employee share of the cost for family
32 coverage ~~((under a plan))~~ premiums may not exceed ~~((the required~~
33 ~~employee share of the cost for employee only coverage))~~ three times
34 the premiums for a school employee purchasing single coverage for the
35 same coverage plan;

36 (d) Determine the terms and conditions of school employee and
37 dependent eligibility criteria, enrollment policies, and scope of
38 coverage. At a minimum, the eligibility criteria established by the
39 school employees' benefits board shall address the following:

40 (i) The effective date of coverage following hire;

1 (ii) ~~((An))~~ The benefits eligibility criteria, but the school
2 employees' benefits board's criteria shall be no more restrictive
3 than requiring that a school employee ~~((must))~~ be anticipated to work
4 at least six hundred thirty hours per school year ~~((to qualify for~~
5 ~~coverage))~~ to be benefits eligible; and

6 (iii) Coverage for dependents, including criteria for legal
7 spouses; children up to age twenty-six; children of any age with
8 disabilities, mental illness, or intellectual or other developmental
9 disabilities; and state registered domestic partners, as defined in
10 RCW 26.60.020, and others authorized by the legislature;

11 ~~((Determine the terms and conditions of purchasing system~~
12 ~~participation, consistent with chapter 13, Laws of 2017 3rd sp.~~
13 ~~sess., including establishment of criteria for employing districts~~
14 ~~and individual employees;~~

15 ~~((f))~~ Establish penalties to be imposed when ~~((the employing~~
16 ~~district))~~ a school employees' benefits board organization fails to
17 comply with established participation criteria; and

18 ~~((g))~~ (f) Participate with the authority in the preparation of
19 specifications and selection of carriers contracted for school
20 employee benefit plan coverage of eligible school employees in
21 accordance with the criteria set forth in rules. To the extent
22 possible, the school employees' benefits board shall leverage
23 efficient purchasing by coordinating with the public employees'
24 benefits board.

25 (7) School employees shall choose participation in one of the
26 health care benefit plans developed by the school employees' benefits
27 board. Individual school employees may be permitted to waive coverage
28 under terms and conditions established by the school employees'
29 benefits board.

30 (8) By November 30, 2021, the authority shall review the benefit
31 plans provided through the school employees' benefits board, complete
32 an analysis of the benefits provided and the administration of the
33 benefits plans, and determine whether provisions in chapter 13, Laws
34 of 2017 3rd sp. sess. have resulted in cost savings to the state. The
35 authority shall submit a report to the relevant legislative policy
36 and fiscal committees summarizing the results of the review and
37 analysis.

38 **Sec. 2.** RCW 41.05.006 and 2006 c 299 s 1 are each amended to
39 read as follows:

1 (1) The legislature recognizes that (a) the state is a major
2 purchaser of health care services, (b) the increasing costs of such
3 health care services are posing and will continue to pose a great
4 financial burden on the state, (c) it is the state's policy,
5 consistent with the best interests of the state, to provide
6 comprehensive health care as an employer, to ~~((state))~~ employees and
7 school employees ~~((and))~~, officials ~~((and))~~, their dependents, and to
8 those who are dependent on the state for necessary medical care, and
9 (d) it is imperative that the state begin to develop effective and
10 efficient health care delivery systems and strategies for procuring
11 health care services in order for the state to continue to purchase
12 the most comprehensive health care possible.

13 (2) It is therefore the purpose of this chapter to establish the
14 Washington state health care authority whose purpose shall be to (a)
15 develop health care benefit programs that provide access to at least
16 one comprehensive benefit plan funded to the fullest extent possible
17 by the employer, and a health savings account/high deductible health
18 plan option as defined in section 1201 of the medicare prescription
19 drug improvement and modernization act of 2003, as amended, for
20 eligible ~~((state))~~ employees and school employees, officials, and
21 their dependents, and (b) study all state purchased health care,
22 alternative health care delivery systems, and strategies for the
23 procurement of health care services and make recommendations aimed at
24 minimizing the financial burden which health care poses on the state,
25 ~~((its))~~ employees and school employees, and its charges, while at the
26 same time allowing the state to provide the most comprehensive health
27 care options possible.

28 **Sec. 3.** RCW 41.05.009 and 2015 c 116 s 1 are each amended to
29 read as follows:

30 (1) The authority, or an employing agency at the authority's
31 direction, shall initially determine and periodically review whether
32 an employee or a school employee is eligible for benefits pursuant to
33 the criteria established under this chapter.

34 (2) An employing agency shall inform an employee or a school
35 employee in writing whether or not he or she is eligible for benefits
36 when initially determined and upon any subsequent change, including
37 notice of the employee's or school employee's right to an appeal.

1 **Sec. 4.** RCW 41.05.011 and 2017 3rd sp.s. c 13 s 802 are each
2 amended to read as follows:

3 The definitions in this section apply throughout this chapter
4 unless the context clearly requires otherwise.

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

6 (2) "Board" means the public employees' benefits board
7 established under RCW 41.05.055 and the school employees' benefits
8 board established under RCW 41.05.740.

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

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

15 (5) "Emergency service personnel killed in the line of duty"
16 means law enforcement officers and firefighters as defined in RCW
17 41.26.030, members of the Washington state patrol retirement fund as
18 defined in RCW 43.43.120, and reserve officers and firefighters as
19 defined in RCW 41.24.010 who die as a result of injuries sustained in
20 the course of employment as determined consistent with Title 51 RCW
21 by the department of labor and industries.

22 (6)(a) "Employee" for the public employees' benefits board
23 program includes all employees of the state, whether or not covered
24 by civil service; elected and appointed officials of the executive
25 branch of government, including full-time members of boards,
26 commissions, or committees; justices of the supreme court and judges
27 of the court of appeals and the superior courts; and members of the
28 state legislature. Pursuant to contractual agreement with the
29 authority, "employee" may also include: (i) Employees of a county,
30 municipality, or other political subdivision of the state and members
31 of the legislative authority of any county, city, or town who are
32 elected to office after February 20, 1970, if the legislative
33 authority of the county, municipality, or other political subdivision
34 of the state submits application materials to the authority to
35 provide any of its insurance programs by contract with the authority,
36 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
37 employee organizations representing state civil service employees, at
38 the option of each such employee organization; (iii) through December
39 31, 2019, employees of a school district if the authority agrees to
40 provide any of the school districts' insurance programs by contract

1 with the authority as provided in RCW 28A.400.350; (iv) employees of
2 a tribal government, if the governing body of the tribal government
3 seeks and receives the approval of the authority to provide any of
4 its insurance programs by contract with the authority, as provided in
5 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
6 benefit exchange if the governing board of the exchange established
7 in RCW 43.71.020 seeks and receives approval of the authority to
8 provide any of its insurance programs by contract with the authority,
9 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
10 December 31, 2019, employees of a charter school established under
11 chapter 28A.710 RCW. "Employee" does not include: Adult family home
12 providers; unpaid volunteers; patients of state hospitals; inmates;
13 employees of the Washington state convention and trade center as
14 provided in RCW 41.05.110; students of institutions of higher
15 education as determined by their institution; and any others not
16 expressly defined as employees under this chapter or by the authority
17 under this chapter.

18 (b) Effective January 1, 2020, "school employee" for the school
19 employees' benefits board program includes all employees of school
20 districts, educational service districts, and charter schools
21 established under chapter 28A.710 RCW.

22 (7) "Employee group" means employees of a similar employment
23 type, such as administrative, represented classified, nonrepresented
24 classified, confidential, represented certificated, or nonrepresented
25 certificated, within a school (~~(district)~~) employees' benefits board
26 organization.

27 (8)(a) "Employer" for the public employees' benefits board
28 program means the state of Washington.

29 (b) "Employer" for the school employees' benefits board program
30 means school districts and educational service districts and charter
31 schools established under chapter 28A.710 RCW.

32 (9) "Employer group" means those counties, municipalities,
33 political subdivisions, the Washington health benefit exchange,
34 tribal governments, (~~(school districts, and educational service~~
35 ~~districts, and)~~) employee organizations representing state civil
36 service employees, and through December 31, 2019, school districts,
37 educational service districts, and charter schools obtaining employee
38 benefits through a contractual agreement with the authority to
39 participate in benefit plans developed by the public employees'
40 benefits board.

1 (10)(a) "Employing agency" for the public employees' benefits
2 board program means a division, department, or separate agency of
3 state government, including an institution of higher education; a
4 county, municipality, or other political subdivision; (~~charter~~
5 ~~school~~) and a tribal government covered by this chapter.

6 (b) "Employing agency" for the school employees' benefits board
7 program means school districts (~~and~~), educational service
8 districts, and charter schools.

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

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

19 (13) "Insuring entity" means an insurer as defined in chapter
20 48.01 RCW, a health care service contractor as defined in chapter
21 48.44 RCW, or a health maintenance organization as defined in chapter
22 48.46 RCW.

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

28 (15) "Participant" means an individual who fulfills the
29 eligibility and enrollment requirements under the salary reduction
30 plan.

31 (16) "Plan year" means the time period established by the
32 authority.

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

38 (18) "Public employee" has the same meaning as employee and
39 school employee.

40 (19) "Retired or disabled school employee" means:

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

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

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

12 ~~((19))~~ (20) "Salary" means a state or school employee's monthly
13 salary or wages.

14 ~~((20))~~ (21) "Salary reduction plan" means a benefit plan
15 whereby ~~((state and))~~ public employees may agree to a reduction of
16 salary on a pretax basis to participate in the dependent care
17 assistance program, medical flexible spending arrangement, or premium
18 payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections
19 of the internal revenue code.

20 ~~((21) "School employees' benefits board" means the board
21 established in RCW 41.05.740.)~~

22 (22) "School employees' benefits board ~~((participating))~~
23 organization" means a public school district or educational service
24 district or charter school established under chapter 28A.710 RCW that
25 ~~((participates))~~ is required to participate in benefit plans provided
26 by the school employees' benefits board.

27 (23) "School year" means school year as defined in RCW
28 28A.150.203(11).

29 (24) "Seasonal employee" means a state employee hired to work
30 during a recurring, annual season with a duration of three months or
31 more, and anticipated to return each season to perform similar work.

32 ~~((24))~~ (25) "Separated employees" means persons who separate
33 from employment with an employer as defined in:

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

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

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

37 and who are at least age fifty-five and have at least ten years of
38 service under the teachers' retirement system plan 3 as defined in
39 RCW 41.32.010(33), the Washington school employees' retirement system

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

3 ~~((+25+))~~ (26) "State purchased health care" or "health care"
4 means medical and health care, pharmaceuticals, and medical equipment
5 purchased with state and federal funds by the department of social
6 and health services, the department of health, the basic health plan,
7 the state health care authority, the department of labor and
8 industries, the department of corrections, the department of veterans
9 affairs, and local school districts.

10 ~~((+26+))~~ (27) "Tribal government" means an Indian tribal
11 government as defined in section 3(32) of the employee retirement
12 income security act of 1974, as amended, or an agency or
13 instrumentality of the tribal government, that has government offices
14 principally located in this state.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.05
16 RCW to read as follows:

17 It is the intent of the legislature that the word "board" be read
18 to mean both the school employees' benefits board and the public
19 employees' benefits board throughout this chapter. The use of "board"
20 should be liberally construed to mean both boards, to the extent not
21 in conflict with state or federal law. In no case shall either board
22 be limited from exercising its individual authority as authorized
23 within this chapter.

24 **Sec. 6.** RCW 41.05.021 and 2017 3rd sp.s. c 13 s 803 are each
25 amended to read as follows:

26 (1) The Washington state health care authority is created within
27 the executive branch. The authority shall have a director appointed
28 by the governor, with the consent of the senate. The director shall
29 serve at the pleasure of the governor. The director may employ a
30 deputy director, and such assistant directors and special assistants
31 as may be needed to administer the authority, who shall be exempt
32 from chapter 41.06 RCW, and any additional staff members as are
33 necessary to administer this chapter. The director may delegate any
34 power or duty vested in him or her by law, including authority to
35 make final decisions and enter final orders in hearings conducted
36 under chapter 34.05 RCW. The primary duties of the authority shall be
37 to: Administer insurance benefits for ~~((state))~~ employees, retired or
38 disabled state and school employees, and ~~((subject to school~~

1 ~~employees' benefits board direction,~~) school employees; administer
2 the basic health plan pursuant to chapter 70.47 RCW; administer the
3 children's health program pursuant to chapter 74.09 RCW; study state
4 purchased health care programs in order to maximize cost containment
5 in these programs while ensuring access to quality health care;
6 implement state initiatives, joint purchasing strategies, and
7 techniques for efficient administration that have potential
8 application to all state-purchased health services; and administer
9 grants that further the mission and goals of the authority. The
10 authority's duties include, but are not limited to, the following:

11 (a) To administer health care benefit programs for ((state))
12 employees, retired or disabled state and school employees, and
13 (~~subject to school employees' benefits board direction,~~) school
14 employees as specifically authorized in RCW 41.05.065 and 41.05.740
15 and in accordance with the methods described in RCW 41.05.075,
16 41.05.140, and other provisions of this chapter;

17 (b) To analyze state purchased health care programs and to
18 explore options for cost containment and delivery alternatives for
19 those programs that are consistent with the purposes of those
20 programs, including, but not limited to:

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

25 (ii) Utilization of provider arrangements that encourage cost
26 containment, including but not limited to prepaid delivery systems,
27 utilization review, and prospective payment methods, and that ensure
28 access to quality care, including assuring reasonable access to local
29 providers, especially for employees and school employees residing in
30 rural areas;

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

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

35 (v) Development of data systems to obtain utilization data from
36 state purchased health care programs in order to identify cost
37 centers, utilization patterns, provider and hospital practice
38 patterns, and procedure costs, utilizing the information obtained
39 pursuant to RCW 41.05.031; and

1 (vi) In collaboration with other state agencies that administer
2 state purchased health care programs, private health care purchasers,
3 health care facilities, providers, and carriers:

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

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

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

14 (B) Through state health purchasing, reimbursement, or pilot
15 strategies, promote and increase the adoption of health information
16 technology systems, including electronic medical records, by
17 hospitals as defined in RCW 70.41.020, integrated delivery systems,
18 and providers that:

19 (I) Facilitate diagnosis or treatment;

20 (II) Reduce unnecessary duplication of medical tests;

21 (III) Promote efficient electronic physician order entry;

22 (IV) Increase access to health information for consumers and
23 their providers; and

24 (V) Improve health outcomes;

25 (C) Coordinate a strategy for the adoption of health information
26 technology systems using the final health information technology
27 report and recommendations developed under chapter 261, Laws of 2005;

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

30 (d) To provide information and technical and administrative
31 assistance to the board (~~and the school employees' benefits board~~);

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

38 (f) To review and approve or deny the application when the
39 governing body of a tribal government applies to transfer their
40 employees to an insurance or self-insurance program administered

1 (~~under this chapter~~) by the public employees' benefits board. In
2 the event of an employee transfer pursuant to this subsection (1)(f),
3 members of the governing body are eligible to be included in such a
4 transfer if the members are authorized by the tribal government to
5 participate in the insurance program being transferred from and
6 subject to payment by the members of all costs of insurance for the
7 members. The authority shall: (i) Establish the conditions for
8 participation; (ii) have the sole right to reject the application;
9 and (iii) set the premium contribution for approved groups as
10 outlined in RCW 41.05.050. Approval of the application by the
11 authority transfers the employees and dependents involved to the
12 insurance, self-insurance, or health care program (~~approved by the~~
13 ~~authority~~) administered by the public employees' benefits board;

14 (g) To ensure the continued status of the employee insurance or
15 self-insurance programs administered under this chapter as a
16 governmental plan under section 3(32) of the employee retirement
17 income security act of 1974, as amended, the authority shall limit
18 the participation of employees of a county, municipal, school
19 district, educational service district, or other political
20 subdivision, the Washington health benefit exchange, or a tribal
21 government, including providing for the participation of those
22 employees whose services are substantially all in the performance of
23 essential governmental functions, but not in the performance of
24 commercial activities. Charter schools established under chapter
25 28A.710 RCW are employers and are school employees' benefits board
26 organizations unless:

27 (i) The authority receives guidance from the internal revenue
28 service or the United States department of labor that participation
29 jeopardizes the status of plans offered under this chapter as
30 governmental plans under the federal employees' retirement income
31 security act or the internal revenue code; or

32 (ii) The charter schools are not in compliance with regulations
33 issued by the internal revenue service and the United States treasury
34 department pertaining to section 414(d) of the federal internal
35 revenue code;

36 (h) To establish billing procedures and collect funds from school
37 (~~districts~~) employees' benefits board organizations in a way that
38 minimizes the administrative burden on districts;

39 (i) Through December 31, 2019, to publish and distribute to
40 nonparticipating school districts and educational service districts

1 by October 1st of each year a description of health care benefit
2 plans available through the authority and the estimated cost if
3 school districts and educational service district employees were
4 enrolled;

5 (j) To apply for, receive, and accept grants, gifts, and other
6 payments, including property and service, from any governmental or
7 other public or private entity or person, and make arrangements as to
8 the use of these receipts to implement initiatives and strategies
9 developed under this section;

10 (k) To issue, distribute, and administer grants that further the
11 mission and goals of the authority;

12 (l) To adopt rules consistent with this chapter as described in
13 RCW 41.05.160 including, but not limited to:

14 (i) Setting forth the criteria established by the public
15 employees' benefits board under RCW 41.05.065, and by the school
16 employees' benefits board under RCW 41.05.740, for determining
17 whether an employee or school employee is eligible for benefits;

18 (ii) Establishing an appeal process in accordance with chapter
19 34.05 RCW by which an employee or school employee may appeal an
20 eligibility determination;

21 (iii) Establishing a process to assure that the eligibility
22 determinations of an employing agency comply with the criteria under
23 this chapter, including the imposition of penalties as may be
24 authorized by the board (~~(or the school employees' benefits board)~~);

25 (m)(i) To administer the medical services programs established
26 under chapter 74.09 RCW as the designated single state agency for
27 purposes of Title XIX of the federal social security act;

28 (ii) To administer the state children's health insurance program
29 under chapter 74.09 RCW for purposes of Title XXI of the federal
30 social security act;

31 (iii) To enter into agreements with the department of social and
32 health services for administration of medical care services programs
33 under Titles XIX and XXI of the social security act. The agreements
34 shall establish the division of responsibilities between the
35 authority and the department with respect to mental health, chemical
36 dependency, and long-term care services, including services for
37 persons with developmental disabilities. The agreements shall be
38 revised as necessary, to comply with the final implementation plan
39 adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

1 (iv) To adopt rules to carry out the purposes of chapter 74.09
2 RCW;

3 (v) To appoint such advisory committees or councils as may be
4 required by any federal statute or regulation as a condition to the
5 receipt of federal funds by the authority. The director may appoint
6 statewide committees or councils in the following subject areas: (A)
7 Health facilities; (B) children and youth services; (C) blind
8 services; (D) medical and health care; (E) drug abuse and alcoholism;
9 (F) rehabilitative services; and (G) such other subject matters as
10 are or come within the authority's responsibilities. The statewide
11 councils shall have representation from both major political parties
12 and shall have substantial consumer representation. Such committees
13 or councils shall be constituted as required by federal law or as the
14 director in his or her discretion may determine. The members of the
15 committees or councils shall hold office for three years except in
16 the case of a vacancy, in which event appointment shall be only for
17 the remainder of the unexpired term for which the vacancy occurs. No
18 member shall serve more than two consecutive terms. Members of such
19 state advisory committees or councils may be paid their travel
20 expenses in accordance with RCW 43.03.050 and 43.03.060 as now
21 existing or hereafter amended;

22 (n) To review and approve or deny the application from the
23 governing board of the Washington health benefit exchange to provide
24 public employees' benefits board state-sponsored insurance or self-
25 insurance programs to employees of the exchange. The authority shall
26 (i) establish the conditions for participation; (ii) have the sole
27 right to reject an application; and (iii) set the premium
28 contribution for approved groups as outlined in RCW 41.05.050.

29 (2) On and after January 1, 1996, the public employees' benefits
30 board and the school employees' benefits board beginning October 1,
31 2017, may implement strategies to promote managed competition among
32 employee and school employee health benefit plans. Strategies may
33 include but are not limited to:

34 (a) Standardizing the benefit package;

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

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

38 (d) Monitoring the impact of the approach under this subsection
39 with regards to: Efficiencies in health service delivery, cost shifts
40 to subscribers, access to and choice of managed care plans statewide,

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

4 **Sec. 7.** RCW 41.05.022 and 2017 3rd sp.s. c 13 s 804 are each
5 amended to read as follows:

6 (1) The health care authority is hereby designated as the single
7 state agent for purchasing health services.

8 (2) On and after January 1, 1995, at least the following state-
9 purchased health services programs shall be merged into a single,
10 community-rated risk pool: Health benefits for groups of employees of
11 school districts and educational service districts that voluntarily
12 purchase health benefits as provided in RCW 41.05.011 through
13 December 31, 2019; health benefits for ((state)) employees; health
14 benefits for eligible retired or disabled school employees not
15 eligible for parts A and B of medicare; and health benefits for
16 eligible state retirees not eligible for parts A and B of medicare.

17 (3) On and after January 1, 2020, health benefits for groups of
18 school employees of (~~school districts and educational service~~
19 ~~districts~~) school employees' benefits board organizations shall be
20 merged into a single, community-rated risk pool separate and distinct
21 from the pool described in subsection (2) of this section.

22 (4) By December 15, 2018, the health care authority, in
23 consultation with the (~~public employees' benefits board and the~~
24 ~~school employees' benefits~~) board, shall submit to the appropriate
25 committees of the legislature a complete analysis of the most
26 appropriate risk pool for the retired and disabled school employees,
27 to include at a minimum an analysis of the size of the nonmedicare
28 and medicare retiree enrollment pools, the impacts on cost for state
29 and school district retirees of moving retirees from one pool to
30 another, the need for and the amount of an ongoing retiree subsidy
31 allocation from the active school employees, and the timing and
32 suggested approach for a transition from one risk pool to another.

33 (5) At a minimum, and regardless of other legislative enactments,
34 the state health services purchasing agent shall:

35 (a) Require that a public agency that provides subsidies for a
36 substantial portion of services now covered under the basic health
37 plan use uniform eligibility processes, insofar as may be possible,
38 and ensure that multiple eligibility determinations are not required;

1 (b) Require that a health care provider or a health care facility
2 that receives funds from a public program provide care to state
3 residents receiving a state subsidy who may wish to receive care from
4 them, and that an insuring entity that receives funds from a public
5 program accept enrollment from state residents receiving a state
6 subsidy who may wish to enroll with them;

7 (c) Strive to integrate purchasing for all publicly sponsored
8 health services in order to maximize the cost control potential and
9 promote the most efficient methods of financing and coordinating
10 services;

11 (d) Consult regularly with the governor, the legislature, and
12 state agency directors whose operations are affected by the
13 implementation of this section; and

14 (e) Ensure the control of benefit costs under managed competition
15 by adopting rules to prevent (~~employers~~) an employing agency from
16 entering into an agreement with employees or employee organizations
17 when the agreement would result in increased utilization in (~~public
18 employees' benefits board or school employee[s]' benefits~~) board
19 plans or reduce the expected savings of managed competition.

20 **Sec. 8.** RCW 41.05.023 and 2007 c 259 s 6 are each amended to
21 read as follows:

22 (1) The health care authority, in collaboration with the
23 department of health, shall design and implement a chronic care
24 management program for (~~state~~) employees and school employees
25 enrolled in the state's self-insured uniform medical plan. Programs
26 must be evidence based, facilitating the use of information
27 technology to improve quality of care and must improve coordination
28 of primary, acute, and long-term care for those enrollees with
29 multiple chronic conditions. The authority shall consider expansion
30 of existing medical home and chronic care management programs. The
31 authority shall use best practices in identifying those employees and
32 school employees best served under a chronic care management model
33 using predictive modeling through claims or other health risk
34 information.

35 (2) For purposes of this section:

36 (a) "Medical home" means a site of care that provides
37 comprehensive preventive and coordinated care centered on the patient
38 needs and assures high-quality, accessible, and efficient care.

1 (b) "Chronic care management" means the authority's program that
2 provides care management and coordination activities for health plan
3 enrollees determined to be at risk for high medical costs. "Chronic
4 care management" provides education and training and/or coordination
5 that assist program participants in improving self-management skills
6 to improve health outcomes and reduce medical costs by educating
7 clients to better utilize services.

8 **Sec. 9.** RCW 41.05.026 and 2017 3rd sp.s. c 13 s 805 are each
9 amended to read as follows:

10 (1) When soliciting proposals for the purpose of awarding
11 contracts for goods or services, the director shall, upon written
12 request by the bidder, exempt from public inspection and copying such
13 proprietary data, trade secrets, or other information contained in
14 the bidder's proposal that relate to the bidder's unique methods of
15 conducting business or of determining prices or premium rates to be
16 charged for services under terms of the proposal.

17 (2) When soliciting information for the development, acquisition,
18 or implementation of state purchased health care services, the
19 director shall, upon written request by the respondent, exempt from
20 public inspection and copying such proprietary data, trade secrets,
21 or other information submitted by the respondent that relate to the
22 respondent's unique methods of conducting business, data unique to
23 the product or services of the respondent, or to determining prices
24 or rates to be charged for services.

25 (3) Actuarial formulas, statistics, cost and utilization data, or
26 other proprietary information submitted upon request of the director,
27 board, (~~(school employees' benefits board,~~) or a technical review
28 committee created to facilitate the development, acquisition, or
29 implementation of state purchased health care under this chapter by a
30 contracting insurer, health care service contractor, health
31 maintenance organization, vendor, or other health services
32 organization may be withheld at any time from public inspection when
33 necessary to preserve trade secrets or prevent unfair competition.

34 (4) The board(~~(, school employees' benefits board,~~) or a
35 technical review committee created to facilitate the development,
36 acquisition, or implementation of state purchased health care under
37 this chapter, may hold an executive session in accordance with
38 chapter 42.30 RCW during any regular or special meeting to discuss

1 information submitted in accordance with subsections (1) through (3)
2 of this section.

3 (5) A person who challenges a request for or designation of
4 information as exempt under this section is entitled to seek judicial
5 review pursuant to chapter 42.56 RCW.

6 **Sec. 10.** RCW 41.05.050 and 2017 3rd sp.s. c 13 s 806 are each
7 amended to 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) To account for increased cost of benefits for the state and
21 for state employees, the authority may develop a rate surcharge
22 applicable to participating counties, municipalities, other political
23 subdivisions, and tribal governments.

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

33 (4)(a) Until January 1, 2020, the authority shall collect from
34 each participating school district and educational service district
35 an amount equal to the composite rate charged to state agencies, plus
36 an amount equal to the employee premiums by plan and family size as
37 would be charged to ~~((state))~~ employees, for groups of school
38 district and educational service district employees enrolled in
39 authority plans. The authority may collect these amounts in

1 accordance with the school district or educational service district
2 fiscal year, as described in RCW 28A.505.030.

3 (b) For all groups of school district or educational service
4 district employees enrolling in authority plans for the first time
5 after September 1, 2003, and until January 1, 2020, the authority
6 shall collect from each participating school district or educational
7 service district an amount equal to the composite rate charged to
8 state agencies, plus an amount equal to the employee premiums by plan
9 and by family size as would be charged to ((state)) employees, only
10 if the authority determines that this method of billing the school
11 districts and educational service districts will not result in a
12 material difference between revenues from school districts and
13 educational service districts and expenditures made by the authority
14 on behalf of school districts and educational service districts and
15 their employees. The authority may collect these amounts in
16 accordance with the school district or educational service district
17 fiscal year, as described in RCW 28A.505.030.

18 (c) Until January 1, 2020, if the authority determines at any
19 time that the conditions in (b) of this subsection cannot be met, the
20 authority shall offer enrollment to additional groups of ((district))
21 school and educational service district employees on a tiered rate
22 structure until such time as the authority determines there would be
23 no material difference between revenues and expenditures under a
24 composite rate structure for all ((district)) school and educational
25 service district employees enrolled in authority plans.

26 (d) Beginning January 1, 2020, all school districts ((and)),
27 educational service districts, and charter schools shall commence
28 participation in the school employees' benefits board program
29 established under RCW 41.05.740. All school districts ((and)),
30 educational service districts, charter schools, and all school
31 district employee groups participating in the public employees'
32 benefits board plans before January 1, 2020, shall thereafter
33 participate in the school employees' benefits board program
34 administered by the authority. All school districts, educational
35 service districts, and charter schools shall provide contributions to
36 the authority for insurance and health care plans for school
37 employees and their dependents. These contributions must be provided
38 to the authority for all eligible school employees, including school
39 employees who have waived their coverage.

40 (e) For the purposes of this subsection((+)

1 ~~(i) "District" means school district and educational service~~
2 ~~district; and~~

3 ~~(ii))~~, "tiered rates" means the amounts the authority must pay
4 to insuring entities by plan and by family size.

5 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
6 authority may allow school districts and educational service
7 districts enrolled on a tiered rate structure prior to September 1,
8 2002, and until January 1, 2020, to continue participation based on
9 the same rate structure and under the same conditions and eligibility
10 criteria.

11 (5) The authority shall transmit a recommendation for the amount
12 of the employer contributions to the governor and the director of
13 financial management for inclusion in the proposed budgets submitted
14 to the legislature.

15 **Sec. 11.** RCW 41.05.055 and 2017 3rd sp.s. c 13 s 807 are each
16 amended to read as follows:

17 (1) The public employees' benefits board is created within the
18 authority. The function of the public employees' benefits board is to
19 design and approve insurance benefit plans for employees and to
20 establish eligibility criteria for participation in insurance benefit
21 plans.

22 (2) The public employees' benefits board shall be composed of
23 nine members through December 31, 2019, and of eight members
24 thereafter, appointed by the governor as follows:

25 (a) Two representatives of state employees, one of whom shall
26 represent an employee union certified as exclusive representative of
27 at least one bargaining unit of classified employees, and one of whom
28 is retired, is covered by a program under the jurisdiction of the
29 public employees' benefits board, and represents an organized group
30 of retired public employees;

31 (b) Through December 31, 2019, two representatives of school
32 district employees, one of whom shall represent an association of
33 school employees as a nonvoting member, and one of whom is retired,
34 and represents an organized group of retired school employees.
35 Thereafter, and only while retired school employees are served by the
36 public employees' benefits board, only the retired representative
37 shall serve on the public employees' benefits board;

38 (c) Four members with experience in health benefit management and
39 cost containment, one of whom shall be a nonvoting member; and

1 (d) The director.

2 (3) The governor shall appoint the initial members of the public
3 employees' benefits board to staggered terms not to exceed four
4 years. Members appointed thereafter shall serve two-year terms.
5 Members of the public employees' benefits board shall be compensated
6 in accordance with RCW 43.03.250 and shall be reimbursed for their
7 travel expenses while on official business in accordance with RCW
8 43.03.050 and 43.03.060. The public employees' benefits board shall
9 prescribe rules for the conduct of its business. The director shall
10 serve as chair of the public employees' benefits board. Meetings of
11 the public employees' benefits board shall be at the call of the
12 chair.

13 **Sec. 12.** RCW 41.05.065 and 2015 c 116 s 3 are each amended to
14 read as follows:

15 (1) The public employees' benefits board shall study all matters
16 connected with the provision of health care coverage, life insurance,
17 liability insurance, accidental death and dismemberment insurance,
18 and disability income insurance or any of, or a combination of, the
19 enumerated types of insurance for employees and their dependents on
20 the best basis possible with relation both to the welfare of the
21 employees and to the state. However, liability insurance shall not be
22 made available to dependents.

23 (2) The public employees' benefits board shall develop employee
24 benefit plans that include comprehensive health care benefits for
25 employees. In developing these plans, the public employees' benefits
26 board shall consider the following elements:

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

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

32 (c) Wellness incentives that focus on proven strategies, such as
33 smoking cessation, injury and accident prevention, reduction of
34 alcohol misuse, appropriate weight reduction, exercise, automobile
35 and motorcycle safety, blood cholesterol reduction, and nutrition
36 education;

37 (d) Utilization review procedures including, but not limited to a
38 cost-efficient method for prior authorization of services, hospital
39 inpatient length of stay review, requirements for use of outpatient

1 surgeries and second opinions for surgeries, review of invoices or
2 claims submitted by service providers, and performance audit of
3 providers;

4 (e) Effective coordination of benefits; and

5 (f) Minimum standards for insuring entities.

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

16 (4) Except if bargained for under chapter 41.80 RCW, the public
17 employees' benefits board shall design benefits and determine the
18 terms and conditions of employee and retired or disabled school
19 employee participation and coverage, including establishment of
20 eligibility criteria subject to the requirements of this chapter.
21 Employer groups obtaining benefits through contractual agreement with
22 the authority for employees defined in RCW 41.05.011(6)(a) (i)
23 through (~~(d)~~) (vi) may contractually agree with the authority to
24 benefits eligibility criteria which differs from that determined by
25 the public employees' benefits board. The eligibility criteria
26 established by the public employees' benefits board shall be no more
27 restrictive than the following:

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

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

1 (ii) An employee who works an average of at least eighty hours
2 per month over a period of six consecutive months and for at least
3 eight hours in each of those six consecutive months becomes eligible
4 at the first of the month following the six-month averaging period.

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

21 (c) Faculty are eligible as follows:

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

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

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

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

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

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

28 (vi) For the purposes of this subsection (4)(c):

29 (A) "Academic year" means summer, fall, winter, and spring
30 quarters or summer, fall, and spring semesters;

31 (B) "Half-time" means one-half of the full-time academic workload
32 as determined by each institution; except that for community and
33 technical college faculty, half-time academic workload is calculated
34 according to RCW 28B.50.489.

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

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

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

7 (g) In determining eligibility under this section, the employing
8 agency may disregard training hours, standby hours, or temporary
9 changes in work hours as determined by the authority under this
10 section.

11 (h) Insurance coverage for all eligible employees begins on the
12 first day of the month following the date when eligibility for
13 benefits is established. If the date eligibility is established is
14 the first working day of a month, insurance coverage begins on that
15 date.

16 (i) Eligibility for an employee whose work circumstances are
17 described by more than one of the eligibility categories in (a)
18 through (e) of this subsection shall be determined solely by the
19 criteria of the category that most closely describes the employee's
20 work circumstances.

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

33 (k) For the purposes of this subsection, the public employees'
34 benefits board shall define "benefits-eligible position."

35 (5) The public employees' benefits board may authorize premium
36 contributions for an employee and the employee's dependents in a
37 manner that encourages the use of cost-efficient managed health care
38 systems.

39 (6)(a) For any open enrollment period following August 24, 2011,
40 the public employees' benefits board shall offer a health savings

1 account option for employees that conforms to section 223, Part VII
2 of subchapter B of chapter 1 of the internal revenue code of 1986.
3 The public employees' benefits board shall comply with all applicable
4 federal standards related to the establishment of health savings
5 accounts.

6 (b) By November 30, 2015, and each year thereafter, the authority
7 shall submit a report to the relevant legislative policy and fiscal
8 committees that includes the following:

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

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

15 (iii) Any impact of enrollment in alternatives to the most
16 comprehensive plan, including the high deductible health plan with a
17 health savings account, upon the cost of health benefits for those
18 employees who have chosen to remain enrolled in the most
19 comprehensive plan.

20 (7) Notwithstanding any other provision of this chapter, for any
21 open enrollment period following August 24, 2011, the public
22 employees' benefits board shall offer a high deductible health plan
23 in conjunction with a health savings account developed under
24 subsection (6) of this section.

25 (8) Employees shall choose participation in one of the health
26 care benefit plans developed by the public employees' benefits board
27 and may be permitted to waive coverage under terms and conditions
28 established by the public employees' benefits board.

29 (9) The public employees' benefits board shall review plans
30 proposed by insuring entities that desire to offer property insurance
31 and/or accident and casualty insurance to state employees through
32 payroll deduction. The public employees' benefits board may approve
33 any such plan for payroll deduction by insuring entities holding a
34 valid certificate of authority in the state of Washington and which
35 the public employees' benefits board determines to be in the best
36 interests of employees and the state. The public employees' benefits
37 board shall adopt rules setting forth criteria by which it shall
38 evaluate the plans.

39 (10) Before January 1, 1998, the public employees' benefits board
40 shall make available one or more fully insured long-term care

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

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

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

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

31 (d) The public employees' benefits board and the health care
32 authority shall establish a technical advisory committee to provide
33 advice in the development of the benefit design and establishment of
34 underwriting guidelines and eligibility rules. The committee shall
35 also advise the public employees' benefits board and authority on
36 effective and cost-effective ways to market and distribute the long-
37 term care product. The technical advisory committee shall be
38 comprised, at a minimum, of representatives of the office of the
39 insurance commissioner, providers of long-term care services,
40 licensed insurance agents with expertise in long-term care insurance,

1 employees, retired employees, retired school employees, and other
2 interested parties determined to be appropriate by the public
3 employees' benefits board.

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

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

15 (g) The health care authority, with the cooperation of the office
16 of the insurance commissioner, shall develop a consumer education
17 program for the eligible employees, retired employees, and retired
18 school employees designed to provide education on the potential need
19 for long-term care, methods of financing long-term care, and the
20 availability of long-term care insurance products including the
21 products offered by the public employees' benefits board.

22 (11) The public employees' benefits board may establish penalties
23 to be imposed by the authority when the eligibility determinations of
24 an employing agency fail to comply with the criteria under this
25 chapter.

26 **Sec. 13.** RCW 41.05.066 and 2015 c 116 s 4 are each amended to
27 read as follows:

28 A certificate of domestic partnership qualified under the
29 provisions of RCW 26.60.030 shall be recognized as evidence of a
30 qualified domestic partnership fulfilling all necessary eligibility
31 criteria for the partner of the employee or school employee to
32 receive benefits. Nothing in this section affects the requirements of
33 domestic partners to complete documentation related to federal tax
34 status that may currently be required by the board for employees or
35 school employees choosing to make premium payments on a pretax basis.

36 **Sec. 14.** RCW 41.05.075 and 2017 3rd sp.s. c 13 s 808 are each
37 amended to read as follows:

1 (1) The director shall provide benefit plans designed by the
2 board (~~(and the school employees' benefits board)~~) through a contract
3 or contracts with insuring entities, through self-funding, self-
4 insurance, or other methods of providing insurance coverage
5 authorized by RCW 41.05.140. The process of contracting for plans
6 offered by the school employees' benefits board is subject to
7 (~~oversight~~) insight and direction by the school employees' benefits
8 board.

9 (2) The director(~~(, subject to school employees' benefits board~~
10 ~~direction for plans offered to school employees,)~~) shall establish a
11 contract bidding process that:

12 (a) Encourages competition among insuring entities;

13 (b) Maintains an equitable relationship between premiums charged
14 for similar benefits and between risk pools including premiums
15 charged for retired state and school district employees under the
16 separate risk pools established by RCW 41.05.022 and 41.05.080 such
17 that insuring entities may not avoid risk when establishing the
18 premium rates for retirees eligible for medicare;

19 (c) Is timely to the state budgetary process; and

20 (d) Sets conditions for awarding contracts to any insuring
21 entity.

22 (3) (~~(School districts directly providing medical and dental~~
23 ~~benefits plans and contracted insuring entities providing medical and~~
24 ~~dental benefits plans to school districts on December 31, 2017,)~~) The
25 entities described in RCW 28A.400.275(2) shall provide the school
26 employees' benefits board and authority specified data by (~~(January~~
27 ~~1, 2019)~~) April 1, 2018, in a format to be determined by the
28 authority, to support an initial benefits plans procurement. At a
29 minimum, the data must cover the period January 1, 2014, through
30 (~~(August 1, 2018)~~) December 31, 2017, and include:

31 (a) A summary of the benefit packages offered to each group of
32 (~~(district)~~) school employees, including covered benefits, point-of-
33 service cost-sharing, member count, and the group policy number;

34 (b) Aggregated subscriber and member demographic information,
35 including age band and gender, by insurance tier by month and by
36 benefit packages;

37 (c) Monthly total by benefit package, including premiums paid,
38 inpatient facility claims paid, outpatient facility claims paid,
39 physician claims paid, pharmacy claims paid, capitation amounts paid,
40 and other claims paid;

1 (d) A listing for calendar years 2014 through 2017 of large
2 claims defined as annual amounts paid in excess of one hundred
3 thousand dollars including the amount paid, the member enrollment
4 status, and the primary diagnosis; (~~and~~)

5 (e) A listing of calendar year (~~2018~~) 2017 allowed claims by
6 provider entity; and

7 (f) All data needed for design, procurement, rate setting, and
8 administration of all school employees' benefits board benefits.

9 Any data that may be confidential and contain personal health
10 information may be protected in accordance with a data-sharing
11 agreement.

12 (4) The director shall establish a requirement for review of
13 utilization and financial data from participating insuring entities
14 on a quarterly basis.

15 (5) The director shall centralize the enrollment files for all
16 employee, school employee, and retired or disabled school employee
17 health plans offered under chapter 41.05 RCW and develop enrollment
18 demographics on a plan-specific basis.

19 (6) All claims data shall be the property of the state. The
20 director may require of any insuring entity that submits a bid to
21 contract for coverage all information deemed necessary including:

22 (a) Subscriber or member demographic and claims data necessary
23 for risk assessment and adjustment calculations in order to fulfill
24 the director's duties as set forth in this chapter; and

25 (b) Subscriber or member demographic and claims data necessary to
26 implement performance measures or financial incentives related to
27 performance under subsection (8) of this section.

28 (7) All contracts with insuring entities for the provision of
29 health care benefits shall provide that the beneficiaries of such
30 benefit plans may use on an equal participation basis the services of
31 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32,
32 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to
33 registered nurses and advanced registered nurse practitioners.
34 However, nothing in this subsection may preclude the director from
35 establishing appropriate utilization controls approved pursuant to
36 RCW 41.05.065(2) (a), (b), and (d).

37 (8) The director shall, in collaboration with other state
38 agencies that administer state purchased health care programs,
39 private health care purchasers, health care facilities, providers,
40 and carriers:

1 (a) Use evidence-based medicine principles to develop common
2 performance measures and implement financial incentives in contracts
3 with insuring entities, health care facilities, and providers that:

4 (i) Reward improvements in health outcomes for individuals with
5 chronic diseases, increased utilization of appropriate preventive
6 health services, and reductions in medical errors; and

7 (ii) Increase, through appropriate incentives to insuring
8 entities, health care facilities, and providers, the adoption and use
9 of information technology that contributes to improved health
10 outcomes, better coordination of care, and decreased medical errors;

11 (b) Through state health purchasing, reimbursement, or pilot
12 strategies, promote and increase the adoption of health information
13 technology systems, including electronic medical records, by
14 hospitals as defined in RCW 70.41.020, integrated delivery systems,
15 and providers that:

16 (i) Facilitate diagnosis or treatment;

17 (ii) Reduce unnecessary duplication of medical tests;

18 (iii) Promote efficient electronic physician order entry;

19 (iv) Increase access to health information for consumers and
20 their providers; and

21 (v) Improve health outcomes;

22 (c) Coordinate a strategy for the adoption of health information
23 technology systems using the final health information technology
24 report and recommendations developed under chapter 261, Laws of 2005.

25 (9) The director may permit the Washington state health insurance
26 pool to contract to utilize any network maintained by the authority
27 or any network under contract with the authority.

28 **Sec. 15.** RCW 41.05.080 and 2015 c 116 s 5 are each amended to
29 read as follows:

30 (1) Under the qualifications, terms, conditions, and benefits set
31 by the public employees' benefits board:

32 (a) Retired or disabled state employees, retired or disabled
33 school employees, retired or disabled employees of county, municipal,
34 or other political subdivisions, or retired or disabled employees of
35 tribal governments covered by this chapter may continue their
36 participation in insurance plans and contracts after retirement or
37 disablement;

1 (b) Separated employees may continue their participation in
2 insurance plans and contracts if participation is selected
3 immediately upon separation from employment;

4 (c) Surviving spouses, surviving state registered domestic
5 partners, and dependent children of emergency service personnel
6 killed in the line of duty may participate in insurance plans and
7 contracts.

8 (2) Rates charged surviving spouses and surviving state
9 registered domestic partners of emergency service personnel killed in
10 the line of duty, retired or disabled employees, separated employees,
11 spouses, or dependent children who are not eligible for parts A and B
12 of medicare shall be based on the experience of the community rated
13 risk pool established under RCW 41.05.022.

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

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

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

37 **Sec. 16.** RCW 41.05.085 and 2005 c 195 s 3 are each amended to
38 read as follows:

1 (1) Beginning with the appropriations act for the 2005-2007
2 biennium, the legislature shall establish as part of both the state
3 employees' and the school and educational service district employees'
4 insurance benefit allocation the portion of the allocation to be used
5 to provide a prescription drug subsidy to reduce the health care
6 insurance premiums charged to retired or disabled school district and
7 educational service district employees, or retired state employees,
8 who are eligible for parts A and B of medicare. The legislature may
9 also establish a separate health care subsidy to reduce insurance
10 premiums charged to individuals who select a medicare supplemental
11 insurance policy option established in RCW 41.05.195.

12 (2) The amount of any premium reduction shall be established by
13 the public employees' benefits board. The amount established shall
14 not result in a premium reduction of more than fifty percent, except
15 as provided in subsection (3) of this section. The public employees'
16 benefits board may also determine the amount of any subsidy to be
17 available to spouses and dependents.

18 (3) The amount of the premium reduction in subsection (2) of this
19 section may exceed fifty percent, if the ((~~administrator~~)) director,
20 in consultation with the office of financial management, determines
21 that it is necessary in order to meet eligibility requirements to
22 participate in the federal employer incentive program as provided in
23 RCW 41.05.068.

24 **Sec. 17.** RCW 41.05.140 and 2013 c 251 s 10 are each amended to
25 read as follows:

26 (1) Except for property and casualty insurance, the authority may
27 self-fund, self-insure, or enter into other methods of providing
28 insurance coverage for insurance programs under its jurisdiction,
29 including the basic health plan as provided in chapter 70.47 RCW. The
30 authority shall contract for payment of claims or other
31 administrative services for programs under its jurisdiction. If a
32 program does not require the prepayment of reserves, the authority
33 shall establish such reserves within a reasonable period of time for
34 the payment of claims as are normally required for that type of
35 insurance under an insured program. The authority shall endeavor to
36 reimburse basic health plan health care providers under this section
37 at rates similar to the average reimbursement rates offered by the
38 statewide benchmark plan determined through the request for proposal
39 process.

1 (2) Reserves established by the authority for employee and
2 retiree benefit programs shall be held in a separate account in the
3 custody of the state treasurer and shall be known as the public
4 employees' and retirees' insurance reserve fund. The state treasurer
5 may invest the moneys in the reserve fund pursuant to RCW 43.79A.040.

6 (3) Reserves established by the authority for school employee
7 benefit programs shall be held in a separate account in the custody
8 of the state treasurer and shall be known as the school employees'
9 insurance reserve fund. The state treasurer may invest the moneys in
10 the reserve fund pursuant to RCW 43.79A.040.

11 (4) Any savings realized as a result of a program created for
12 employees or school employees and retirees under this section shall
13 not be used to increase benefits unless such use is authorized by
14 statute.

15 ((+4)) (5) Any program created under this section shall be
16 subject to the examination requirements of chapter 48.03 RCW as if
17 the program were a domestic insurer. In conducting an examination,
18 the commissioner shall determine the adequacy of the reserves
19 established for the program.

20 ((+5)) (6) The authority shall keep full and adequate accounts
21 and records of the assets, obligations, transactions, and affairs of
22 any program created under this section.

23 ((+6)) (7) The authority shall file a quarterly statement of the
24 financial condition, transactions, and affairs of any program created
25 under this section in a form and manner prescribed by the insurance
26 commissioner. The statement shall contain information as required by
27 the commissioner for the type of insurance being offered under the
28 program. A copy of the annual statement shall be filed with the
29 speaker of the house of representatives and the president of the
30 senate.

31 ((+7)) (8) The provisions of this section do not apply to the
32 administration of chapter 74.09 RCW.

33 **Sec. 18.** RCW 41.05.225 and 2002 c 71 s 1 are each amended to
34 read as follows:

35 (1) The public employees' benefits board shall offer a plan of
36 health insurance to blind licensees who are actively operating
37 facilities and participating in the business enterprises program
38 established in RCW 74.18.200 through 74.18.230, and maintained by the
39 department of services for the blind. The plan of health insurance

1 benefits must be the same or substantially similar to the plan of
2 health insurance benefits offered to state employees under this
3 chapter. Enrollment will be at the option of each individual licensee
4 or vendor, under rules established by the public employees' benefits
5 board.

6 (2) All costs incurred by the state or the public employees'
7 benefits board for providing health insurance coverage to active
8 blind vendors, excluding family participation, under subsection (1)
9 of this section may be paid for from net proceeds from vending
10 machine operations in public buildings under RCW 74.18.230.

11 (3) Money from the business enterprises program under the federal
12 Randolph-Sheppard Act may not be used for family participation in the
13 health insurance benefits provided under this section. Family
14 insurance benefits are the sole responsibility of the individual
15 blind vendors.

16 **Sec. 19.** RCW 41.05.300 and 2008 c 229 s 3 are each amended to
17 read as follows:

18 (1) The state of Washington may enter into salary reduction
19 agreements with employees and school employees (~~(of the state)~~)
20 pursuant to the internal revenue code, for the purpose of making it
21 possible for employees and school employees (~~(of the state)~~) to
22 select on a "before-tax basis" certain taxable and nontaxable
23 benefits. The purpose of the salary reduction plan established in
24 this chapter is to attract and retain individuals in governmental
25 service by permitting them to enter into agreements with the state to
26 provide for benefits pursuant to 26 U.S.C. Sec. 125, 26 U.S.C. Sec.
27 129, and other applicable sections of the internal revenue code.

28 (2) Nothing in the salary reduction plan constitutes an
29 employment agreement between the participant and the state, and
30 nothing contained in the participant's salary reduction agreement,
31 the plan, this section, or RCW 41.05.123, 41.05.310 through
32 41.05.360, and 41.05.295 gives a participant any right to be retained
33 in state employment.

34 **Sec. 20.** RCW 41.05.320 and 2008 c 229 s 5 are each amended to
35 read as follows:

36 (1) Elected officials and permanent employees and school
37 employees (~~(of the state)~~) are eligible to participate in the salary
38 reduction plan and reduce their salary by agreement with the

1 authority. The authority may adopt rules to: (a) Limit the
2 participation of employing agencies and their employees in the plan;
3 and (b) permit participation in the plan by temporary employees and
4 school employees (~~of the state~~)).

5 (2) Persons eligible under subsection (1) of this section may
6 enter into salary reduction agreements with the state.

7 (3)(a) An eligible person may become a participant of the salary
8 reduction plan for a full plan year with annual benefit plan
9 selection for each new plan year made before the beginning of the
10 plan year, as determined by the authority, or upon becoming eligible.

11 (b) Once an eligible person elects to participate in the salary
12 reduction plan and determines the amount his or her gross salary
13 shall be reduced and the benefit plan for which the funds are to be
14 used during the plan year, the agreement shall be irrevocable and may
15 not be amended during the plan year except as provided in (c) of this
16 subsection. Prior to making an election to participate in the salary
17 reduction plan, the eligible person shall be informed in writing of
18 all the benefits and reductions that will occur as a result of such
19 election.

20 (c) The authority shall provide in the salary reduction plan that
21 a participant may enroll, terminate, or change his or her election
22 after the plan year has begun if there is a significant change in a
23 participant's status, as provided by 26 U.S.C. Sec. 125 and the
24 regulations adopted under that section and defined by the authority.

25 (4) The authority shall establish as part of the salary reduction
26 plan the procedures for and effect of withdrawal from the plan by
27 reason of retirement, death, leave of absence, or termination of
28 employment. To the extent possible under federal law, the authority
29 shall protect participants from forfeiture of rights under the plan.

30 (5) Any reduction of salary under the salary reduction plan shall
31 not reduce the reportable compensation for the purpose of computing
32 the state retirement and pension benefits earned by the employee or
33 school employee pursuant to chapters 41.26, 41.32, 41.35, 41.37,
34 41.40, and 43.43 RCW.

35 **Sec. 21.** RCW 41.04.205 and 2016 c 67 s 1 are each amended to
36 read as follows:

37 (1) Notwithstanding the provisions of RCW 41.04.180, the
38 employees, with their dependents, of any county, municipality, or
39 other political subdivision of this state shall be eligible to

1 participate in any insurance or self-insurance program for employees
2 administered under chapter 41.05 RCW if the legislative authority of
3 any such county, municipality, or other political subdivisions of
4 this state determines, subject to collective bargaining under
5 applicable statutes, a transfer to an insurance or self-insurance
6 program administered under chapter 41.05 RCW should be made. In the
7 event of a special district employee transfer pursuant to this
8 section, members of the governing authority shall be eligible to be
9 included in such transfer if such members are authorized by law as of
10 June 25, 1976 to participate in the insurance program being
11 transferred from and subject to payment by such members of all costs
12 of insurance for members.

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

16 (a) Establish the conditions for participation; and

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

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

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

26 (4) Until December 31, 2019, school districts may voluntarily
27 transfer to the public employees' benefits board, except that all
28 eligible employees in a bargaining unit of a school district may
29 transfer only as a unit and all nonrepresented employees in a
30 district may transfer only as a unit.

31 **Sec. 22.** RCW 28A.400.275 and 2017 3rd sp.s. c 13 s 814 and 2017
32 3rd sp.s. c 7 s 1 are each reenacted and amended to read as follows:

33 (1) Any contract or agreement for employee benefits executed
34 after April 13, 1990, between a school district or educational
35 service district and a benefit provider or employee bargaining unit
36 is null and void unless it contains an agreement to abide by state
37 laws relating to school district and educational service district
38 employee benefits. The term of the contract or agreement may not
39 exceed one year, except that the final contract or agreement entered

1 into for the 2018-19 school year may exceed one year only by the
2 months necessary to ensure employee benefits are maintained through
3 December 31, 2019.

4 ~~(2) ((Through December 31, 2019, school districts and their~~
5 ~~benefit providers shall annually submit, by a date determined by the~~
6 ~~office of the insurance commissioner, the following information and~~
7 ~~data for the prior calendar year to the office of the insurance~~
8 ~~commissioner:~~

9 ~~(a) Progress by the district and its benefit providers toward~~
10 ~~greater affordability for full family coverage, health care cost~~
11 ~~savings, and significantly reduced administrative costs;~~

12 ~~(b) Compliance with the requirement to provide a high deductible~~
13 ~~health plan option with a health savings account;~~

14 ~~(c) An overall plan summary including the following:~~

15 ~~(i) The financial plan structure and overall performance of each~~
16 ~~health plan including:~~

17 ~~(A) Total premium expenses;~~

18 ~~(B) Total claims expenses;~~

19 ~~(C) Claims reserves; and~~

20 ~~(D) Plan administration expenses, including compensation paid to~~
21 ~~brokers;~~

22 ~~(ii) A description of the plan's use of innovative health plan~~
23 ~~features designed to reduce health benefit premium growth and reduce~~
24 ~~utilization of unnecessary health services including but not limited~~
25 ~~to the use of enrollee health assessments or health coach services,~~
26 ~~care management for high cost or high risk enrollees, medical or~~
27 ~~health home payment mechanisms, and plan features designed to create~~
28 ~~incentives for improved personal health behaviors;~~

29 ~~(iii) Data to provide an understanding of employee health benefit~~
30 ~~plan coverage and costs, including: The total number of employees~~
31 ~~and, for each employee, the employee's full-time equivalent status,~~
32 ~~types of coverage or benefits received including numbers of covered~~
33 ~~dependents, the number of eligible dependents, the amount of the~~
34 ~~district's contribution to premium, additional premium costs paid by~~
35 ~~the employee through payroll deductions, and the age and sex of the~~
36 ~~employee and each dependent;~~

37 ~~(iv) Data necessary for school districts to more effectively and~~
38 ~~competitively manage and procure health insurance plans for~~
39 ~~employees. The data must include, but not be limited to, the~~
40 ~~following:~~

1 ~~(A) A summary of the benefit packages offered to each group of~~
2 ~~district employees, including covered benefits, employee deductibles,~~
3 ~~coinsurance, and copayments, and the number of employees and their~~
4 ~~dependents in each benefit package;~~

5 ~~(B) Aggregated employee and dependent demographic information,~~
6 ~~including age band and gender, by insurance tier and by benefit~~
7 ~~package;~~

8 ~~(C) Total claim payments by benefit package, including premiums~~
9 ~~paid, inpatient facility claims paid, outpatient facility claims~~
10 ~~paid, physician claims paid, pharmacy claims paid, capitation amounts~~
11 ~~paid, and other claims paid;~~

12 ~~(D) Total premiums paid by benefit package;~~

13 ~~(E) A listing of large claims defined as annual amounts paid in~~
14 ~~excess of one hundred thousand dollars including the amount paid, the~~
15 ~~member enrollment status, and the primary diagnosis;~~

16 ~~(F) After December 31, 2018, school districts shall submit such~~
17 ~~data as required by the school employees' benefits board to~~
18 ~~administer the consolidated purchasing of health services.~~

19 ~~(3) Through December 31, 2018, school districts and their benefit~~
20 ~~providers shall jointly report to the office of the insurance~~
21 ~~commissioner on their health insurance related efforts and~~
22 ~~achievements to:~~

23 ~~(a) Significantly reduce administrative costs for school~~
24 ~~districts;~~

25 ~~(b) Improve customer service;~~

26 ~~(c) Reduce differential plan premium rates between employee only~~
27 ~~and family health benefit premiums;~~

28 ~~(d) Protect access to coverage for part-time K-12 employees.~~

29 ~~(4) The information and data shall be submitted in a format and~~
30 ~~according to a schedule established by the office of the insurance~~
31 ~~commissioner under RCW 48.02.210 to enable the commissioner to meet~~
32 ~~the reporting obligations under that section.~~

33 ~~(5) Through December 31, 2018,) School districts, educational~~
34 ~~service districts, and their benefit providers shall submit data to~~
35 ~~the health care authority in accordance with RCW 41.05.075(3).~~

36 (3) Any benefit provider offering a benefit plan by contract or
37 agreement with a school district or educational service district
38 under subsection (1) of this section shall make available to the
39 school district or educational service district the benefit plan
40 descriptions and, where available, the demographic information on

1 plan subscribers that the school district, educational service
2 district, and benefit provider are required to report to the (~~office~~
3 ~~of the insurance commissioner~~) health care authority under this
4 section. (~~After December 31, 2018, a benefit provider shall submit~~
5 ~~such data to the school employees' benefits board.~~

6 ~~(6))~~ (4) Each school district and educational service district
7 shall:

8 (a) Carry out all actions required by the school employees'
9 benefits board and the health care authority under chapter 41.05 RCW
10 including, but not limited to, those necessary for the operation of
11 benefit plans, education of employees, claims administration, and
12 appeals process; and

13 (b) Report all data relating to employees eligible to participate
14 in benefits or plans administered by the school employees' benefits
15 board and the health care authority in a format designed and
16 communicated by the school employees' benefits board and the health
17 care authority.

18 **Sec. 23.** RCW 28A.400.350 and 2017 3rd sp.s. c 13 s 816 are each
19 amended to read as follows:

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

34 (2)(a) Whenever funds are available for these purposes the board
35 of directors of the school district or educational service district
36 may contribute all or a part of the cost of such protection or
37 insurance for the employees of their respective school districts or
38 educational service districts and their dependents. The premiums on

1 such liability insurance shall be borne by the school district or
2 educational service district.

3 (b) After October 1, 1990, school districts may not contribute to
4 any employee protection or insurance other than liability insurance
5 unless the district's employee benefit plan conforms to RCW
6 28A.400.275 and 28A.400.280.

7 (c) After December 31, 2019, school district contributions to any
8 employee insurance that is purchased through the health care
9 authority must conform to the requirements established by chapter
10 41.05 RCW and the school employees' benefits board.

11 (3) For school board members, educational service district board
12 members, and students, the premiums due on such protection or
13 insurance shall be borne by the assenting school board member,
14 educational service district board member, or student. The school
15 district or educational service district may contribute all or part
16 of the costs, including the premiums, of life, health, health care,
17 accident or disability insurance which shall be offered to all
18 students participating in interschool activities on the behalf of or
19 as representative of their school, school district, or educational
20 service district. The school district board of directors and the
21 educational service district board may require any student
22 participating in extracurricular interschool activities to, as a
23 condition of participation, document evidence of insurance or
24 purchase insurance that will provide adequate coverage, as determined
25 by the school district board of directors or the educational service
26 district board, for medical expenses incurred as a result of injury
27 sustained while participating in the extracurricular activity. In
28 establishing such a requirement, the district shall adopt regulations
29 for waiving or reducing the premiums of such coverage as may be
30 offered through the school district or educational service district
31 to students participating in extracurricular activities, for those
32 students whose families, by reason of their low income, would have
33 difficulty paying the entire amount of such insurance premiums. The
34 district board shall adopt regulations for waiving or reducing the
35 insurance coverage requirements for low-income students in order to
36 assure such students are not prohibited from participating in
37 extracurricular interschool activities.

38 (4) All contracts or agreements for insurance or protection
39 written to take advantage of the provisions of this section shall
40 provide that the beneficiaries of such contracts may utilize on an

1 equal participation basis the services of those practitioners
2 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71
3 RCW.

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

7 (i) Offer a high deductible health plan option with a health
8 savings account that conforms to section 223, part VII of subchapter
9 1 of the internal revenue code of 1986. School districts shall comply
10 with all applicable federal standards related to the establishment of
11 health savings accounts;

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

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

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

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

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

39 ~~((e) Upon notification from the office of the insurance
40 commissioner of a school district's substantial noncompliance with~~

~~1 the data reporting requirements of RCW 28A.400.275, and the failure
2 is due to the action or inaction of the school district, and if the
3 noncompliance has occurred for two reporting periods, the
4 superintendent is authorized and required to limit the school
5 district's authority provided in subsection (1) of this section
6 regarding employee health benefits to the provision of health benefit
7 coverage provided by the state health care authority.))~~

8 (6) The authority to make available basic and optional benefits
9 to school employees under this section expires December 31, 2019.
10 Beginning January 1, 2020, school districts and educational service
11 districts shall make available basic and optional benefits through
12 plans offered by the health care authority and the school employees'
13 benefits board.

14 NEW SECTION. **Sec. 24.** A new section is added to chapter 28A.710
15 RCW to read as follows:

16 (1) A function of the school employees' benefits board
17 established under RCW 41.05.740 is to design and approve insurance
18 benefit plans and to establish eligibility criteria for participation
19 in insurance benefit plans by January 1, 2020. In order for the
20 school employees' benefits board to develop these benefit plans,
21 charter school employees' information must be provided to the school
22 employees' benefits board and the health care authority.

23 (2) Charter schools and their benefit providers must submit data
24 to the health care authority in accordance with RCW 41.05.075(3).

25 (3) Any benefit provider offering a benefit plan by contract or
26 agreement with a charter school must make available to the charter
27 school the benefit plan descriptions and, where available, the
28 demographic information on plan subscribers that the charter school
29 and benefit providers are required to report to the health care
30 authority under this section.

31 (4) Each charter school must:

32 (a) Carry out all actions required by the school employees'
33 benefits board and the health care authority under chapter 41.05 RCW
34 including, but not limited to, those actions necessary for the
35 operation of benefit plans, education of employees, claims
36 administration, and appeals process; and

37 (b) Report all data relating to employees eligible to participate
38 in benefits or plans administered by the school employees' benefits
39 board and the health care authority in a format designed and

1 communicated by the school employees' benefits board and the health
2 care authority.

3 **PART II**

4 **SCHOOL EMPLOYEES' BENEFITS BOARD FISCAL ACCOUNT CREATIONS**

5 **Sec. 25.** RCW 41.05.120 and 2017 3rd sp.s. c 13 s 809 are each
6 amended to read as follows:

7 (1) The public employees' and retirees' insurance account is
8 hereby established in the custody of the state treasurer, to be used
9 by the director for the deposit of contributions, the remittance paid
10 by school districts and educational service districts under RCW
11 28A.400.410, reserves, dividends, and refunds, for payment of
12 premiums for employee and retiree insurance benefit contracts and
13 subsidy amounts provided under RCW 41.05.085, and transfers from the
14 flexible spending administrative account as authorized in RCW
15 41.05.123. Moneys from the account shall be disbursed by the state
16 treasurer by warrants on vouchers duly authorized by the director.
17 Moneys from the account may be transferred to the flexible spending
18 administrative account to provide reserves and start-up costs for the
19 operation of the flexible spending administrative account program.

20 (2) The state treasurer and the state investment board may invest
21 moneys in the public employees' and retirees' insurance account. All
22 such investments shall be in accordance with RCW 43.84.080 or
23 43.84.150, whichever is applicable. The director shall determine
24 whether the state treasurer or the state investment board or both
25 shall invest moneys in the public employees' and retirees' insurance
26 account.

27 (3) The school employees' insurance account is hereby established
28 in the custody of the state treasurer, to be used by the director for
29 the deposit of contributions, reserves, dividends, and refunds, for
30 payment of premiums for school employee insurance benefit contracts,
31 and for transfers from the flexible spending administrative account
32 as authorized in this subsection. Moneys from the account shall be
33 disbursed by the state treasurer by warrants on vouchers duly
34 authorized by the director. Moneys from the account may be
35 transferred to the flexible spending administrative account to
36 provide reserves and start-up costs for the operation of the flexible
37 spending administrative account program.

1 (4) The state treasurer and the state investment board may invest
2 moneys in the school employees' insurance account. These investments
3 must be in accordance with RCW 43.84.080 or 43.84.150, whichever is
4 applicable. The director shall determine whether the state treasurer
5 or the state investment board or both shall invest moneys in the
6 school employees' insurance account.

7 **Sec. 26.** RCW 41.05.123 and 2008 c 229 s 6 are each amended to
8 read as follows:

9 (1) For the public employees' benefits board program, the
10 flexible spending administrative account is created in the custody of
11 the state treasurer.

12 (a) All receipts from the following must be deposited in the
13 account:

14 ((+a)) (i) Revenues from employing agencies for costs associated
15 with operating the medical flexible spending arrangement program and
16 the dependent care assistance program provided through the salary
17 reduction plan authorized under this chapter;

18 ((+b)) (ii) Funds transferred from the dependent care
19 administrative account; and

20 ((+c)) (iii) Unclaimed moneys at the end of the plan year after
21 all timely submitted claims for that plan year have been processed.
22 Expenditures from the account may be used only for administrative and
23 other expenses related to operating the medical flexible spending
24 arrangement program and the dependent care assistance program
25 provided through the salary reduction plan authorized under this
26 chapter. Only the ((administrator)) director or the
27 ((administrator's)) director's designee may authorize expenditures
28 from the account. The account is subject to allotment procedures
29 under chapter 43.88 RCW, but an appropriation is not required for
30 expenditures.

31 ((+2)) (b) The salary reduction account is established in the
32 state treasury. Employee and school employee salary reductions paid
33 to reimburse participants or service providers for benefits provided
34 by the medical flexible spending arrangement program and the
35 dependent care assistance program provided through the salary
36 reduction plan authorized under this chapter shall be paid from the
37 salary reduction account. The funds held by the state to pay for
38 benefits provided by the medical flexible spending arrangement
39 program and the dependent care assistance program provided through

1 the salary reduction plan authorized under this chapter shall be
2 deposited in the salary reduction account. Unclaimed moneys remaining
3 in the salary reduction account at the end of a plan year after all
4 timely submitted claims for that plan year have been processed shall
5 become a part of the flexible spending administrative account. Only
6 the (~~administrator~~) director or the (~~administrator's~~) director's
7 designee may authorize expenditures from the account. The account is
8 not subject to allotment procedures under chapter 43.88 RCW and an
9 appropriation is not required for expenditures.

10 (~~(3)~~) (c) Program claims reserves and money necessary for
11 start-up costs transferred from the public employees' and retirees'
12 insurance account established in RCW 41.05.120 may be deposited in
13 the flexible spending administrative account. Moneys in excess of the
14 amount necessary for administrative and operating expenses of the
15 medical flexible spending arrangement program may be transferred to
16 the public employees' and retirees' insurance account.

17 (~~(4)~~) (d) The authority may periodically bill employing
18 agencies for costs associated with operating the medical flexible
19 spending arrangement program and the dependent care assistance
20 program provided through the salary reduction plan authorized under
21 this chapter.

22 (2) For the school employees' benefits board program, the school
23 employees' benefits board program flexible spending administrative
24 account is created in the custody of the state treasurer.

25 (a) All receipts from the following must be deposited in the
26 account:

27 (i) Revenues from employing agencies for costs associated with
28 operating the medical flexible spending arrangement program and the
29 dependent care assistance program provided through the salary
30 reduction plan authorized under this chapter;

31 (ii) Funds transferred from the school employees' benefits board
32 program dependent care administrative account; and

33 (iii) Unclaimed moneys at the end of the plan year after all
34 timely submitted claims for that plan year have been processed.
35 Expenditures from the account may be used only for administrative and
36 other expenses related to operating the medical flexible spending
37 arrangement program and the dependent care assistance program
38 provided through the salary reduction plan authorized under this
39 chapter. Only the director or the director's designee may authorize
40 expenditures from the account. The account is subject to allotment

1 procedures under chapter 43.88 RCW, but an appropriation is not
2 required for expenditures.

3 (b) The school employees' benefits board salary reduction account
4 is established in the state treasury. School employee salary
5 reductions paid to reimburse participants or service providers for
6 benefits provided by the medical flexible spending arrangement
7 program and the dependent care assistance program provided through
8 the salary reduction plan authorized under this chapter shall be paid
9 from the salary reduction account. The funds held by the state to pay
10 for benefits provided by the medical flexible spending arrangement
11 program and the dependent care assistance program provided through
12 the salary reduction plan authorized under this chapter shall be
13 deposited in the school employees' benefits board salary reduction
14 account. Unclaimed moneys remaining in the school employees' benefits
15 board salary reduction account at the end of a plan year after all
16 timely submitted claims for that plan year have been processed shall
17 become a part of the school employees' benefits board flexible
18 spending administrative and dependent care account. Only the director
19 or the director's designee may authorize expenditures from the
20 account. The account is not subject to allotment procedures under
21 chapter 43.88 RCW and an appropriation is not required for
22 expenditures.

23 (c) Program claims reserves and money necessary for start-up
24 costs transferred from the school employees' insurance account
25 established in RCW 41.05.120 may be deposited in the school
26 employees' benefits board flexible spending administrative account.
27 Moneys in excess of the amount necessary for administrative and
28 operating expenses of the medical flexible spending arrangement
29 program may be transferred to the school employees' insurance
30 account.

31 (d) The authority may periodically bill school employees'
32 benefits board organizations for costs associated with operating the
33 medical flexible spending arrangement program and the dependent care
34 assistance program provided through the salary reduction plan
35 authorized under this chapter.

36 **Sec. 27.** RCW 41.05.143 and 2017 3rd sp.s. c 13 s 811 are each
37 amended to read as follows:

38 (1) The uniform medical plan benefits administration account is
39 created in the custody of the state treasurer. Only the director or

1 the director's designee may authorize expenditures from the account.
2 Moneys in the account shall be used exclusively for contracted
3 expenditures for uniform medical plan claims administration, data
4 analysis, utilization management, preferred provider administration,
5 and activities related to benefits administration where the level of
6 services provided pursuant to a contract fluctuate as a direct result
7 of changes in uniform medical plan enrollment. Moneys in the account
8 may also be used for administrative activities required to respond to
9 new and unforeseen conditions that impact the uniform medical plan,
10 but only when the authority and the office of financial management
11 jointly agree that such activities must be initiated prior to the
12 next legislative session.

13 (2) Receipts from amounts due from or on behalf of uniform
14 medical plan enrollees for expenditures related to benefits
15 administration, including moneys disbursed from the public employees'
16 and retirees' insurance account, shall be deposited into the account.
17 The account is subject to allotment procedures under chapter 43.88
18 RCW, but no appropriation is required for expenditures. All proposals
19 for allotment increases shall be provided to the house of
20 representatives appropriations committee and to the senate ways and
21 means committee at the same time as they are provided to the office
22 of financial management.

23 (3) The uniform dental plan benefits administration account is
24 created in the custody of the state treasurer. Only the director or
25 the director's designee may authorize expenditures from the account.
26 Moneys in the account shall be used exclusively for contracted
27 expenditures related to benefits administration for the uniform
28 dental plan as established under RCW 41.05.140. Receipts from amounts
29 due from or on behalf of uniform dental plan enrollees for
30 expenditures related to benefits administration, including moneys
31 disbursed from the public employees' and retirees' insurance account,
32 shall be deposited into the account. The account is subject to
33 allotment procedures under chapter 43.88 RCW, but no appropriation is
34 required for expenditures.

35 (4) The public employees' benefits board medical benefits
36 administration account is created in the custody of the state
37 treasurer. Only the director or the director's designee may authorize
38 expenditures from the account. Moneys in the account shall be used
39 exclusively for contracted expenditures related to claims
40 administration, data analysis, utilization management, preferred

1 provider administration, and other activities related to benefits
2 administration for self-insured medical plans other than the uniform
3 medical plan. Receipts from amounts due from or on behalf of
4 enrollees for expenditures related to benefits administration,
5 including moneys disbursed from the public employees' and retirees'
6 insurance account, shall be deposited into the account. The account
7 is subject to allotment procedures under chapter 43.88 RCW, but an
8 appropriation is not required for expenditures.

9 (5) The school employees' benefits board medical benefits
10 administration account is created in the custody of the state
11 treasurer. Only the director or the director's designee may authorize
12 expenditures from the account. Moneys in the account shall be used
13 exclusively for contracted expenditures related to claims
14 administration, data analysis, utilization management, preferred
15 provider administration, and other activities related to benefits
16 administration for self-insured medical plans other than the uniform
17 medical plan. Receipts from amounts due from or on behalf of
18 enrollees for expenditures related to benefits administration,
19 including moneys disbursed from the school employees' insurance
20 account, shall be deposited into the account. The account is subject
21 to allotment procedures under chapter 43.88 RCW, but no appropriation
22 is required for expenditures.

23 (6) The school employees' benefits board dental benefits
24 administration account is created in the custody of the state
25 treasurer. Only the director or the director's designee may authorize
26 expenditures from the account. Moneys in the account shall be used
27 exclusively for contracted expenditures related to benefits
28 administration for the self-insured dental plan as established under
29 RCW 41.05.140. Receipts from amounts due from or on behalf of the
30 self-insured dental plan enrollees for expenditures related to
31 benefits administration, including moneys disbursed from the school
32 employees' insurance account, shall be deposited into the account.
33 The account is subject to allotment procedures under chapter 43.88
34 RCW, but no appropriation is required for expenditures.

35 **Sec. 28.** RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each
36 amended to read as follows:

37 (1) Money in the treasurer's trust fund may be deposited,
38 invested, and reinvested by the state treasurer in accordance with
39 RCW 43.84.080 in the same manner and to the same extent as if the

1 money were in the state treasury, and may be commingled with moneys
2 in the state treasury for cash management and cash balance purposes.

3 (2) All income received from investment of the treasurer's trust
4 fund must be set aside in an account in the treasury trust fund to be
5 known as the investment income account.

6 (3) The investment income account may be utilized for the payment
7 of purchased banking services on behalf of treasurer's trust funds
8 including, but not limited to, depository, safekeeping, and
9 disbursement functions for the state treasurer or affected state
10 agencies. The investment income account is subject in all respects to
11 chapter 43.88 RCW, but no appropriation is required for payments to
12 financial institutions. Payments must occur prior to distribution of
13 earnings set forth in subsection (4) of this section.

14 (4)(a) Monthly, the state treasurer must distribute the earnings
15 credited to the investment income account to the state general fund
16 except under (b), (c), and (d) of this subsection.

17 (b) The following accounts and funds must receive their
18 proportionate share of earnings based upon each account's or fund's
19 average daily balance for the period: The 24/7 sobriety account, the
20 Washington promise scholarship account, the Gina Grant Bull memorial
21 legislative page scholarship account, the Washington advanced college
22 tuition payment program account, the Washington college savings
23 program account, the accessible communities account, the Washington
24 achieving a better life experience program account, the community and
25 technical college innovation account, the agricultural local fund,
26 the American Indian scholarship endowment fund, the foster care
27 scholarship endowment fund, the foster care endowed scholarship trust
28 fund, the contract harvesting revolving account, the Washington state
29 combined fund drive account, the commemorative works account, the
30 county enhanced 911 excise tax account, the toll collection account,
31 the developmental disabilities endowment trust fund, the energy
32 account, the fair fund, the family and medical leave insurance
33 account, the food animal veterinarian conditional scholarship
34 account, the forest health revolving account, the fruit and vegetable
35 inspection account, the future teachers conditional scholarship
36 account, the game farm alternative account, the GET ready for math
37 and science scholarship account, the Washington global health
38 technologies and product development account, the grain inspection
39 revolving fund, the industrial insurance rainy day fund, the juvenile
40 accountability incentive account, the law enforcement officers' and

1 firefighters' plan 2 expense fund, the local tourism promotion
2 account, the low-income home rehabilitation revolving loan program
3 account, the multiagency permitting team account, the northeast
4 Washington wolf-livestock management account, the pilotage account,
5 the produce railcar pool account, the regional transportation
6 investment district account, the rural rehabilitation account, the
7 Washington sexual assault kit account, the stadium and exhibition
8 center account, the youth athletic facility account, the self-
9 insurance revolving fund, the children's trust fund, the Washington
10 horse racing commission Washington bred owners' bonus fund and
11 breeder awards account, the Washington horse racing commission class
12 C purse fund account, the individual development account program
13 account, the Washington horse racing commission operating account,
14 the life sciences discovery fund, the Washington state heritage
15 center account, the reduced cigarette ignition propensity account,
16 the center for childhood deafness and hearing loss account, the
17 school for the blind account, the Millersylvania park trust fund, the
18 public employees' and retirees' insurance reserve fund, the school
19 employees' insurance reserve fund, and the radiation perpetual
20 maintenance fund.

21 (c) The following accounts and funds must receive eighty percent
22 of their proportionate share of earnings based upon each account's or
23 fund's average daily balance for the period: The advanced right-of-
24 way revolving fund, the advanced environmental mitigation revolving
25 account, the federal narcotics asset forfeitures account, the high
26 occupancy vehicle account, the local rail service assistance account,
27 and the miscellaneous transportation programs account.

28 (d) Any state agency that has independent authority over accounts
29 or funds not statutorily required to be held in the custody of the
30 state treasurer that deposits funds into a fund or account in the
31 custody of the state treasurer pursuant to an agreement with the
32 office of the state treasurer shall receive its proportionate share
33 of earnings based upon each account's or fund's average daily balance
34 for the period.

35 (5) In conformance with Article II, section 37 of the state
36 Constitution, no trust accounts or funds shall be allocated earnings
37 without the specific affirmative directive of this section.

38 NEW SECTION. **Sec. 29.** Sections 14, 22, and 23 of this act are
39 necessary for the immediate preservation of the public peace, health,

1 or safety, or support of the state government and its existing public
2 institutions, and take effect immediately.

--- END ---