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ENGROSSED SUBSTITUTE SENATE BILL 6241

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State of Washington

65th Legislature

2018 Regular Session

By Senate Ways & Means (originally sponsored by Senators Hobbs, Fain, Mullet, and Keiser; by request of Health Care Authority)

READ FIRST TIME 02/01/18.

1 AN ACT Relating to the January 1, 2020, implementation of the  
2 school employees' benefits board program; amending RCW 41.05.740,  
3 41.05.006, 41.05.009, 41.05.011, 41.05.021, 41.05.022, 41.05.023,  
4 41.05.026, 41.05.050, 41.05.055, 41.05.065, 41.05.066, 41.05.075,  
5 41.05.080, 41.05.085, 41.05.140, 41.05.225, 41.05.300, 41.05.320,  
6 41.04.205, 28A.400.350, 41.05.120, 41.05.123, 41.05.143, 43.79A.040,  
7 28A.400.280, and 41.05.700; reenacting and amending RCW 28A.400.275  
8 and 42.56.400; adding new sections to chapter 41.05 RCW; adding a new  
9 section to chapter 28A.710 RCW; adding a new section to chapter  
10 28A.400 RCW; creating a new section; and declaring an emergency.

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

12 **Sec. 1.** RCW 41.05.740 and 2017 3rd sp.s. c 13 s 801 are each  
13 amended to read as follows:

14 (1) The school employees' benefits board is created within the  
15 authority. The function of the school employees' benefits board is to  
16 design and approve insurance benefit plans for school employees and  
17 to establish eligibility criteria for participation in insurance  
18 benefit plans.

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

1 (a) Two members from associations representing certificated  
2 employees;

3 (b) Two members from associations representing classified  
4 employees;

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

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

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

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

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

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

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

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

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

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

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

14 (ii) Development of provider arrangements that encourage cost  
15 containment and ensure access to quality care including, but not  
16 limited to, prepaid delivery systems and prospective payment methods;

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

19 (iv) Utilization review procedures to support cost-effective  
20 benefits delivery;

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

23 (vi) Effective coordination of benefits; and

24 (vii) Minimum standards for insuring entities;

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

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

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

38 (ii) ~~((An))~~ The benefits eligibility criteria, but the school  
39 employees' benefits board's criteria shall be no more restrictive  
40 than requiring that a school employee ~~((must))~~ be anticipated to work

1 at least six hundred thirty hours per school year (~~to qualify for~~  
2 ~~coverage~~) to be benefits eligible; and

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

8 (~~Determine the terms and conditions of purchasing system~~  
9 ~~participation, consistent with chapter 13, Laws of 2017 3rd sp.~~  
10 ~~sess., including establishment of criteria for employing districts~~  
11 ~~and individual employees;~~) Establish terms and conditions for a  
12 school employees' benefits board organization to have the ability to  
13 locally negotiate eligibility criteria for a school employee who is  
14 anticipated to work less than six hundred thirty hours in a school  
15 year. A school employees' benefits board organization that elects to  
16 use a lower threshold of hours for benefits eligibility must use  
17 benefits authorized by the school employees' benefits board and shall  
18 do so as an enrichment to the state's definition of basic education;

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

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

29 (7) School employees shall choose participation in one of the  
30 health care benefit plans developed by the school employees' benefits  
31 board. Individual school employees eligible for benefits under  
32 subsection (6)(d) of this section may be permitted to waive coverage  
33 under terms and conditions established by the school employees'  
34 benefits board.

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

1 and fiscal committees summarizing the results of the review and  
2 analysis.

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

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

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

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

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

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

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

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

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

10 (2) "Board" means the public employees' benefits board  
11 established under RCW 41.05.055 and the school employees' benefits  
12 board established under RCW 41.05.740.

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

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

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

26 (6)(a) "Employee" for the public employees' benefits board  
27 program includes all employees of the state, whether or not covered  
28 by civil service; elected and appointed officials of the executive  
29 branch of government, including full-time members of boards,  
30 commissions, or committees; justices of the supreme court and judges  
31 of the court of appeals and the superior courts; and members of the  
32 state legislature. Pursuant to contractual agreement with the  
33 authority, "employee" may also include: (i) Employees of a county,  
34 municipality, or other political subdivision of the state and members  
35 of the legislative authority of any county, city, or town who are  
36 elected to office after February 20, 1970, if the legislative  
37 authority of the county, municipality, or other political subdivision  
38 of the state submits application materials to the authority to  
39 provide any of its insurance programs by contract with the authority,

1 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of  
2 employee organizations representing state civil service employees, at  
3 the option of each such employee organization; (iii) through December  
4 31, 2019, employees of a school district if the authority agrees to  
5 provide any of the school districts' insurance programs by contract  
6 with the authority as provided in RCW 28A.400.350; (iv) employees of  
7 a tribal government, if the governing body of the tribal government  
8 seeks and receives the approval of the authority to provide any of  
9 its insurance programs by contract with the authority, as provided in  
10 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health  
11 benefit exchange if the governing board of the exchange established  
12 in RCW 43.71.020 seeks and receives approval of the authority to  
13 provide any of its insurance programs by contract with the authority,  
14 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through  
15 December 31, 2019, employees of a charter school established under  
16 chapter 28A.710 RCW. "Employee" does not include: Adult family home  
17 providers; unpaid volunteers; patients of state hospitals; inmates;  
18 employees of the Washington state convention and trade center as  
19 provided in RCW 41.05.110; students of institutions of higher  
20 education as determined by their institution; and any others not  
21 expressly defined as employees under this chapter or by the authority  
22 under this chapter.

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

27 (7) "Employee group" means employees of a similar employment  
28 type, such as administrative, represented classified, nonrepresented  
29 classified, confidential, represented certificated, or nonrepresented  
30 certificated, within a school (~~(district)~~) employees' benefits board  
31 organization.

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

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

37 (9) "Employer group" means those counties, municipalities,  
38 political subdivisions, the Washington health benefit exchange,  
39 tribal governments, (~~(school districts, and educational service~~  
40 ~~districts, and)~~) employee organizations representing state civil

1 service employees, and through December 31, 2019, school districts,  
2 educational service districts, and charter schools obtaining employee  
3 benefits through a contractual agreement with the authority to  
4 participate in benefit plans developed by the public employees'  
5 benefits board.

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

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

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

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

24 (13) "Insuring entity" means an insurer as defined in chapter  
25 48.01 RCW, a health care service contractor as defined in chapter  
26 48.44 RCW, or a health maintenance organization as defined in chapter  
27 48.46 RCW.

28 (14) "Medical flexible spending arrangement" means a benefit plan  
29 whereby state and school employees may reduce their salary before  
30 taxes to pay for medical expenses not reimbursed by insurance as  
31 provided in the salary reduction plan under this chapter pursuant to  
32 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

33 (15) "Participant" means an individual who fulfills the  
34 eligibility and enrollment requirements under the salary reduction  
35 plan.

36 (16) "Plan year" means the time period established by the  
37 authority.

38 (17) "Premium payment plan" means a benefit plan whereby (~~state~~  
39 ~~and~~) public employees may pay their share of group health plan  
40 premiums with pretax dollars as provided in the salary reduction plan

1 under this chapter pursuant to 26 U.S.C. Sec. 125 or other sections  
2 of the internal revenue code.

3 (18) "Public employee" has the same meaning as employee and  
4 school employee.

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

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

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

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

17 ~~((+19))~~ (20) "Salary" means a state or school employee's monthly  
18 salary or wages.

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

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

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

32 (23) "School year" means school year as defined in RCW  
33 28A.150.203(11).

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

37 ~~((+24))~~ (25) "Separated employees" means persons who separate  
38 from employment with an employer as defined in:

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

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

1 (c) RCW 41.40.010 on or after March 1, 2002;  
2 and who are at least age fifty-five and have at least ten years of  
3 service under the teachers' retirement system plan 3 as defined in  
4 RCW 41.32.010(33), the Washington school employees' retirement system  
5 plan 3 as defined in RCW 41.35.010, or the public employees'  
6 retirement system plan 3 as defined in RCW 41.40.010.

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

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

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

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

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

30 (1) The Washington state health care authority is created within  
31 the executive branch. The authority shall have a director appointed  
32 by the governor, with the consent of the senate. The director shall  
33 serve at the pleasure of the governor. The director may employ a  
34 deputy director, and such assistant directors and special assistants  
35 as may be needed to administer the authority, who shall be exempt  
36 from chapter 41.06 RCW, and any additional staff members as are  
37 necessary to administer this chapter. The director may delegate any  
38 power or duty vested in him or her by law, including authority to

1 make final decisions and enter final orders in hearings conducted  
2 under chapter 34.05 RCW. The primary duties of the authority shall be  
3 to: Administer insurance benefits for ((state)) employees, retired or  
4 disabled state and school employees, and (~~subject to school~~  
5 ~~employees' benefits board direction,~~) school employees; administer  
6 the basic health plan pursuant to chapter 70.47 RCW; administer the  
7 children's health program pursuant to chapter 74.09 RCW; study state  
8 purchased health care programs in order to maximize cost containment  
9 in these programs while ensuring access to quality health care;  
10 implement state initiatives, joint purchasing strategies, and  
11 techniques for efficient administration that have potential  
12 application to all state-purchased health services; and administer  
13 grants that further the mission and goals of the authority. The  
14 authority's duties include, but are not limited to, the following:

15 (a) To administer health care benefit programs for ((state))  
16 employees, retired or disabled state and school employees, and  
17 (~~subject to school employees' benefits board direction,~~) school  
18 employees as specifically authorized in RCW 41.05.065 and 41.05.740  
19 and in accordance with the methods described in RCW 41.05.075,  
20 41.05.140, and other provisions of this chapter;

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

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

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

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

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

39 (v) Development of data systems to obtain utilization data from  
40 state purchased health care programs in order to identify cost

1 centers, utilization patterns, provider and hospital practice  
2 patterns, and procedure costs, utilizing the information obtained  
3 pursuant to RCW 41.05.031; and

4 (vi) In collaboration with other state agencies that administer  
5 state purchased health care programs, private health care purchasers,  
6 health care facilities, providers, and carriers:

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

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

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

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

22 (I) Facilitate diagnosis or treatment;

23 (II) Reduce unnecessary duplication of medical tests;

24 (III) Promote efficient electronic physician order entry;

25 (IV) Increase access to health information for consumers and  
26 their providers; and

27 (V) Improve health outcomes;

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

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

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

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

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

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

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

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

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

4 (i) Through December 31, 2019, to publish and distribute to  
5 nonparticipating school districts and educational service districts  
6 by October 1st of each year a description of health care benefit  
7 plans available through the authority and the estimated cost if  
8 school districts and educational service district employees were  
9 enrolled;

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

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

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

19 (i) Setting forth the criteria established by the public  
20 employees' benefits board under RCW 41.05.065, and by the school  
21 employees' benefits board under RCW 41.05.740, for determining  
22 whether an employee or school employee is eligible for benefits;

23 (ii) Establishing an appeal process in accordance with chapter  
24 34.05 RCW by which an employee or school employee may appeal an  
25 eligibility determination;

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

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

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

36 (iii) To enter into agreements with the department of social and  
37 health services for administration of medical care services programs  
38 under Titles XIX and XXI of the social security act. The agreements  
39 shall establish the division of responsibilities between the  
40 authority and the department with respect to mental health, chemical

1 dependency, and long-term care services, including services for  
2 persons with developmental disabilities. The agreements shall be  
3 revised as necessary, to comply with the final implementation plan  
4 adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

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

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

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

33 (2) On and after January 1, 1996, the public employees' benefits  
34 board and the school employees' benefits board beginning October 1,  
35 2017, may implement strategies to promote managed competition among  
36 employee and school employee health benefit plans. Strategies may  
37 include but are not limited to:

38 (a) Standardizing the benefit package;

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

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

3 (d) Monitoring the impact of the approach under this subsection  
4 with regards to: Efficiencies in health service delivery, cost shifts  
5 to subscribers, access to and choice of managed care plans statewide,  
6 and quality of health services. The health care authority shall also  
7 advise on the value of administering a benchmark employer-managed  
8 plan to promote competition among managed care plans.

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

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

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

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

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

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

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

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

11 (c) Strive to integrate purchasing for all publicly sponsored  
12 health services in order to maximize the cost control potential and  
13 promote the most efficient methods of financing and coordinating  
14 services;

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

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

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

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

39 (2) For purposes of this section:

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

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

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

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

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

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

37 (4) The board(~~(, school employees' benefits board,~~) or a  
38 technical review committee created to facilitate the development,  
39 acquisition, or implementation of state purchased health care under

1 this chapter, may hold an executive session in accordance with  
2 chapter 42.30 RCW during any regular or special meeting to discuss  
3 information submitted in accordance with subsections (1) through (3)  
4 of this section.

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

8 **Sec. 10.** RCW 41.05.050 and 2017 3rd sp.s. c 13 s 806 are each  
9 amended to read as follows:

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

22 (2) To account for increased cost of benefits for the state and  
23 for state employees, the authority may develop a rate surcharge  
24 applicable to participating counties, municipalities, other political  
25 subdivisions, and tribal governments.

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

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

1 district and educational service district employees enrolled in  
2 authority plans. The authority may collect these amounts in  
3 accordance with the school district or educational service district  
4 fiscal year, as described in RCW 28A.505.030.

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

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

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

1 benefits under RCW 41.05.740(6)(d), including school employees who  
2 have waived their coverage; contributions to the authority are not  
3 required for individuals eligible for benefits under RCW  
4 41.05.740(6)(e) who waive their coverage.

5 (e) For the purposes of this subsection(~~(+~~

6 ~~(i) "District" means school district and educational service~~  
7 ~~district; and~~

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

10 (f) Notwithstanding this subsection and RCW 41.05.065(4), the  
11 authority may allow school districts and educational service  
12 districts enrolled on a tiered rate structure prior to September 1,  
13 2002, and until January 1, 2020, to continue participation based on  
14 the same rate structure and under the same conditions and eligibility  
15 criteria.

16 (5) The authority shall transmit a recommendation for the amount  
17 of the employer contributions to the governor and the director of  
18 financial management for inclusion in the proposed budgets submitted  
19 to the legislature.

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

22 (1) The public employees' benefits board is created within the  
23 authority. The function of the public employees' benefits board is to  
24 design and approve insurance benefit plans for employees and to  
25 establish eligibility criteria for participation in insurance benefit  
26 plans.

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

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

36 (b) Through December 31, 2019, two representatives of school  
37 district employees, one of whom shall represent an association of  
38 school employees as a nonvoting member, and one of whom is retired,  
39 and represents an organized group of retired school employees.

1 Thereafter, and only while retired school employees are served by the  
2 public employees' benefits board, only the retired representative  
3 shall serve on the public employees' benefits board;

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

6 (d) The director.

7 (3) The governor shall appoint the initial members of the public  
8 employees' benefits board to staggered terms not to exceed four  
9 years. Members appointed thereafter shall serve two-year terms.  
10 Members of the public employees' benefits board shall be compensated  
11 in accordance with RCW 43.03.250 and shall be reimbursed for their  
12 travel expenses while on official business in accordance with RCW  
13 43.03.050 and 43.03.060. The public employees' benefits board shall  
14 prescribe rules for the conduct of its business. The director shall  
15 serve as chair of the public employees' benefits board. Meetings of  
16 the public employees' benefits board shall be at the call of the  
17 chair.

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

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

28 (2) The public employees' benefits board shall develop employee  
29 benefit plans that include comprehensive health care benefits for  
30 employees. In developing these plans, the public employees' benefits  
31 board shall consider the following elements:

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

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

37 (c) Wellness incentives that focus on proven strategies, such as  
38 smoking cessation, injury and accident prevention, reduction of  
39 alcohol misuse, appropriate weight reduction, exercise, automobile

1 and motorcycle safety, blood cholesterol reduction, and nutrition  
2 education;

3 (d) Utilization review procedures including, but not limited to a  
4 cost-efficient method for prior authorization of services, hospital  
5 inpatient length of stay review, requirements for use of outpatient  
6 surgeries and second opinions for surgeries, review of invoices or  
7 claims submitted by service providers, and performance audit of  
8 providers;

9 (e) Effective coordination of benefits; and

10 (f) Minimum standards for insuring entities.

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

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

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

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

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

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

26 (c) Faculty are eligible as follows:

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

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

1 benefits if the employee works at least half-time in a quarter or  
2 semester. Faculty who the employing agency anticipates will not work  
3 for the entire instructional year or equivalent nine-month period,  
4 but who actually work half-time or more throughout the entire  
5 instructional year, are eligible for summer or off-quarter or off-  
6 semester coverage. Faculty who have met the criteria of this  
7 subsection (4)(c)(ii), who work at least two quarters or two  
8 semesters of the academic year with an average academic year workload  
9 of half-time or more for three quarters or two semesters of the  
10 academic year, and who have worked an average of half-time or more in  
11 each of the two preceding academic years shall continue to receive  
12 uninterrupted employer contributions for benefits if he or she works  
13 at least half-time in a quarter or semester or works two quarters or  
14 two semesters of the academic year with an average academic workload  
15 each academic year of half-time or more for three quarters or two  
16 semesters. Eligibility under this section ceases immediately if this  
17 criteria is not met.

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

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

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

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

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

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

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

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

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

12 (g) In determining eligibility under this section, the employing  
13 agency may disregard training hours, standby hours, or temporary  
14 changes in work hours as determined by the authority under this  
15 section.

16 (h) Insurance coverage for all eligible employees begins on the  
17 first day of the month following the date when eligibility for  
18 benefits is established. If the date eligibility is established is  
19 the first working day of a month, insurance coverage begins on that  
20 date.

21 (i) Eligibility for an employee whose work circumstances are  
22 described by more than one of the eligibility categories in (a)  
23 through (e) of this subsection shall be determined solely by the  
24 criteria of the category that most closely describes the employee's  
25 work circumstances.

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

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

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

5 (6)(a) For any open enrollment period following August 24, 2011,  
6 the public employees' benefits board shall offer a health savings  
7 account option for employees that conforms to section 223, Part VII  
8 of subchapter B of chapter 1 of the internal revenue code of 1986.  
9 The public employees' benefits board shall comply with all applicable  
10 federal standards related to the establishment of health savings  
11 accounts.

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

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

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

21 (iii) Any impact of enrollment in alternatives to the most  
22 comprehensive plan, including the high deductible health plan with a  
23 health savings account, upon the cost of health benefits for those  
24 employees who have chosen to remain enrolled in the most  
25 comprehensive plan.

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

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

35 (9) The public employees' benefits board shall review plans  
36 proposed by insuring entities that desire to offer property insurance  
37 and/or accident and casualty insurance to state employees through  
38 payroll deduction. The public employees' benefits board may approve  
39 any such plan for payroll deduction by insuring entities holding a  
40 valid certificate of authority in the state of Washington and which

1 the public employees' benefits board determines to be in the best  
2 interests of employees and the state. The public employees' benefits  
3 board shall adopt rules setting forth criteria by which it shall  
4 evaluate the plans.

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

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

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

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

37 (d) The public employees' benefits board and the health care  
38 authority shall establish a technical advisory committee to provide  
39 advice in the development of the benefit design and establishment of  
40 underwriting guidelines and eligibility rules. The committee shall

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

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

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

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

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

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

34 A certificate of domestic partnership qualified under the  
35 provisions of RCW 26.60.030 shall be recognized as evidence of a  
36 qualified domestic partnership fulfilling all necessary eligibility  
37 criteria for the partner of the employee or school employee to  
38 receive benefits. Nothing in this section affects the requirements of  
39 domestic partners to complete documentation related to federal tax

1 status that may currently be required by the board for employees or  
2 school employees choosing to make premium payments on a pretax basis.

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

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

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

16 (a) Encourages competition among insuring entities;

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

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

24 (d) Sets conditions for awarding contracts to any insuring  
25 entity.

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

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

1 (b) Aggregated subscriber and member demographic information,  
2 including age band and gender, by insurance tier by month and by  
3 benefit packages;

4 (c) Monthly total by benefit package, including premiums paid,  
5 inpatient facility claims paid, outpatient facility claims paid,  
6 physician claims paid, pharmacy claims paid, capitation amounts paid,  
7 and other claims paid;

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

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

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

16 Any data that may be confidential and contain personal health  
17 information may be protected in accordance with a data-sharing  
18 agreement.

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

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

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

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

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

35 (7) All contracts with insuring entities for the provision of  
36 health care benefits shall provide that the beneficiaries of such  
37 benefit plans may use on an equal participation basis the services of  
38 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32,  
39 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to  
40 registered nurses and advanced registered nurse practitioners.

1 However, nothing in this subsection may preclude the director from  
2 establishing appropriate utilization controls approved pursuant to  
3 RCW 41.05.065(2) (a), (b), and (d).

4 (8) The director shall, in collaboration with other state  
5 agencies that administer state purchased health care programs,  
6 private health care purchasers, health care facilities, providers,  
7 and carriers:

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

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

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

18 (b) Through state health purchasing, reimbursement, or pilot  
19 strategies, promote and increase the adoption of health information  
20 technology systems, including electronic medical records, by  
21 hospitals as defined in RCW 70.41.020, integrated delivery systems,  
22 and providers that:

23 (i) Facilitate diagnosis or treatment;

24 (ii) Reduce unnecessary duplication of medical tests;

25 (iii) Promote efficient electronic physician order entry;

26 (iv) Increase access to health information for consumers and  
27 their providers; and

28 (v) Improve health outcomes;

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

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

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

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

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

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

10 (c) Surviving spouses, surviving state registered domestic  
11 partners, and dependent children of emergency service personnel  
12 killed in the line of duty may participate in insurance plans and  
13 contracts.

14 (2) Rates charged 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 dependent children who are not eligible for parts A and B  
18 of medicare shall be based on the experience of the community rated  
19 risk pool established under RCW 41.05.022.

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

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

39 (5) The term "retired state employees" for the purpose of this  
40 section shall include but not be limited to members of the

1 legislature whether voluntarily or involuntarily leaving state  
2 office.

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

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

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

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

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

30 (1) Except for property and casualty insurance, the authority may  
31 self-fund, self-insure, or enter into other methods of providing  
32 insurance coverage for insurance programs under its jurisdiction,  
33 including the basic health plan as provided in chapter 70.47 RCW. The  
34 authority shall contract for payment of claims or other  
35 administrative services for programs under its jurisdiction. If a  
36 program does not require the prepayment of reserves, the authority  
37 shall establish such reserves within a reasonable period of time for  
38 the payment of claims as are normally required for that type of

1 insurance under an insured program. The authority shall endeavor to  
2 reimburse basic health plan health care providers under this section  
3 at rates similar to the average reimbursement rates offered by the  
4 statewide benchmark plan determined through the request for proposal  
5 process.

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

11 (3) Reserves established by the authority for school employee  
12 benefit programs shall be held in a separate account in the custody  
13 of the state treasurer and shall be known as the school employees'  
14 benefits board insurance reserve fund. The state treasurer may invest  
15 the moneys in the reserve fund pursuant to RCW 43.79A.040.

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

20 ((+4)) (5) Any program created under this section shall be  
21 subject to the examination requirements of chapter 48.03 RCW as if  
22 the program were a domestic insurer. In conducting an examination,  
23 the commissioner shall determine the adequacy of the reserves  
24 established for the program.

25 ((+5)) (6) The authority shall keep full and adequate accounts  
26 and records of the assets, obligations, transactions, and affairs of  
27 any program created under this section.

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

36 ((+7)) (8) The provisions of this section do not apply to the  
37 administration of chapter 74.09 RCW.

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

1 (1) The public employees' benefits board shall offer a plan of  
2 health insurance to blind licensees who are actively operating  
3 facilities and participating in the business enterprises program  
4 established in RCW 74.18.200 through 74.18.230, and maintained by the  
5 department of services for the blind. The plan of health insurance  
6 benefits must be the same or substantially similar to the plan of  
7 health insurance benefits offered to state employees under this  
8 chapter. Enrollment will be at the option of each individual licensee  
9 or vendor, under rules established by the public employees' benefits  
10 board.

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

16 (3) Money from the business enterprises program under the federal  
17 Randolph-Sheppard Act may not be used for family participation in the  
18 health insurance benefits provided under this section. Family  
19 insurance benefits are the sole responsibility of the individual  
20 blind vendors.

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

23 (1) The state of Washington may enter into salary reduction  
24 agreements with employees and school employees (~~(of the state)~~)  
25 pursuant to the internal revenue code, for the purpose of making it  
26 possible for employees and school employees (~~(of the state)~~) to  
27 select on a "before-tax basis" certain taxable and nontaxable  
28 benefits. The purpose of the salary reduction plan established in  
29 this chapter is to attract and retain individuals in governmental  
30 service by permitting them to enter into agreements with the state to  
31 provide for benefits pursuant to 26 U.S.C. Sec. 125, 26 U.S.C. Sec.  
32 129, and other applicable sections of the internal revenue code.

33 (2) Nothing in the salary reduction plan constitutes an  
34 employment agreement between the participant and the state, and  
35 nothing contained in the participant's salary reduction agreement,  
36 the plan, this section, or RCW 41.05.123, 41.05.310 through  
37 41.05.360, and 41.05.295 gives a participant any right to be retained  
38 in state employment.

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

3       (1) Elected officials and permanent employees and school  
4 employees (~~((of the state))~~) are eligible to participate in the salary  
5 reduction plan and reduce their salary by agreement with the  
6 authority. The authority may adopt rules to: (a) Limit the  
7 participation of employing agencies and their employees in the plan;  
8 and (b) permit participation in the plan by temporary employees and  
9 school employees (~~((of the state))~~).

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

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

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

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

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

35       (5) Any reduction of salary under the salary reduction plan shall  
36 not reduce the reportable compensation for the purpose of computing  
37 the state retirement and pension benefits earned by the employee or  
38 school employee pursuant to chapters 41.26, 41.32, 41.35, 41.37,  
39 41.40, and 43.43 RCW.

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

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

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

21       (a) Establish the conditions for participation; and

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

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

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

31       (4) Until December 31, 2019, school districts may voluntarily  
32 transfer to the public employees' benefits board, except that all  
33 eligible employees in a bargaining unit of a school district may  
34 transfer only as a unit and all nonrepresented employees in a  
35 district may transfer only as a unit.

36       **Sec. 22.** RCW 28A.400.275 and 2017 3rd sp.s. c 13 s 814 and 2017  
37 3rd sp.s. c 7 s 1 are each reenacted and amended to read as follows:

38       (1) Any contract or agreement for employee benefits executed  
39 after April 13, 1990, between a school district or educational

1 service district and a benefit provider or employee bargaining unit  
2 is null and void unless it contains an agreement to abide by state  
3 laws relating to school district and educational service district  
4 employee benefits. The term of the contract or agreement may not  
5 exceed one year, except that the final contract or agreement entered  
6 into for the 2018-19 school year must exceed one year only by the  
7 months necessary to ensure employee benefits are maintained through  
8 December 31, 2019.

9 ~~(2) ((Through December 31, 2019, school districts and their~~  
10 ~~benefit providers shall annually submit, by a date determined by the~~  
11 ~~office of the insurance commissioner, the following information and~~  
12 ~~data for the prior calendar year to the office of the insurance~~  
13 ~~commissioner:~~

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

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

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

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

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

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

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

25 ~~(D) Plan administration expenses, including compensation paid to~~  
26 ~~brokers;~~

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

34 ~~(iii) Data to provide an understanding of employee health benefit~~  
35 ~~plan coverage and costs, including: The total number of employees~~  
36 ~~and, for each employee, the employee's full-time equivalent status,~~  
37 ~~types of coverage or benefits received including numbers of covered~~  
38 ~~dependents, the number of eligible dependents, the amount of the~~  
39 ~~district's contribution to premium, additional premium costs paid by~~

1 the employee through payroll deductions, and the age and sex of the  
2 employee and each dependent;

3 (iv) Data necessary for school districts to more effectively and  
4 competitively manage and procure health insurance plans for  
5 employees. The data must include, but not be limited to, the  
6 following:

7 (A) A summary of the benefit packages offered to each group of  
8 district employees, including covered benefits, employee deductibles,  
9 coinsurance, and copayments, and the number of employees and their  
10 dependents in each benefit package;

11 (B) Aggregated employee and dependent demographic information,  
12 including age band and gender, by insurance tier and by benefit  
13 package;

14 (C) Total claim payments by benefit package, including premiums  
15 paid, inpatient facility claims paid, outpatient facility claims  
16 paid, physician claims paid, pharmacy claims paid, capitation amounts  
17 paid, and other claims paid;

18 (D) Total premiums paid by benefit package;

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

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

25 (3) Through December 31, 2018, school districts and their benefit  
26 providers shall jointly report to the office of the insurance  
27 commissioner on their health insurance related efforts and  
28 achievements to:

29 (a) Significantly reduce administrative costs for school  
30 districts;

31 (b) Improve customer service;

32 (c) Reduce differential plan premium rates between employee only  
33 and family health benefit premiums;

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

35 (4) The information and data shall be submitted in a format and  
36 according to a schedule established by the office of the insurance  
37 commissioner under RCW 48.02.210 to enable the commissioner to meet  
38 the reporting obligations under that section.

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

4 (3) Any benefit provider offering a benefit plan by contract or  
5 agreement with a school district or educational service district  
6 under subsection (1) of this section shall make available to the  
7 school district or educational service district the benefit plan  
8 descriptions and, where available, the demographic information on  
9 plan subscribers that the school district, educational service  
10 district, and benefit provider are required to report to the ((office  
11 of the insurance commissioner)) health care authority under this  
12 section. ((After December 31, 2018, a benefit provider shall submit  
13 such data to the school employees' benefits board.

14 ~~(6))~~ (4) Each school district and educational service district  
15 shall:

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

21 (b) Report all data relating to employees eligible to participate  
22 in benefits or plans administered by the school employees' benefits  
23 board and the health care authority in a format designed and  
24 communicated by the school employees' benefits board and the health  
25 care authority.

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

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

1 or in any other manner authorized by law. Any direct agreement must  
2 comply with RCW 48.150.050.

3 (2)(a) Whenever funds are available for these purposes the board  
4 of directors of the school district or educational service district  
5 may contribute all or a part of the cost of such protection or  
6 insurance for the employees of their respective school districts or  
7 educational service districts and their dependents. The premiums on  
8 such liability insurance shall be borne by the school district or  
9 educational service district.

10 (b) After October 1, 1990, school districts may not contribute to  
11 any employee protection or insurance other than liability insurance  
12 unless the district's employee benefit plan conforms to RCW  
13 28A.400.275 and 28A.400.280.

14 (c) After December 31, 2019, school district contributions to any  
15 employee insurance that is purchased through the health care  
16 authority must conform to the requirements established by chapter  
17 41.05 RCW and the school employees' benefits board.

18 (3) For school board members, educational service district board  
19 members, and students, the premiums due on such protection or  
20 insurance shall be borne by the assenting school board member,  
21 educational service district board member, or student. The school  
22 district or educational service district may contribute all or part  
23 of the costs, including the premiums, of life, health, health care,  
24 accident or disability insurance which shall be offered to all  
25 students participating in interschool activities on the behalf of or  
26 as representative of their school, school district, or educational  
27 service district. The school district board of directors and the  
28 educational service district board may require any student  
29 participating in extracurricular interschool activities to, as a  
30 condition of participation, document evidence of insurance or  
31 purchase insurance that will provide adequate coverage, as determined  
32 by the school district board of directors or the educational service  
33 district board, for medical expenses incurred as a result of injury  
34 sustained while participating in the extracurricular activity. In  
35 establishing such a requirement, the district shall adopt regulations  
36 for waiving or reducing the premiums of such coverage as may be  
37 offered through the school district or educational service district  
38 to students participating in extracurricular activities, for those  
39 students whose families, by reason of their low income, would have  
40 difficulty paying the entire amount of such insurance premiums. The

1 district board shall adopt regulations for waiving or reducing the  
2 insurance coverage requirements for low-income students in order to  
3 assure such students are not prohibited from participating in  
4 extracurricular interschool activities.

5 (4) All contracts or agreements for insurance or protection  
6 written to take advantage of the provisions of this section shall  
7 provide that the beneficiaries of such contracts may utilize on an  
8 equal participation basis the services of those practitioners  
9 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71  
10 RCW.

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

14 (i) Offer a high deductible health plan option with a health  
15 savings account that conforms to section 223, part VII of subchapter  
16 1 of the internal revenue code of 1986. School districts shall comply  
17 with all applicable federal standards related to the establishment of  
18 health savings accounts;

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

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

33 (b) All contracts or agreements for employee benefits must be  
34 held to responsible contracting standards, meaning a fair, prudent,  
35 and accountable competitive procedure for procuring services that  
36 includes an open competitive process, except where an open process  
37 would compromise cost-effective purchasing, with documentation  
38 justifying the approach.

39 (c) School districts offering medical, vision, and dental  
40 benefits shall also make progress on promoting health care

1 innovations and cost savings and significantly reduce administrative  
2 costs.

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

6 ~~((e) Upon notification from the office of the insurance  
7 commissioner of a school district's substantial noncompliance with  
8 the data reporting requirements of RCW 28A.400.275, and the failure  
9 is due to the action or inaction of the school district, and if the  
10 noncompliance has occurred for two reporting periods, the  
11 superintendent is authorized and required to limit the school  
12 district's authority provided in subsection (1) of this section  
13 regarding employee health benefits to the provision of health benefit  
14 coverage provided by the state health care authority.))~~

15 (6) The authority to make available basic and optional benefits  
16 to school employees under this section expires December 31, 2019.  
17 Beginning January 1, 2020, school districts and educational service  
18 districts shall make available basic and optional benefits through  
19 plans offered by the health care authority and the school employees'  
20 benefits board.

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

23 (1) A function of the school employees' benefits board  
24 established under RCW 41.05.740 is to design and approve insurance  
25 benefit plans and to establish eligibility criteria for participation  
26 in insurance benefit plans by January 1, 2020. In order for the  
27 school employees' benefits board to develop these benefit plans,  
28 charter school employees' information must be provided to the school  
29 employees' benefits board and the health care authority.

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

32 (3) Any benefit provider offering a benefit plan by contract or  
33 agreement with a charter school must make available to the charter  
34 school the benefit plan descriptions and, where available, the  
35 demographic information on plan subscribers that the charter school  
36 and benefit providers are required to report to the health care  
37 authority under this section.

38 (4) Each charter school must:

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

6 (b) Report all data relating to employees eligible to participate  
7 in benefits or plans administered by the school employees' benefits  
8 board and the health care authority in a format designed and  
9 communicated by the school employees' benefits board and the health  
10 care authority.

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

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

27 (2) The state treasurer and the state investment board may invest  
28 moneys in the public employees' and retirees' insurance account. All  
29 such investments shall be in accordance with RCW 43.84.080 or  
30 43.84.150, whichever is applicable. The director shall determine  
31 whether the state treasurer or the state investment board or both  
32 shall invest moneys in the public employees' and retirees' insurance  
33 account.

34 (3) The school employees' insurance account is hereby established  
35 in the custody of the state treasurer, to be used by the director for  
36 the deposit of contributions, reserves, dividends, and refunds, for  
37 payment of premiums and claims for school employee insurance benefit  
38 contracts, and for transfers from the school employees' benefits  
39 board flexible spending and dependent care administrative account as

1 authorized in this subsection. Moneys from the account shall be  
2 disbursed by the state treasurer by warrants on vouchers duly  
3 authorized by the director. Moneys from the account may be  
4 transferred to the school employees' benefits board flexible spending  
5 and dependent care administrative account to provide reserves and  
6 start-up costs for the operation of the school employees' benefits  
7 board flexible spending arrangement and dependent care assistance  
8 program.

9 (4) The state treasurer and the state investment board may invest  
10 moneys in the school employees' insurance account. These investments  
11 must be in accordance with RCW 43.84.080 or 43.84.150, whichever is  
12 applicable. The director shall determine whether the state treasurer  
13 or the state investment board or both shall invest moneys in the  
14 school employees' insurance account.

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

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

20 (a) All receipts from the following must be deposited in the  
21 account:

22 ~~((a))~~ (i) Revenues from employing agencies for costs associated  
23 with operating the medical flexible spending arrangement program and  
24 the dependent care assistance program provided through the salary  
25 reduction plan authorized under this chapter; and

26 ~~((b) funds transferred from the dependent care administrative~~  
27 ~~account; and~~

28 ~~(e))~~ (ii) Unclaimed moneys at the end of the plan year after all  
29 timely submitted claims for that plan year have been processed.  
30 Expenditures from the account may be used only for administrative and  
31 other expenses related to operating the medical flexible spending  
32 arrangement program and the dependent care assistance program  
33 provided through the salary reduction plan authorized under this  
34 chapter. Only the ~~((administrator))~~ director or the  
35 ~~((administrator's))~~ director's designee may authorize expenditures  
36 from the account. The account is subject to allotment procedures  
37 under chapter 43.88 RCW, but an appropriation is not required for  
38 expenditures.

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

20        ~~((3))~~ (c) Program claims reserves and money necessary for  
21 start-up costs transferred from the public employees' and retirees'  
22 insurance account established in RCW 41.05.120 may be deposited in  
23 the flexible spending administrative account. Moneys in excess of the  
24 amount necessary for administrative and operating expenses of the  
25 medical flexible spending arrangement program may be transferred to  
26 the public employees' and retirees' insurance account.

27        ~~((4))~~ (d) The authority may periodically bill employing  
28 agencies for costs associated with operating the medical flexible  
29 spending arrangement program and the dependent care assistance  
30 program provided through the salary reduction plan authorized under  
31 this chapter.

32        (2) For the school employees' benefits board program, the school  
33 employees' benefits board flexible spending and dependent care  
34 administrative account is created in the custody of the state  
35 treasurer.

36        (a) All receipts from the following must be deposited in the  
37 account:

38        (i) Revenues from school employees' benefits board organizations  
39 for costs associated with operating the school employees' benefits  
40 board medical flexible spending arrangement program and the school

1 employees' benefits board dependent care assistance program provided  
2 through the salary reduction plan authorized under this chapter; and

3 (ii) Unclaimed moneys at the end of the plan year after all  
4 timely submitted claims for that plan year have been processed.  
5 Expenditures from the account may be used only for administrative and  
6 other expenses related to operating the school employees' benefits  
7 board medical flexible spending arrangement program and the school  
8 employees' benefits board dependent care assistance program provided  
9 through the salary reduction plan authorized under this chapter. Only  
10 the director or the director's designee may authorize expenditures  
11 from the account. The account is subject to allotment procedures  
12 under chapter 43.88 RCW, but an appropriation is not required for  
13 expenditures.

14 (b) The school employees' benefits board salary reduction account  
15 is created in the custody of the state treasurer. School employee  
16 salary reductions paid to reimburse participants or service providers  
17 for benefits provided by the school employees' benefits board medical  
18 flexible spending arrangement program and the school employees'  
19 benefits board dependent care assistance program provided through the  
20 salary reduction plan authorized under this chapter shall be paid  
21 from the school employees' benefits board salary reduction account.  
22 The funds held by the state to pay for benefits provided by the  
23 school employees' benefits board medical flexible spending  
24 arrangement program and the school employees' benefits board  
25 dependent care assistance program provided through the salary  
26 reduction plan authorized under this chapter shall be deposited in  
27 the school employees' benefits board salary reduction account.  
28 Unclaimed moneys remaining in the school employees' benefits board  
29 salary reduction account at the end of a plan year after all timely  
30 submitted claims for that plan year have been processed shall become  
31 a part of the school employees' benefits board flexible spending and  
32 dependent care administrative account. Only the director or the  
33 director's designee may authorize expenditures from the account. The  
34 account is not subject to allotment procedures under chapter 43.88  
35 RCW and an appropriation is not required for expenditures.

36 (c) Program claims reserves and money necessary for start-up  
37 costs transferred from the school employees' insurance account  
38 established in RCW 41.05.120 may be deposited in the school  
39 employees' benefits board flexible spending and dependent care  
40 administrative account. Moneys in excess of the amount necessary for

1 administrative and operating expenses of the school employees'  
2 benefits board medical flexible spending arrangement and the school  
3 employees' benefits board dependent care assistance program may be  
4 transferred to the school employees' insurance account.

5 (d) The authority may periodically bill school employees'  
6 benefits board organizations for costs associated with operating the  
7 school employees' benefits board medical flexible spending  
8 arrangement program and the school employees' benefits board  
9 dependent care assistance program provided through the salary  
10 reduction plan authorized under this chapter.

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

13 (1) The uniform medical plan benefits administration account is  
14 created in the custody of the state treasurer. Only the director or  
15 the director's designee may authorize expenditures from the account.  
16 Moneys in the account shall be used exclusively for contracted  
17 expenditures for uniform medical plan claims administration, data  
18 analysis, utilization management, preferred provider administration,  
19 and activities related to benefits administration where the level of  
20 services provided pursuant to a contract fluctuate as a direct result  
21 of changes in uniform medical plan enrollment. Moneys in the account  
22 may also be used for administrative activities required to respond to  
23 new and unforeseen conditions that impact the uniform medical plan,  
24 but only when the authority and the office of financial management  
25 jointly agree that such activities must be initiated prior to the  
26 next legislative session.

27 (2) Receipts from amounts due from or on behalf of uniform  
28 medical plan enrollees for expenditures related to benefits  
29 administration, including moneys disbursed from the public employees'  
30 and retirees' insurance account, shall be deposited into the account.  
31 The account is subject to allotment procedures under chapter 43.88  
32 RCW, but no appropriation is required for expenditures. All proposals  
33 for allotment increases shall be provided to the house of  
34 representatives appropriations committee and to the senate ways and  
35 means committee at the same time as they are provided to the office  
36 of financial management.

37 (3) The uniform dental plan benefits administration account is  
38 created in the custody of the state treasurer. Only the director or  
39 the director's designee may authorize expenditures from the account.

1 Moneys in the account shall be used exclusively for contracted  
2 expenditures related to benefits administration for the uniform  
3 dental plan as established under RCW 41.05.140. Receipts from amounts  
4 due from or on behalf of uniform dental plan enrollees for  
5 expenditures related to benefits administration, including moneys  
6 disbursed from the public employees' and retirees' insurance account,  
7 shall be deposited into the account. The account is subject to  
8 allotment procedures under chapter 43.88 RCW, but no appropriation is  
9 required for expenditures.

10 (4) The public employees' benefits board medical benefits  
11 administration account is created in the custody of the state  
12 treasurer. Only the director or the director's designee may authorize  
13 expenditures from the account. Moneys in the account shall be used  
14 exclusively for contracted expenditures related to claims  
15 administration, data analysis, utilization management, preferred  
16 provider administration, and other activities related to benefits  
17 administration for self-insured medical plans (~~other than the~~  
18 ~~uniform medical plan~~). Receipts from amounts due from or on behalf  
19 of enrollees for expenditures related to benefits administration,  
20 including moneys disbursed from the public employees' and retirees'  
21 insurance account, shall be deposited into the account. The account  
22 is subject to allotment procedures under chapter 43.88 RCW, but an  
23 appropriation is not required for expenditures.

24 (5) The school employees' benefits board medical benefits  
25 (~~administration~~) administrative account is created in the custody  
26 of the state treasurer. Only the director or the director's designee  
27 may authorize expenditures from the account. Moneys in the account  
28 shall be used exclusively for school employees' benefits board  
29 contracted expenditures related to claims administration, data  
30 analysis, utilization management, preferred provider administration,  
31 and other activities related to benefits administration for self-  
32 insured medical plans (~~other than the uniform medical plan~~).  
33 Receipts from amounts due from or on behalf of enrollees for  
34 expenditures related to benefits administration, including moneys  
35 disbursed from the school employees' insurance account, shall be  
36 deposited into the account. The account is subject to allotment  
37 procedures under chapter 43.88 RCW, but no appropriation is required  
38 for expenditures.

39 (6) The school employees' benefits board dental benefits  
40 administration account is created in the custody of the state

1 treasurer. Only the director or the director's designee may authorize  
2 expenditures from the account. Moneys in the account shall be used  
3 exclusively for school employees' benefits board contracted  
4 expenditures related to benefits administration for the self-insured  
5 dental plan as established under RCW 41.05.140. Receipts from amounts  
6 due from or on behalf of the self-insured dental plan enrollees for  
7 expenditures related to benefits administration, including moneys  
8 disbursed from the school employees' insurance account, shall be  
9 deposited into the account. The account is subject to allotment  
10 procedures under chapter 43.88 RCW, but no appropriation is required  
11 for expenditures.

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

14 (1) Money in the treasurer's trust fund may be deposited,  
15 invested, and reinvested by the state treasurer in accordance with  
16 RCW 43.84.080 in the same manner and to the same extent as if the  
17 money were in the state treasury, and may be commingled with moneys  
18 in the state treasury for cash management and cash balance purposes.

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

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

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

33 (b) The following accounts and funds must receive their  
34 proportionate share of earnings based upon each account's or fund's  
35 average daily balance for the period: The 24/7 sobriety account, the  
36 Washington promise scholarship account, the Gina Grant Bull memorial  
37 legislative page scholarship account, the Washington advanced college  
38 tuition payment program account, the Washington college savings  
39 program account, the accessible communities account, the Washington

1 achieving a better life experience program account, the community and  
2 technical college innovation account, the agricultural local fund,  
3 the American Indian scholarship endowment fund, the foster care  
4 scholarship endowment fund, the foster care endowed scholarship trust  
5 fund, the contract harvesting revolving account, the Washington state  
6 combined fund drive account, the commemorative works account, the  
7 county enhanced 911 excise tax account, the toll collection account,  
8 the developmental disabilities endowment trust fund, the energy  
9 account, the fair fund, the family and medical leave insurance  
10 account, the food animal veterinarian conditional scholarship  
11 account, the forest health revolving account, the fruit and vegetable  
12 inspection account, the future teachers conditional scholarship  
13 account, the game farm alternative account, the GET ready for math  
14 and science scholarship account, the Washington global health  
15 technologies and product development account, the grain inspection  
16 revolving fund, the industrial insurance rainy day fund, the juvenile  
17 accountability incentive account, the law enforcement officers' and  
18 firefighters' plan 2 expense fund, the local tourism promotion  
19 account, the low-income home rehabilitation revolving loan program  
20 account, the multiagency permitting team account, the northeast  
21 Washington wolf-livestock management account, the pilotage account,  
22 the produce railcar pool account, the regional transportation  
23 investment district account, the rural rehabilitation account, the  
24 Washington sexual assault kit account, the stadium and exhibition  
25 center account, the youth athletic facility account, the self-  
26 insurance revolving fund, the children's trust fund, the Washington  
27 horse racing commission Washington bred owners' bonus fund and  
28 breeder awards account, the Washington horse racing commission class  
29 C purse fund account, the individual development account program  
30 account, the Washington horse racing commission operating account,  
31 the life sciences discovery fund, the Washington state heritage  
32 center account, the reduced cigarette ignition propensity account,  
33 the center for childhood deafness and hearing loss account, the  
34 school for the blind account, the Millersylvania park trust fund, the  
35 public employees' and retirees' insurance reserve fund, the school  
36 employees' benefits board insurance reserve fund, public employees'  
37 and retirees' insurance account, school employees' insurance account,  
38 and the radiation perpetual maintenance fund.

39 (c) The following accounts and funds must receive eighty percent  
40 of their proportionate share of earnings based upon each account's or

1 fund's average daily balance for the period: The advanced right-of-  
2 way revolving fund, the advanced environmental mitigation revolving  
3 account, the federal narcotics asset forfeitures account, the high  
4 occupancy vehicle account, the local rail service assistance account,  
5 and the miscellaneous transportation programs account.

6 (d) Any state agency that has independent authority over accounts  
7 or funds not statutorily required to be held in the custody of the  
8 state treasurer that deposits funds into a fund or account in the  
9 custody of the state treasurer pursuant to an agreement with the  
10 office of the state treasurer shall receive its proportionate share  
11 of earnings based upon each account's or fund's average daily balance  
12 for the period.

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

16 **Sec. 29.** RCW 28A.400.280 and 2017 3rd sp.s. c 13 s 815 are each  
17 amended to read as follows:

18 (1) Except as provided in subsection (2) of this section, school  
19 districts may provide employer fringe benefit contributions after  
20 October 1, 1990, only for basic benefits. However, school districts  
21 may continue payments under contracts with employees or benefit  
22 providers in effect on April 13, 1990, until the contract expires.

23 (2) School districts may provide employer contributions after  
24 October 1, 1990, (~~and until December 31, 2019,~~) for optional  
25 benefit plans, in addition to basic benefits. Beginning January 1,  
26 2020, school district optional benefits must be outside the school  
27 employees' benefits board's authority in RCW 41.05.740(6). Beginning  
28 December 1, 2019, and each December 1st thereafter, school district  
29 optional benefits must be reported to the school employees' benefits  
30 board and health care authority. The school employees' benefits board  
31 shall review the optional benefits offered by districts and: (a)  
32 Determine if the optional benefits conflict with school employees'  
33 benefits board's plans offering authority and, if not, (b) evaluate  
34 whether to seek additional benefit offerings authority from the  
35 legislature. Optional benefits may include direct agreements as  
36 defined in chapter 48.150 RCW, and may include employee beneficiary  
37 accounts that can be liquidated by the employee on termination of  
38 employment. Optional benefit plans may be offered only if:

1 (a) Each full-time employee, regardless of the number of  
2 dependents receiving basic coverage, receives the same additional  
3 employer contribution for other coverage or optional benefits; and

4 (b) For part-time employees, participation in optional benefit  
5 plans shall be governed by the same eligibility criteria and/or  
6 proration of employer contributions used for allocations for basic  
7 benefits.

8 (3) School districts are not intended to divert state basic  
9 benefit allocations for other purposes(~~(, and)~~). Beginning January 1,  
10 2020, ((no basic or optional benefits may be provided by employer  
11 contributions if they are not provided)) school districts must offer  
12 all benefits offered by the school employees' benefits board  
13 administered by the health care authority, and consistent with RCW  
14 41.56.500(2).

15 (4) Any optional benefits offered by a school district under  
16 subsection (2) of this section are considered an enhancement to the  
17 state's definition of basic education.

18 **Sec. 30.** RCW 41.05.700 and 2017 c 219 s 2 are each amended to  
19 read as follows:

20 (1) A health plan offered to employees, school employees, and  
21 their covered dependents under this chapter issued or renewed on or  
22 after January 1, 2017, shall reimburse a provider for a health care  
23 service provided to a covered person through telemedicine or store  
24 and forward technology if:

25 (a) The plan provides coverage of the health care service when  
26 provided in person by the provider;

27 (b) The health care service is medically necessary;

28 (c) The health care service is a service recognized as an  
29 essential health benefit under section 1302(b) of the federal patient  
30 protection and affordable care act in effect on January 1, 2015; and

31 (d) The health care service is determined to be safely and  
32 effectively provided through telemedicine or store and forward  
33 technology according to generally accepted health care practices and  
34 standards, and the technology used to provide the health care service  
35 meets the standards required by state and federal laws governing the  
36 privacy and security of protected health information.

37 (2)(a) If the service is provided through store and forward  
38 technology there must be an associated office visit between the  
39 covered person and the referring health care provider. Nothing in

1 this section prohibits the use of telemedicine for the associated  
2 office visit.

3 (b) For purposes of this section, reimbursement of store and  
4 forward technology is available only for those covered services  
5 specified in the negotiated agreement between the health plan and  
6 health care provider.

7 (3) An originating site for a telemedicine health care service  
8 subject to subsection (1) of this section includes a:

9 (a) Hospital;

10 (b) Rural health clinic;

11 (c) Federally qualified health center;

12 (d) Physician's or other health care provider's office;

13 (e) Community mental health center;

14 (f) Skilled nursing facility;

15 (g) Home or any location determined by the individual receiving  
16 the service; or

17 (h) Renal dialysis center, except an independent renal dialysis  
18 center.

19 (4) Except for subsection (3)(g) of this section, any originating  
20 site under subsection (3) of this section may charge a facility fee  
21 for infrastructure and preparation of the patient. Reimbursement must  
22 be subject to a negotiated agreement between the originating site and  
23 the health plan. A distant site or any other site not identified in  
24 subsection (3) of this section may not charge a facility fee.

25 (5) The plan may not distinguish between originating sites that  
26 are rural and urban in providing the coverage required in subsection  
27 (1) of this section.

28 (6) The plan may subject coverage of a telemedicine or store and  
29 forward technology health service under subsection (1) of this  
30 section to all terms and conditions of the plan including, but not  
31 limited to, utilization review, prior authorization, deductible,  
32 copayment, or coinsurance requirements that are applicable to  
33 coverage of a comparable health care service provided in person.

34 (7) This section does not require the plan to reimburse:

35 (a) An originating site for professional fees;

36 (b) A provider for a health care service that is not a covered  
37 benefit under the plan; or

38 (c) An originating site or health care provider when the site or  
39 provider is not a contracted provider under the plan.

40 (8) For purposes of this section:

1 (a) "Distant site" means the site at which a physician or other  
2 licensed provider, delivering a professional service, is physically  
3 located at the time the service is provided through telemedicine;

4 (b) "Health care service" has the same meaning as in RCW  
5 48.43.005;

6 (c) "Hospital" means a facility licensed under chapter 70.41,  
7 71.12, or 72.23 RCW;

8 (d) "Originating site" means the physical location of a patient  
9 receiving health care services through telemedicine;

10 (e) "Provider" has the same meaning as in RCW 48.43.005;

11 (f) "Store and forward technology" means use of an asynchronous  
12 transmission of a covered person's medical information from an  
13 originating site to the health care provider at a distant site which  
14 results in medical diagnosis and management of the covered person,  
15 and does not include the use of audio-only telephone, facsimile, or  
16 email; and

17 (g) "Telemedicine" means the delivery of health care services  
18 through the use of interactive audio and video technology, permitting  
19 real-time communication between the patient at the originating site  
20 and the provider, for the purpose of diagnosis, consultation, or  
21 treatment. For purposes of this section only, "telemedicine" does not  
22 include the use of audio-only telephone, facsimile, or email.

23 NEW SECTION. **Sec. 31.** A new section is added to chapter 41.05  
24 RCW to read as follows:

25 (1) All health care and financial related data as required by  
26 section 4, chapter 3, Laws of 2012 2nd sp. sess. that was sent by  
27 school districts and their benefits providers to the office of the  
28 insurance commissioner for plan years ending in 2012 through 2016 for  
29 the purposes of studying health benefits provided to school employees  
30 must be provided to the authority by March 15, 2018.

31 (2) All claims data, including health care and financial related  
32 data received by the authority under subsection (1) of this section,  
33 is the property of the state and is exempt from disclosure and not  
34 subject to chapter 42.56 RCW.

35 **Sec. 32.** RCW 42.56.400 and 2017 3rd sp.s. c 30 s 2 and 2017 c  
36 193 s 2 are each reenacted and amended to read as follows:

37 The following information relating to insurance and financial  
38 institutions is exempt from disclosure under this chapter:

1 (1) Records maintained by the board of industrial insurance  
2 appeals that are related to appeals of crime victims' compensation  
3 claims filed with the board under RCW 7.68.110;

4 (2) Information obtained and exempted or withheld from public  
5 inspection by the health care authority under RCW 41.05.026, whether  
6 retained by the authority, transferred to another state purchased  
7 health care program by the authority, or transferred by the authority  
8 to a technical review committee created to facilitate the  
9 development, acquisition, or implementation of state purchased health  
10 care under chapter 41.05 RCW;

11 (3) The names and individual identification data of either all  
12 owners or all insureds, or both, received by the insurance  
13 commissioner under chapter 48.102 RCW;

14 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

15 (5) Information provided under RCW 48.05.510 through 48.05.535,  
16 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and  
17 48.46.600 through 48.46.625;

18 (6) Examination reports and information obtained by the  
19 department of financial institutions from banks under RCW 30A.04.075,  
20 from savings banks under RCW 32.04.220, from savings and loan  
21 associations under RCW 33.04.110, from credit unions under RCW  
22 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and  
23 from securities brokers and investment advisers under RCW 21.20.100,  
24 all of which is confidential and privileged information;

25 (7) Information provided to the insurance commissioner under RCW  
26 48.110.040(3);

27 (8) Documents, materials, or information obtained by the  
28 insurance commissioner under RCW 48.02.065, all of which are  
29 confidential and privileged;

30 (9) Documents, materials, or information obtained by the  
31 insurance commissioner under RCW 48.31B.015(2) (l) and (m),  
32 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential  
33 and privileged;

34 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and  
35 7.70.140 that, alone or in combination with any other data, may  
36 reveal the identity of a claimant, health care provider, health care  
37 facility, insuring entity, or self-insurer involved in a particular  
38 claim or a collection of claims. For the purposes of this subsection:

39 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).

1 (b) "Health care facility" has the same meaning as in RCW  
2 48.140.010(6).

3 (c) "Health care provider" has the same meaning as in RCW  
4 48.140.010(7).

5 (d) "Insuring entity" has the same meaning as in RCW  
6 48.140.010(8).

7 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

8 (11) Documents, materials, or information obtained by the  
9 insurance commissioner under RCW 48.135.060;

10 (12) Documents, materials, or information obtained by the  
11 insurance commissioner under RCW 48.37.060;

12 (13) Confidential and privileged documents obtained or produced  
13 by the insurance commissioner and identified in RCW 48.37.080;

14 (14) Documents, materials, or information obtained by the  
15 insurance commissioner under RCW 48.37.140;

16 (15) Documents, materials, or information obtained by the  
17 insurance commissioner under RCW 48.17.595;

18 (16) Documents, materials, or information obtained by the  
19 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and  
20 (7)(a)(ii);

21 (17) Documents, materials, or information obtained by the  
22 insurance commissioner in the commissioner's capacity as receiver  
23 under RCW 48.31.025 and 48.99.017, which are records under the  
24 jurisdiction and control of the receivership court. The commissioner  
25 is not required to search for, log, produce, or otherwise comply with  
26 the public records act for any records that the commissioner obtains  
27 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as  
28 a receiver, except as directed by the receivership court;

29 (18) Documents, materials, or information obtained by the  
30 insurance commissioner under RCW 48.13.151;

31 (19) Data, information, and documents provided by a carrier  
32 pursuant to section 1, chapter 172, Laws of 2010;

33 (20) Information in a filing of usage-based insurance about the  
34 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

35 (21) Data, information, and documents, other than those described  
36 in RCW 48.02.210(2) as it existed prior to repeal by section 2,  
37 chapter 7, Laws of 2017 3rd sp.s., that are submitted to the office  
38 of the insurance commissioner by an entity providing health care  
39 coverage pursuant to RCW 28A.400.275 as it existed on January 1,

1 2017, and 48.02.210 as it existed prior to repeal by section 2,  
2 chapter 7, Laws of 2017 3rd sp.s.;

3 (22) Data, information, and documents obtained by the insurance  
4 commissioner under RCW 48.29.017;

5 (23) Information not subject to public inspection or public  
6 disclosure under RCW 48.43.730(5);

7 (24) Documents, materials, or information obtained by the  
8 insurance commissioner under chapter 48.05A RCW;

9 (25) Documents, materials, or information obtained by the  
10 insurance commissioner under RCW 48.74.025, 48.74.028, 48.74.100(6),  
11 48.74.110(2) (b) and (c), and 48.74.120 to the extent such documents,  
12 materials, or information independently qualify for exemption from  
13 disclosure as documents, materials, or information in possession of  
14 the commissioner pursuant to a financial conduct examination and  
15 exempt from disclosure under RCW 48.02.065; (~~and~~))

16 (26) Nonpublic personal health information obtained by, disclosed  
17 to, or in the custody of the insurance commissioner, as provided in  
18 RCW 48.02.068; (~~and~~))

19 (27) Data, information, and documents obtained by the insurance  
20 commissioner under RCW 48.02.230; and

21 (28) All claims data, including health care and financial related  
22 data received under section 31 of this act, received and held by the  
23 health care authority.

24 NEW SECTION. Sec. 33. A new section is added to chapter 28A.400  
25 RCW to read as follows:

26 The monthly insurance benefit allocated to school districts for  
27 state-funded staffing assumptions in the 2019-2021 biennial omnibus  
28 appropriations act must be funded at a rate that is no less than the  
29 per employee per month funding rate provided to state agencies for  
30 state employee benefits.

31 NEW SECTION. Sec. 34. The legislature intends to review the  
32 state-funded staffing assumptions for K-12 benefit allocations to  
33 districts for the 2019-2021 biennial omnibus appropriations act and  
34 consider assumptions related to the monthly benefit allocated for the  
35 proportion of staff, that are anticipated to work six hundred thirty  
36 hours or more.

1        NEW SECTION.    **Sec. 35.**    Sections 14, 22, 23, 31, and 32 of this  
2 act are necessary for the immediate preservation of the public peace,  
3 health, or safety, or support of the state government and its  
4 existing public institutions, and take effect immediately.

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