
HOUSE BILL 2096

State of Washington 66th Legislature 2019 Regular Session

By Representatives Bergquist, Stonier, Sullivan, and Lovick

Read first time 02/19/19. Referred to Committee on Appropriations.

1 AN ACT Relating to educational service district health benefits;
2 amending RCW 41.05.011 and 41.05.050; and creating a new section.

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

4 **Sec. 1.** RCW 41.05.011 and 2018 c 260 s 4 are each amended to
5 read as follows:

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

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

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

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

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

18 (5) "Emergency service personnel killed in the line of duty"
19 means law enforcement officers and firefighters as defined in RCW
20 41.26.030, members of the Washington state patrol retirement fund as
21 defined in RCW 43.43.120, and reserve officers and firefighters as

1 defined in RCW 41.24.010 who die as a result of injuries sustained in
2 the course of employment as determined consistent with Title 51 RCW
3 by the department of labor and industries.

4 (6) (a) "Employee" for the public employees' benefits board
5 program includes all employees of the state, whether or not covered
6 by civil service; elected and appointed officials of the executive
7 branch of government, including full-time members of boards,
8 commissions, or committees; justices of the supreme court and judges
9 of the court of appeals and the superior courts; and members of the
10 state legislature. Pursuant to contractual agreement with the
11 authority, "employee" may also include: (i) Employees of a county,
12 municipality, or other political subdivision of the state and members
13 of the legislative authority of any county, city, or town who are
14 elected to office after February 20, 1970, if the legislative
15 authority of the county, municipality, or other political subdivision
16 of the state submits application materials to the authority to
17 provide any of its insurance programs by contract with the authority,
18 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
19 employee organizations representing state civil service employees, at
20 the option of each such employee organization; (iii) through December
21 31, 2019, employees of a school district if the authority agrees to
22 provide any of the school districts' insurance programs by contract
23 with the authority as provided in RCW 28A.400.350; (iv) employees of
24 a tribal government, if the governing body of the tribal government
25 seeks and receives the approval of the authority to provide any of
26 its insurance programs by contract with the authority, as provided in
27 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
28 benefit exchange if the governing board of the exchange established
29 in RCW 43.71.020 seeks and receives approval of the authority to
30 provide any of its insurance programs by contract with the authority,
31 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
32 December 31, 2019, employees of a charter school established under
33 chapter 28A.710 RCW. "Employee" does not include: Adult family home
34 providers; unpaid volunteers; patients of state hospitals; inmates;
35 employees of the Washington state convention and trade center as
36 provided in RCW 41.05.110; students of institutions of higher
37 education as determined by their institution; and any others not
38 expressly defined as employees under this chapter or by the authority
39 under this chapter.

1 (b) Effective January 1, 2020, "school employee" for the school
2 employees' benefits board program includes:

3 (i) All employees of school districts (~~(educational service~~
4 ~~districts,~~) and charter schools established under chapter 28A.710
5 RCW;

6 (ii) Represented employees of educational service districts; and

7 (iii) Effective January 1, 2024, all employees of educational
8 service districts.

9 (7) "Employee group" means employees of a similar employment
10 type, such as administrative, represented classified, nonrepresented
11 classified excluding such employees in educational service districts
12 until December 31, 2023, confidential, represented certificated, or
13 nonrepresented certificated excluding such employees in educational
14 service districts until December 31, 2023, within a school employees'
15 benefits board organization.

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

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

21 (9) "Employer group" means those counties, municipalities,
22 political subdivisions, the Washington health benefit exchange,
23 tribal governments, employee organizations representing state civil
24 service employees, and through December 31, 2019, school districts,
25 educational service districts, and charter schools obtaining employee
26 benefits through a contractual agreement with the authority to
27 participate in benefit plans developed by the public employees'
28 benefits board.

29 (10) (a) "Employing agency" for the public employees' benefits
30 board program means a division, department, or separate agency of
31 state government, including an institution of higher education; a
32 county, municipality, or other political subdivision; and a tribal
33 government covered by this chapter.

34 (b) "Employing agency" for the school employees' benefits board
35 program means school districts, educational service districts, and
36 charter schools.

37 (11) "Faculty" means an academic employee of an institution of
38 higher education whose workload is not defined by work hours but
39 whose appointment, workload, and duties directly serve the
40 institution's academic mission, as determined under the authority of

1 its enabling statutes, its governing body, and any applicable
2 collective bargaining agreement.

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

7 (13) "Insuring entity" means an insurer as defined in chapter
8 48.01 RCW, a health care service contractor as defined in chapter
9 48.44 RCW, or a health maintenance organization as defined in chapter
10 48.46 RCW.

11 (14) "Medical flexible spending arrangement" means a benefit plan
12 whereby state and school employees may reduce their salary before
13 taxes to pay for medical expenses not reimbursed by insurance as
14 provided in the salary reduction plan under this chapter pursuant to
15 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

16 (15) "Participant" means an individual who fulfills the
17 eligibility and enrollment requirements under the salary reduction
18 plan.

19 (16) "Plan year" means the time period established by the
20 authority.

21 (17) "Premium payment plan" means a benefit plan whereby public
22 employees may pay their share of group health plan premiums with
23 pretax dollars as provided in the salary reduction plan under this
24 chapter pursuant to 26 U.S.C. Sec. 125 or other sections of the
25 internal revenue code.

26 (18) "Public employee" has the same meaning as employee and
27 school employee.

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

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

32 (b) Persons who separate from employment with a school district,
33 educational service district, or charter school on or after October
34 1, 1993, and immediately upon separation receive a retirement
35 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

1 (20) "Salary" means a state or school employee's monthly salary
2 or wages.

3 (21) "Salary reduction plan" means a benefit plan whereby public
4 employees may agree to a reduction of salary on a pretax basis to
5 participate in the dependent care assistance program, medical
6 flexible spending arrangement, or premium payment plan offered
7 pursuant to 26 U.S.C. Sec. 125 or other sections of the internal
8 revenue code.

9 (22) "School employees' benefits board organization" means a
10 public school district or educational service district or charter
11 school established under chapter 28A.710 RCW that is required to
12 participate in benefit plans provided by the school employees'
13 benefits board.

14 (23) "School year" means school year as defined in RCW
15 28A.150.203(11).

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

19 (25) "Separated employees" means persons who separate from
20 employment with an employer as defined in:

- 21 (a) RCW 41.32.010(17) on or after July 1, 1996; or
- 22 (b) RCW 41.35.010 on or after September 1, 2000; or
- 23 (c) RCW 41.40.010 on or after March 1, 2002;

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

29 (26) "State purchased health care" or "health care" means medical
30 and health care, pharmaceuticals, and medical equipment purchased
31 with state and federal funds by the department of social and health
32 services, the department of health, the basic health plan, the state
33 health care authority, the department of labor and industries, the
34 department of corrections, the department of veterans affairs, and
35 local school districts.

36 (27) "Tribal government" means an Indian tribal government as
37 defined in section 3(32) of the employee retirement income security
38 act of 1974, as amended, or an agency or instrumentality of the
39 tribal government, that has government offices principally located in
40 this state.

1 **Sec. 2.** RCW 41.05.050 and 2018 c 260 s 10 are each amended to
2 read as follows:

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

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

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

28 (4)(a) Until January 1, 2020, the authority shall collect from
29 each participating school district and educational service district
30 an amount equal to the composite rate charged to state agencies, plus
31 an amount equal to the employee premiums by plan and family size as
32 would be charged to employees, for groups of school district and
33 educational service district employees enrolled in authority plans.
34 The authority may collect these amounts in accordance with the school
35 district or educational service district fiscal year, as described in
36 RCW 28A.505.030.

37 (b) (i) For all groups of school district or educational service
38 district employees enrolling in authority plans for the first time
39 after September 1, 2003, and until January 1, 2020, the authority
40 shall collect from each participating school district or educational

1 service district an amount equal to the composite rate charged to
2 state agencies, plus an amount equal to the employee premiums by plan
3 and by family size as would be charged to employees, only if the
4 authority determines that this method of billing the school districts
5 and educational service districts will not result in a material
6 difference between revenues from school districts and educational
7 service districts and expenditures made by the authority on behalf of
8 school districts and educational service districts and their
9 employees. The authority may collect these amounts in accordance with
10 the school district or educational service district fiscal year, as
11 described in RCW 28A.505.030.

12 (ii) For all groups of educational service district employees
13 enrolling in authority plans for the first time after January 1,
14 2020, and until January 1, 2024, the authority shall collect from
15 each participating educational service district an amount equal to
16 the composite rate charged to state agencies, plus an amount equal to
17 the employee premiums by plan and by family size as would be charged
18 to employees, only if the authority determines that this method of
19 billing the educational service districts will not result in a
20 material difference between revenues from educational service
21 districts and expenditures made by the authority on behalf of
22 educational service districts and their employees. The authority may
23 collect these amounts in accordance with the educational service
24 district fiscal year, as described in RCW 28A.505.030.

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

33 (d) (i) Beginning January 1, 2020, all school districts,
34 educational service districts with represented employees, and charter
35 schools shall commence participation in the school employees'
36 benefits board program established under RCW 41.05.740. All school
37 districts, educational service districts with represented employees,
38 charter schools, and all school district employee groups
39 participating in the public employees' benefits board plans before
40 January 1, 2020, shall thereafter participate in the school

1 employees' benefits board program administered by the authority. All
2 school districts, educational service districts with represented
3 employees, and charter schools shall provide contributions to the
4 authority for insurance and health care plans for school employees
5 and their dependents. These contributions must be provided to the
6 authority for all eligible school employees eligible for benefits
7 under RCW 41.05.740(6)(d), including school employees who have waived
8 their coverage; contributions to the authority are not required for
9 individuals eligible for benefits under RCW 41.05.740(6)(e) who waive
10 their coverage.

11 (ii) Beginning January 1, 2024, all educational service districts
12 shall participate in the school employees' benefits board program.

13 (e) For the purposes of this subsection, "tiered rates" means the
14 amounts the authority must pay to insuring entities by plan and by
15 family size.

16 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
17 authority may allow school districts and educational service
18 districts enrolled on a tiered rate structure prior to September 1,
19 2002, and until January 1, 2020, to continue participation based on
20 the same rate structure and under the same conditions and eligibility
21 criteria.

22 (5) The authority shall transmit a recommendation for the amount
23 of the employer contributions to the governor and the director of
24 financial management for inclusion in the proposed budgets submitted
25 to the legislature.

26 NEW SECTION. Sec. 3. (1) The Washington state health care
27 authority, in consultation with the office of the superintendent of
28 public instruction, educational service districts, and the office of
29 financial management, shall study employee health benefits in
30 educational service districts and the impact of participation in the
31 school employees' benefits board program on educational service
32 districts and their employees. The study must include an analysis of:

33 (a) Health benefit plans provided to educational service district
34 employees and their costs;

35 (b) Estimated costs to educational service districts to
36 participate in the school employees' benefits board program;

37 (c) Comparisons of costs, benefits offered, and employees
38 covered, between educational service district health benefits and
39 school employees' benefits board health benefits if adopted; and

1 (d) Revenue from school districts, state, federal, and other
2 sources that support educational service district services and their
3 ability to support rates negotiated for the school employees'
4 benefits board program.

5 (2) By December 31, 2020, the Washington state health care
6 authority must report findings from the study to the fiscal
7 committees of the legislature.

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