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HOUSE BILL 1887

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State of Washington                      54th Legislature                      1995 Regular Session

By Representatives Lambert, Carrell, Smith and Thompson

Read first time 02/13/95. Referred to Committee on Health Care.

1            AN ACT Relating to waiving state-provided health care benefit plan  
2 coverage; amending RCW 41.05.065; and adding a new section to chapter  
3 41.05 RCW.

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

5            **Sec. 1.** RCW 41.05.065 and 1994 c 153 s 5 are each amended to read  
6 as follows:

7            (1) The board shall study all matters connected with the provision  
8 of health care coverage, life insurance, liability insurance,  
9 accidental death and dismemberment insurance, and disability income  
10 insurance or any of, or a combination of, the enumerated types of  
11 insurance for employees and their dependents on the best basis possible  
12 with relation both to the welfare of the employees and to the state,  
13 however liability insurance shall not be made available to dependents.

14            (2) The public employees' benefits board shall develop employee  
15 benefit plans that include comprehensive health care benefits for all  
16 employees. In developing these plans, the board shall consider the  
17 following elements:

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

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

4 (c) Wellness incentives that focus on proven strategies, such as  
5 smoking cessation, exercise, automobile and motorcycle safety, blood  
6 cholesterol reduction, and nutrition education;

7 (d) Utilization review procedures including, but not limited to  
8 prior authorization of services, hospital inpatient length of stay  
9 review, requirements for use of outpatient surgeries and second  
10 opinions for surgeries, review of invoices or claims submitted by  
11 service providers, and performance audit of providers;

12 (e) Effective coordination of benefits;

13 (f) Minimum standards for insuring entities; and

14 (g) Minimum scope and content of standard benefit plans to be  
15 offered to enrollees participating in the employee health benefit  
16 plans. On and after (~~July 1, 1995~~) the first year anniversary date  
17 after February 1, 1996, the uniform benefits package shall constitute  
18 the minimum level of health benefits offered to employees. To maintain  
19 the comprehensive nature of employee health care benefits, employee  
20 eligibility criteria related to the number of hours worked and the  
21 benefits provided to employees shall be substantially equivalent to the  
22 state employees' health benefits plan and eligibility criteria in  
23 effect on January 1, 1993.

24 (3) The board shall design benefits and determine the terms and  
25 conditions of employee participation and coverage, including  
26 establishment of eligibility criteria.

27 (4) The board shall attempt to achieve enrollment of all employees  
28 and retirees in managed health care systems by July 1994.

29 The board may authorize premium contributions for an employee and  
30 the employee's dependents in a manner that encourages the use of cost-  
31 efficient managed health care systems.

32 (5) Employees shall choose participation in one of the health care  
33 benefit plans developed by the board and shall be permitted to waive  
34 coverage under terms and conditions established by the board. The  
35 terms and conditions regarding waiving coverage, among other things,  
36 shall:

37 (a) Require that the employee waiving coverage be covered under  
38 another public or private health care benefit plan with benefits

1 comparable to the least costly health care benefit plan available to  
2 state employees; and

3 (b) Allow the employee waiving coverage to choose one of the  
4 following options:

5 (i) Waive coverage for all benefits except that the state plan  
6 shall pay cost-sharing amounts, such as deductibles and copayments, for  
7 the plan under which the employee will be covered after waiving  
8 benefits;

9 (ii) Waive coverage or partial coverage and participate in an  
10 internal revenue code section 125 cafeteria or flexible benefits plan,  
11 except that five percent of the premium shall go to the board for  
12 administrative expenses; or

13 (iii) Waive coverage and receive the premium benefit paid by the  
14 state into a medical savings account under section 2 of this act,  
15 except that five percent of the premium shall go to the board for  
16 administrative expenses.

17 The option to waive benefits under this subsection shall apply to  
18 all public employees under the board's jurisdiction; the rules enacted  
19 by the board may account for employees precluded from some provisions  
20 of this subsection because of such things as collective bargaining  
21 agreements.

22 (6) The board shall review plans proposed by insurance carriers  
23 that desire to offer property insurance and/or accident and casualty  
24 insurance to state employees through payroll deduction. The board may  
25 approve any such plan for payroll deduction by carriers holding a valid  
26 certificate of authority in the state of Washington and which the board  
27 determines to be in the best interests of employees and the state. The  
28 board shall promulgate rules setting forth criteria by which it shall  
29 evaluate the plans.

30 NEW SECTION. Sec. 2. A new section is added to chapter 41.05 RCW  
31 to read as follows:

32 (1) The health care authority, in consultation with the public  
33 employees' benefits board, shall develop rules for medical savings  
34 accounts for public employees. The accounts shall contain  
35 contributions under RCW 41.05.065(5)(b)(iii) and voluntary  
36 contributions made by the employee. The total amount contributed to an  
37 account on an annual basis shall not exceed five thousand dollars.  
38 Funds not spent at the end of the year remain in the account.

1 (2) Funds in the medical savings account may only be used to pay  
2 health care, dental, and long-term care expenses, as defined by the  
3 board, for the employee and his or her dependents. The board shall  
4 develop rules to address the resignation, termination, retirement, or  
5 death of the employee.

6 (3) The board shall develop rules regarding the administration of  
7 medical savings accounts.

8 NEW SECTION. **Sec. 3.** If any provision of this act or its  
9 application to any person or circumstance is held invalid, the  
10 remainder of the act or the application of the provision to other  
11 persons or circumstances is not affected.

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