

2SSB 5202 - H AMD 431

By Representative Condotta

ADOPTED 04/08/2005

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 41.05.006 and 1988 c 107 s 2 are each amended to read
4 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, consistent
9 with the best interests of the state, to provide comprehensive health
10 care as an employer, to state employees and officials and their
11 dependents and to those who are dependent on the state for necessary
12 medical care, and (d) it is imperative that the state begin to develop
13 effective and efficient health care delivery systems and strategies for
14 procuring health care services in order for the state to continue to
15 purchase the most comprehensive health care possible.

16 (2) It is therefore the purpose of this chapter to establish the
17 Washington state health care authority whose purpose shall be to (a)
18 develop health care benefit programs(~~(7)~~) that provide access to at
19 least one comprehensive benefit plan funded to the fullest extent
20 possible by the employer, (~~((that provide comprehensive health care))~~)
21 and a health savings account/high deductible health plan option as
22 defined in section 1201 of the medicare prescription drug improvement
23 and modernization act of 2003, as amended, for eligible state
24 employees, officials, and their dependents, and (b) study all state-
25 purchased health care, alternative health care delivery systems, and
26 strategies for the procurement of health care services and make
27 recommendations aimed at minimizing the financial burden which health
28 care poses on the state, its employees, and its charges, while at the
29 same time allowing the state to provide the most comprehensive health
30 care options possible.

1 **Sec. 2.** RCW 41.05.065 and 2003 c 158 s 2 are each amended to read
2 as follows:

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

10 (2) The board shall develop employee benefit plans that include
11 comprehensive health care benefits for all employees. In developing
12 these plans, the board shall consider the following elements:

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

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

18 (c) Wellness incentives that focus on proven strategies, such as
19 smoking cessation, injury and accident prevention, reduction of alcohol
20 misuse, appropriate weight reduction, exercise, automobile and
21 motorcycle safety, blood cholesterol reduction, and nutrition
22 education;

23 (d) Utilization review procedures including, but not limited to a
24 cost-efficient method for prior authorization of services, hospital
25 inpatient length of stay review, requirements for use of outpatient
26 surgeries and second opinions for surgeries, review of invoices or
27 claims submitted by service providers, and performance audit of
28 providers;

29 (e) Effective coordination of benefits;

30 (f) Minimum standards for insuring entities; and

31 (g) Minimum scope and content of public employee benefit plans to
32 be offered to enrollees participating in the employee health benefit
33 plans. To maintain the comprehensive nature of employee health care
34 benefits, employee eligibility criteria related to the number of hours
35 worked and the benefits provided to employees shall be substantially
36 equivalent to the state employees' health benefits plan and eligibility
37 criteria in effect on January 1, 1993. Nothing in this subsection

38 (2)(g) shall prohibit changes or increases in employee point-of-service

1 payments or employee premium payments for benefits or the
2 administration of a high deductible health plan in conjunction with a
3 health savings account.

4 (3) The board shall design benefits and determine the terms and
5 conditions of employee participation and coverage, including
6 establishment of eligibility criteria. The same terms and conditions
7 of participation and coverage, including eligibility criteria, shall
8 apply to state employees and to school district employees and
9 educational service district employees.

10 (4) The board may authorize premium contributions for an employee
11 and the employee's dependents in a manner that encourages the use of
12 cost-efficient managed health care systems. The board shall require
13 participating school district and educational service district
14 employees to pay at least the same employee premiums by plan and family
15 size as state employees pay.

16 (5) The board shall develop a health savings account option for
17 employees that conforms to section 223, Part VII of subchapter B of
18 chapter 1 of the internal revenue code of 1986. The board shall comply
19 with all applicable federal standards related to the establishment of
20 health savings accounts.

21 (6) Notwithstanding any other provision of this chapter, the board
22 shall develop a high deductible health plan to be offered in
23 conjunction with a health savings account developed under subsection
24 (5) of this section.

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

28 ~~((+6))~~ (8) The board shall review plans proposed by insuring
29 entities that desire to offer property insurance and/or accident and
30 casualty insurance to state employees through payroll deduction. The
31 board may approve any such plan for payroll deduction by insuring
32 entities holding a valid certificate of authority in the state of
33 Washington and which the board determines to be in the best interests
34 of employees and the state. The board shall promulgate rules setting
35 forth criteria by which it shall evaluate the plans.

36 ~~((+7))~~ (9) Before January 1, 1998, the public employees' benefits
37 board shall make available one or more fully insured long-term care
38 insurance plans that comply with the requirements of chapter 48.84 RCW.

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

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

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

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

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

1 long-term care insurance, employees, retired employees, retired school
2 employees, and other interested parties determined to be appropriate by
3 the board.

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

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

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

22 (h) By December 1998, the health care authority, in consultation
23 with the public employees' benefits board, shall submit a report to the
24 appropriate committees of the legislature, including an analysis of the
25 marketing and distribution of the long-term care insurance provided
26 under this section."

27 Correct the title.

EFFECT: Eliminates the study and directs the PEBB to implement a health savings account option for state employees.

--- END ---