
SUBSTITUTE SENATE BILL 5930

State of Washington

61st Legislature

2009 Regular Session

By Senate Ways & Means (originally sponsored by Senators Prentice and Tom)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to public employees' health care costs; and
2 reenacting and amending RCW 41.05.065.

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

4 **Sec. 1.** RCW 41.05.065 and 2007 c 156 s 10 and 2007 c 114 s 5 are
5 each reenacted and amended to read as follows:

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

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

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

18 (b) Development of provider arrangements that encourage cost

1 containment and ensure access to quality care, including but not
2 limited to prepaid delivery systems and prospective payment methods;

3 (c) Wellness incentives that focus on proven strategies, such as
4 smoking cessation, injury and accident prevention, reduction of alcohol
5 misuse, appropriate weight reduction, exercise, automobile and
6 motorcycle safety, blood cholesterol reduction, and nutrition
7 education;

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

14 (e) Effective coordination of benefits;

15 (f) Minimum standards for insuring entities; and

16 (g) Minimum scope and content of public employee benefit plans to
17 be offered to enrollees participating in the employee health benefit
18 plans. To maintain the comprehensive nature of employee health care
19 benefits, employee eligibility criteria related to the number of hours
20 worked and the benefits provided to employees shall be substantially
21 equivalent to the state employees' health benefits plan and eligibility
22 criteria in effect on January 1, 1993. Nothing in this subsection
23 (2)(g) shall prohibit changes or increases in employee point-of-service
24 payments or employee premium payments for benefits or the
25 administration of a high deductible health plan in conjunction with a
26 health savings account.

27 (3) The board shall design benefits and determine the terms and
28 conditions of employee and retired employee participation and coverage,
29 including establishment of eligibility criteria subject to the
30 requirements of RCW 41.05.066. The same terms and conditions of
31 participation and coverage, including eligibility criteria, shall apply
32 to state employees and to school district employees and educational
33 service district employees.

34 (4) The board may authorize premium contributions for an employee
35 and the employee's dependents in a manner that encourages the use of
36 cost-efficient managed health care systems. ~~((During the 2005-2007
37 fiscal biennium, the board may only authorize premium contributions for
38 an employee and the employee's dependents that are the same, regardless~~

1 ~~of an employee's status as represented or nonrepresented by a~~
2 ~~collective bargaining unit under the personnel system reform act of~~
3 ~~2002. The board shall require participating school district and~~
4 ~~educational service district employees to pay at least the same~~
5 ~~employee premiums by plan and family size as state employees pay.)~~
6 After December 31, 2009, unless otherwise provided by law or contract,
7 the board shall authorize premium contributions for an employee and the
8 employee's dependents that average fifteen percent of the total premium
9 cost.

10 (5) The board shall develop a health savings account option for
11 employees that conform to section 223, Part VII of subchapter B of
12 chapter 1 of the internal revenue code of 1986. The board shall comply
13 with all applicable federal standards related to the establishment of
14 health savings accounts.

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

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

22 (8) The board shall review plans proposed by insuring entities that
23 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 insuring entities
26 holding a valid certificate of authority in the state of Washington and
27 which the board determines to be in the best interests of employees and
28 the state. The board shall adopt rules setting forth criteria by which
29 it shall evaluate the plans.

30 (9) Before January 1, 1998, the public employees' benefits board
31 shall make available one or more fully insured long-term care insurance
32 plans that comply with the requirements of chapter 48.84 RCW. Such
33 programs shall be made available to eligible employees, retired
34 employees, and retired school employees as well as eligible dependents
35 which, for the purpose of this section, includes the parents of the
36 employee or retiree and the parents of the spouse of the employee or
37 retiree. Employees of local governments, political subdivisions, and
38 tribal governments not otherwise enrolled in the public employees'

1 benefits board sponsored medical programs may enroll under terms and
2 conditions established by the administrator, if it does not jeopardize
3 the financial viability of the public employees' benefits board's long-
4 term care offering.

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

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

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

23 (d) The public employees' benefits board and the health care
24 authority shall establish a technical advisory committee to provide
25 advice in the development of the benefit design and establishment of
26 underwriting guidelines and eligibility rules. The committee shall
27 also advise the board and authority on effective and cost-effective
28 ways to market and distribute the long-term care product. The
29 technical advisory committee shall be comprised, at a minimum, of
30 representatives of the office of the insurance commissioner, providers
31 of long-term care services, licensed insurance agents with expertise in
32 long-term care insurance, employees, retired employees, retired school
33 employees, and other interested parties determined to be appropriate by
34 the board.

35 (e) The health care authority shall offer employees, retired
36 employees, and retired school employees the option of purchasing long-
37 term care insurance through licensed agents or brokers appointed by the
38 long-term care insurer. The authority, in consultation with the public

1 employees' benefits board, shall establish marketing procedures and may
2 consider all premium components as a part of the contract negotiations
3 with the long-term care insurer.

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

8 (g) The health care authority, with the cooperation of the office
9 of the insurance commissioner, shall develop a consumer education
10 program for the eligible employees, retired employees, and retired
11 school employees designed to provide education on the potential need
12 for long-term care, methods of financing long-term care, and the
13 availability of long-term care insurance products including the
14 products offered by the board.

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