

ESHB 1740 - S COMM AMD
By Committee on Health Care

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

3 "Sec. 1. RCW 41.04.205 and 1995 1st sp.s. c 6 s 8 are each
4 amended to read as follows:

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

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

23 (a) Establish the conditions for participation; and

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

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

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

1 (4) School districts may voluntarily transfer, except that all
2 eligible employees in a bargaining unit of a school district may
3 transfer only as a unit and all nonrepresented employees in a
4 district may transfer only as a unit.

5 **Sec. 2.** RCW 41.05.011 and 2013 c 2 s 306 are each amended to
6 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.

12 (3) "Dependent care assistance program" means a benefit plan
13 whereby state and public 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
22 defined in RCW 41.24.010 who die as a result of injuries sustained in
23 the course of employment as determined consistent with Title 51 RCW
24 by the department of labor and industries.

25 (6) "Employee" includes all employees of the state, whether or
26 not covered by civil service; elected and appointed officials of the
27 executive branch of government, including full-time members of
28 boards, commissions, or committees; justices of the supreme court and
29 judges of the court of appeals and the superior courts; and members
30 of the state legislature. Pursuant to contractual agreement with the
31 authority, "employee" may also include: (a) Employees of a county,
32 municipality, or other political subdivision of the state and members
33 of the legislative authority of any county, city, or town who are
34 elected to office after February 20, 1970, if the legislative
35 authority of the county, municipality, or other political subdivision
36 of the state (~~seeks and receives the approval of~~) submits
37 application materials to the authority to provide any of its
38 insurance programs by contract with the authority, as provided in RCW
39 41.04.205 and 41.05.021(1)(g); (b) employees of employee

1 organizations representing state civil service employees, at the
2 option of each such employee organization, and, effective October 1,
3 1995, employees of employee organizations currently pooled with
4 employees of school districts for the purpose of purchasing insurance
5 benefits, at the option of each such employee organization; (c)
6 employees of a school district if the authority agrees to provide any
7 of the school districts' insurance programs by contract with the
8 authority as provided in RCW 28A.400.350; (d) employees of a tribal
9 government, if the governing body of the tribal government seeks and
10 receives the approval of the authority to provide any of its
11 insurance programs by contract with the authority, as provided in RCW
12 41.05.021(1) (f) and (g); (e) employees of the Washington health
13 benefit exchange if the governing board of the exchange established
14 in RCW 43.71.020 seeks and receives approval of the authority to
15 provide any of its insurance programs by contract with the authority,
16 as provided in RCW 41.05.021(1) (g) and (n); and (f) employees of a
17 charter school established under chapter 28A.710 RCW. "Employee" does
18 not include: Adult family homeowners; unpaid volunteers; patients of
19 state hospitals; inmates; employees of the Washington state
20 convention and trade center as provided in RCW 41.05.110; students of
21 institutions of higher education as determined by their institution;
22 and any others not expressly defined as employees under this chapter
23 or by the authority under this chapter.

24 (7) "Employer" means the state of Washington.

25 (8) "Employing agency" means a division, department, or separate
26 agency of state government, including an institution of higher
27 education; a county, municipality, school district, educational
28 service district, or other political subdivision; charter school; and
29 a tribal government covered by this chapter.

30 (9) "Faculty" means an academic employee of an institution of
31 higher education whose workload is not defined by work hours but
32 whose appointment, workload, and duties directly serve the
33 institution's academic mission, as determined under the authority of
34 its enabling statutes, its governing body, and any applicable
35 collective bargaining agreement.

36 (10) "Flexible benefit plan" means a benefit plan that allows
37 employees to choose the level of health care coverage provided and
38 the amount of employee contributions from among a range of choices
39 offered by the authority.

1 (11) "Insuring entity" means an insurer as defined in chapter
2 48.01 RCW, a health care service contractor as defined in chapter
3 48.44 RCW, or a health maintenance organization as defined in chapter
4 48.46 RCW.

5 (12) "Medical flexible spending arrangement" means a benefit plan
6 whereby state and public employees may reduce their salary before
7 taxes to pay for medical expenses not reimbursed by insurance as
8 provided in the salary reduction plan under this chapter pursuant to
9 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

10 (13) "Participant" means an individual who fulfills the
11 eligibility and enrollment requirements under the salary reduction
12 plan.

13 (14) "Plan year" means the time period established by the
14 authority.

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

20 (16) "Retired or disabled school employee" means:

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

24 (b) Persons who separate from employment with a school district,
25 educational service district, or charter school on or after October
26 1, 1993, and immediately upon separation receive a retirement
27 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

32 (17) "Salary" means a state employee's monthly salary or wages.

33 (18) "Salary reduction plan" means a benefit plan whereby state
34 and public employees may agree to a reduction of salary on a pretax
35 basis to participate in the dependent care assistance program,
36 medical flexible spending arrangement, or premium payment plan
37 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
38 internal revenue code.

1 (19) "Seasonal employee" means an employee hired to work during a
2 recurring, annual season with a duration of three months or more, and
3 anticipated to return each season to perform similar work.

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

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

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

8 (c) RCW 41.40.010 on or after March 1, 2002;

9 and who are at least age fifty-five and have at least ten years of
10 service under the teachers' retirement system plan 3 as defined in
11 RCW 41.32.010(33), the Washington school employees' retirement system
12 plan 3 as defined in RCW 41.35.010, or the public employees'
13 retirement system plan 3 as defined in RCW 41.40.010.

14 (21) "State purchased health care" or "health care" means medical
15 and health care, pharmaceuticals, and medical equipment purchased
16 with state and federal funds by the department of social and health
17 services, the department of health, the basic health plan, the state
18 health care authority, the department of labor and industries, the
19 department of corrections, the department of veterans affairs, and
20 local school districts.

21 (22) "Tribal government" means an Indian tribal government as
22 defined in section 3(32) of the employee retirement income security
23 act of 1974, as amended, or an agency or instrumentality of the
24 tribal government, that has government offices principally located in
25 this state.

26 **Sec. 3.** RCW 41.05.050 and 2009 c 537 s 5 are each amended to
27 read as follows:

28 (1) Every: (a) Department, division, or separate agency of state
29 government; (b) county, municipal, school district, educational
30 service district, or other political subdivisions; and (c) tribal
31 governments as are covered by this chapter, shall provide
32 contributions to insurance and health care plans for its employees
33 and their dependents, the content of such plans to be determined by
34 the authority. Contributions, paid by the county, the municipality,
35 other political subdivision, or a tribal government for their
36 employees, shall include an amount determined by the authority to pay
37 such administrative expenses of the authority as are necessary to
38 administer the plans for employees of those groups, except as
39 provided in subsection (4) of this section.

1 (2) ~~((If the authority at any time determines that the~~
2 ~~participation of a county, municipal, other political subdivision, or~~
3 ~~a tribal government covered under this chapter adversely impacts~~
4 ~~insurance rates for state employees, the authority shall implement~~
5 ~~limitations on the participation of additional county, municipal,~~
6 ~~other political subdivisions, or a tribal government)) To account for
7 increased cost of benefits, for the state and for state employees the
8 authority may develop a rate surcharge applicable to participating
9 counties, municipalities, other political subdivisions, and tribal
10 governments.~~

11 (3) The contributions of any: (a) Department, division, or
12 separate agency of the state government; (b) county, municipal, or
13 other political subdivisions; and (c) any tribal government as are
14 covered by this chapter, shall be set by the authority, subject to
15 the approval of the governor for availability of funds as
16 specifically appropriated by the legislature for that purpose.
17 Insurance and health care contributions for ferry employees shall be
18 governed by RCW 47.64.270.

19 (4)(a) The authority shall collect from each participating school
20 district and educational service district an amount equal to the
21 composite rate charged to state agencies, plus an amount equal to the
22 employee premiums by plan and family size as would be charged to
23 state employees, for groups of district employees enrolled in
24 authority plans. The authority may collect these amounts in
25 accordance with the district fiscal year, as described in RCW
26 28A.505.030.

27 (b) For all groups of district employees enrolling in authority
28 plans for the first time after September 1, 2003, the authority shall
29 collect from each participating school district an amount equal to
30 the composite rate charged to state agencies, plus an amount equal to
31 the employee premiums by plan and by family size as would be charged
32 to state employees, only if the authority determines that this method
33 of billing the districts will not result in a material difference
34 between revenues from districts and expenditures made by the
35 authority on behalf of districts and their employees. The authority
36 may collect these amounts in accordance with the district fiscal
37 year, as described in RCW 28A.505.030.

38 (c) If the authority determines at any time that the conditions
39 in (b) of this subsection cannot be met, the authority shall offer
40 enrollment to additional groups of district employees on a tiered

1 rate structure until such time as the authority determines there
2 would be no material difference between revenues and expenditures
3 under a composite rate structure for all district employees enrolled
4 in authority plans.

5 (d) The authority may charge districts a one-time set-up fee for
6 employee groups enrolling in authority plans for the first time.

7 (e) For the purposes of this subsection:

8 (i) "District" means school district and educational service
9 district; and

10 (ii) "Tiered rates" means the amounts the authority must pay to
11 insuring entities by plan and by family size.

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

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

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21 On page 1, line 2 of the title, after "program;" strike the
22 remainder of the title and insert "and amending RCW 41.04.205,
23 41.05.011, and 41.05.050."

EFFECT: Modifies the surcharge language and allows the HCA to
account for the increased cost of benefits for the state and state
employees from participating groups with a rate surcharge to all
participating groups.

Removes language that tied the surcharge to a significant
increase in insurance rates for state employees that could be caused
by the participation of that employer.

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