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HOUSE BILL 2096

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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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