
SUBSTITUTE SENATE BILL 5275

State of Washington

68th Legislature

2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Robinson, Hunt, Keiser, Lovick, Nobles, Randall, Wellman, and C. Wilson)

READ FIRST TIME 02/09/23.

1 AN ACT Relating to expanding access to benefits provided by the
2 school employees' benefits board; amending RCW 41.05.011, 41.05.050,
3 41.05.080, 41.05.195, and 41.05.740; reenacting and amending RCW
4 41.05.021; adding a new section to chapter 41.05 RCW; and creating a
5 new section.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that employees and
8 employers are benefited by consistency and mobility in public
9 employee health care.

10 Therefore it is the intent of the legislature to expand access to
11 benefits provided by the school employees' benefits board to
12 employees of tribal schools and employee organizations representing
13 school employees.

14 **Sec. 2.** RCW 41.05.011 and 2019 c 411 s 4 are each amended to
15 read as follows:

16 The definitions in this section apply throughout this chapter
17 unless the context clearly requires otherwise.

18 (1) "Authority" means the Washington state health care authority.

1 (2) "Board" means the public employees' benefits board
2 established under RCW 41.05.055 and the school employees' benefits
3 board established under RCW 41.05.740.

4 (3) "Dependent care assistance program" means a benefit plan
5 whereby employees and school employees may pay for certain employment
6 related dependent care with pretax dollars as provided in the salary
7 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or
8 other sections of the internal revenue code.

9 (4) "Director" means the director of the authority.

10 (5) "Emergency service personnel killed in the line of duty"
11 means law enforcement officers and firefighters as defined in RCW
12 41.26.030, members of the Washington state patrol retirement fund as
13 defined in RCW 43.43.120, and reserve officers and firefighters as
14 defined in RCW 41.24.010 who die as a result of injuries sustained in
15 the course of employment as determined consistent with Title 51 RCW
16 by the department of labor and industries.

17 (6)(a) "Employee" for the public employees' benefits board
18 program includes all employees of the state, whether or not covered
19 by civil service; elected and appointed officials of the executive
20 branch of government, including full-time members of boards,
21 commissions, or committees; justices of the supreme court and judges
22 of the court of appeals and the superior courts; and members of the
23 state legislature. Pursuant to contractual agreement with the
24 authority, "employee" may also include: (i) Employees of a county,
25 municipality, or other political subdivision of the state and members
26 of the legislative authority of any county, city, or town who are
27 elected to office after February 20, 1970, if the legislative
28 authority of the county, municipality, or other political subdivision
29 of the state submits application materials to the authority to
30 provide any of its insurance programs by contract with the authority,
31 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
32 employee organizations representing state civil service employees, at
33 the option of each such employee organization; (iii) through December
34 31, 2019, employees of a school district if the authority agrees to
35 provide any of the school districts' insurance programs by contract
36 with the authority as provided in RCW 28A.400.350; (iv) employees of
37 a tribal government, if the governing body of the tribal government
38 seeks and receives the approval of the authority to provide any of
39 its insurance programs by contract with the authority, as provided in
40 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health

1 benefit exchange if the governing board of the exchange established
2 in RCW 43.71.020 seeks and receives approval of the authority to
3 provide any of its insurance programs by contract with the authority,
4 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
5 December 31, 2019, employees of a charter school established under
6 chapter 28A.710 RCW. "Employee" does not include: Adult family home
7 providers; unpaid volunteers; patients of state hospitals; inmates;
8 employees of the Washington state convention and trade center as
9 provided in RCW 41.05.110; students of institutions of higher
10 education as determined by their institution; and any others not
11 expressly defined as employees under this chapter or by the authority
12 under this chapter.

13 (b) Effective January 1, 2020, "school employee" for the school
14 employees' benefits board program includes:

15 (i) All employees of school districts and charter schools
16 established under chapter 28A.710 RCW;

17 (ii) Represented employees of educational service districts;
18 ((and))

19 (iii) Effective January 1, 2024, all employees of educational
20 service districts; and

21 (iv) Effective January 1, 2024, pursuant to contractual agreement
22 with the authority, "school employee" may also include: (A) Employees
23 of employee organizations representing school employees, at the
24 option of each such employee organization; and (B) employees of a
25 tribal school as defined in RCW 28A.715.010, if the governing body of
26 the tribal school seeks and receives the approval of the authority to
27 provide any of its insurance programs by contract with the authority,
28 as provided in RCW 41.05.021(1) (f) and (g).

29 (7) "Employee group" means employees of a similar employment
30 type, such as administrative, represented classified, nonrepresented
31 classified excluding such employees in educational service districts
32 until December 31, 2023, confidential, represented certificated, or
33 nonrepresented certificated excluding such employees in educational
34 service districts until December 31, 2023, within a school employees'
35 benefits board organization.

36 (8) (a) "Employer" for the public employees' benefits board
37 program means the state of Washington.

38 (b) "Employer" for the school employees' benefits board program
39 means school districts and educational service districts and charter
40 schools established under chapter 28A.710 RCW.

1 (9) (a) "Employer group" for the public employees' benefits board
2 program means those counties, municipalities, political subdivisions,
3 the Washington health benefit exchange, tribal governments, employee
4 organizations representing state civil service employees, and through
5 December 31, 2019, school districts, charter schools, and through
6 December 31, 2023, educational service districts obtaining employee
7 benefits through a contractual agreement with the authority to
8 participate in benefit plans developed by the public employees'
9 benefits board.

10 (b) "Employer group" for the school employees' benefits board
11 program means an employee organization representing school employees
12 and a tribal school as defined in RCW 28A.715.010, obtaining employee
13 benefits through a contractual agreement with the authority to
14 participate in benefit plans developed by the school employees'
15 benefits board.

16 (10) (a) "Employing agency" for the public employees' benefits
17 board program means a division, department, or separate agency of
18 state government, including an institution of higher education; a
19 county, municipality, or other political subdivision; and a tribal
20 government covered by this chapter.

21 (b) "Employing agency" for the school employees' benefits board
22 program means school districts, educational service districts, and
23 charter schools.

24 (11) "Faculty" means an academic employee of an institution of
25 higher education whose workload is not defined by work hours but
26 whose appointment, workload, and duties directly serve the
27 institution's academic mission, as determined under the authority of
28 its enabling statutes, its governing body, and any applicable
29 collective bargaining agreement.

30 (12) "Flexible benefit plan" means a benefit plan that allows
31 employees and school employees to choose the level of health care
32 coverage provided and the amount of employee or school employee
33 contributions from among a range of choices offered by the authority.

34 (13) "Insuring entity" means an insurer as defined in chapter
35 48.01 RCW, a health care service contractor as defined in chapter
36 48.44 RCW, or a health maintenance organization as defined in chapter
37 48.46 RCW.

38 (14) "Medical flexible spending arrangement" means a benefit plan
39 whereby state and school employees may reduce their salary before
40 taxes to pay for medical expenses not reimbursed by insurance as

1 provided in the salary reduction plan under this chapter pursuant to
2 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

3 (15) "Participant" means an individual who fulfills the
4 eligibility and enrollment requirements under the salary reduction
5 plan.

6 (16) "Plan year" means the time period established by the
7 authority.

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

13 (18) "Public employee" has the same meaning as employee and
14 school employee.

15 (19) "Retired or disabled school employee" means:

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

19 (b) Persons who separate from employment with a school district,
20 educational service district, or charter school on or after October
21 1, 1993, and immediately upon separation receive a retirement
22 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

27 (20) "Salary" means a state or school employee's monthly salary
28 or wages.

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

35 (22) "School employees' benefits board organization" means a
36 public school district or educational service district or charter
37 school established under chapter 28A.710 RCW that is required to
38 participate in benefit plans provided by the school employees'
39 benefits board.

1 (23) "School year" means school year as defined in RCW
2 28A.150.203(11).

3 (24) "Seasonal employee" means a state employee hired to work
4 during a recurring, annual season with a duration of three months or
5 more, and anticipated to return each season to perform similar work.

6 (25) "Separated employees" means persons who separate from
7 employment with an employer as defined in:

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

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

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

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

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

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

28 **Sec. 3.** RCW 41.05.021 and 2018 c 260 s 6 and 2018 c 201 s 7002
29 are each reenacted and amended to read as follows:

30 (1) The Washington state health care authority is created within
31 the executive branch. The authority shall have a director appointed
32 by the governor, with the consent of the senate. The director shall
33 serve at the pleasure of the governor. The director may employ a
34 deputy director, and such assistant directors and special assistants
35 as may be needed to administer the authority, who shall be exempt
36 from chapter 41.06 RCW, and any additional staff members as are
37 necessary to administer this chapter. The director may delegate any
38 power or duty vested in him or her by law, including authority to
39 make final decisions and enter final orders in hearings conducted

1 under chapter 34.05 RCW. The primary duties of the authority shall be
2 to: Administer insurance benefits for employees, retired or disabled
3 state and school employees, and school employees; administer the
4 basic health plan pursuant to chapter 70.47 RCW; administer the
5 children's health program pursuant to chapter 74.09 RCW; study state
6 purchased health care programs in order to maximize cost containment
7 in these programs while ensuring access to quality health care;
8 implement state initiatives, joint purchasing strategies, and
9 techniques for efficient administration that have potential
10 application to all state-purchased health services; and administer
11 grants that further the mission and goals of the authority. The
12 authority's duties include, but are not limited to, the following:

13 (a) To administer health care benefit programs for employees,
14 retired or disabled state and school employees, and school employees
15 as specifically authorized in RCW 41.05.065 and 41.05.740 and in
16 accordance with the methods described in RCW 41.05.075, 41.05.140,
17 and other provisions of this chapter;

18 (b) To analyze state purchased health care programs and to
19 explore options for cost containment and delivery alternatives for
20 those programs that are consistent with the purposes of those
21 programs, including, but not limited to:

22 (i) Creation of economic incentives for the persons for whom the
23 state purchases health care to appropriately utilize and purchase
24 health care services, including the development of flexible benefit
25 plans to offset increases in individual financial responsibility;

26 (ii) Utilization of provider arrangements that encourage cost
27 containment, including but not limited to prepaid delivery systems,
28 utilization review, and prospective payment methods, and that ensure
29 access to quality care, including assuring reasonable access to local
30 providers, especially for employees and school employees residing in
31 rural areas;

32 (iii) Coordination of state agency efforts to purchase drugs
33 effectively as provided in RCW 70.14.050;

34 (iv) Development of recommendations and methods for purchasing
35 medical equipment and supporting services on a volume discount basis;

36 (v) Development of data systems to obtain utilization data from
37 state purchased health care programs in order to identify cost
38 centers, utilization patterns, provider and hospital practice
39 patterns, and procedure costs, utilizing the information obtained
40 pursuant to RCW 41.05.031; and

1 (vi) In collaboration with other state agencies that administer
2 state purchased health care programs, private health care purchasers,
3 health care facilities, providers, and carriers:

4 (A) Use evidence-based medicine principles to develop common
5 performance measures and implement financial incentives in contracts
6 with insuring entities, health care facilities, and providers that:

7 (I) Reward improvements in health outcomes for individuals with
8 chronic diseases, increased utilization of appropriate preventive
9 health services, and reductions in medical errors; and

10 (II) Increase, through appropriate incentives to insuring
11 entities, health care facilities, and providers, the adoption and use
12 of information technology that contributes to improved health
13 outcomes, better coordination of care, and decreased medical errors;

14 (B) Through state health purchasing, reimbursement, or pilot
15 strategies, promote and increase the adoption of health information
16 technology systems, including electronic medical records, by
17 hospitals as defined in RCW 70.41.020, integrated delivery systems,
18 and providers that:

19 (I) Facilitate diagnosis or treatment;

20 (II) Reduce unnecessary duplication of medical tests;

21 (III) Promote efficient electronic physician order entry;

22 (IV) Increase access to health information for consumers and
23 their providers; and

24 (V) Improve health outcomes;

25 (C) Coordinate a strategy for the adoption of health information
26 technology systems using the final health information technology
27 report and recommendations developed under chapter 261, Laws of 2005;

28 (c) To analyze areas of public and private health care
29 interaction;

30 (d) To provide information and technical and administrative
31 assistance to the board;

32 (e) To review and approve or deny applications from counties,
33 municipalities, and other political subdivisions of the state to
34 provide state-sponsored insurance or self-insurance programs to their
35 employees in accordance with the provisions of RCW 41.04.205 and (g)
36 of this subsection, setting the premium contribution for approved
37 groups as outlined in RCW 41.05.050;

38 (f) To review and approve or deny the application when the
39 governing body of a tribal government or tribal school applies to
40 transfer their employees to an insurance or self-insurance program

1 administered by the public employees' benefits board or by the school
2 employees' benefits board. In the event of an employee transfer
3 pursuant to this subsection (1)(f), members of the governing body are
4 eligible to be included in such a transfer if the members are
5 authorized by the tribal government or tribal school to participate
6 in the insurance program being transferred from and subject to
7 payment by the members of all costs of insurance for the members. The
8 authority shall: (i) Establish the conditions for participation; (ii)
9 have the sole right to reject the application; and (iii) set the
10 premium contribution for approved groups as outlined in RCW
11 41.05.050. Approval of the application by the authority transfers the
12 employees and dependents involved to the insurance, self-insurance,
13 or health care program administered by the public employees' benefits
14 board or the school employees' benefits board;

15 (g) To ensure the continued status of the employee insurance or
16 self-insurance programs administered under this chapter as a
17 governmental plan under section 3(32) of the employee retirement
18 income security act of 1974, as amended, the authority shall limit
19 the participation of (~~employees of a county, municipal, school~~
20 ~~district, educational service district, or other political~~
21 ~~subdivision, the Washington health benefit exchange, or a tribal~~
22 ~~government~~)) employer groups, including providing for the
23 participation of those employees whose services are substantially all
24 in the performance of essential governmental functions, but not in
25 the performance of commercial activities. Charter schools established
26 under chapter 28A.710 RCW are employers and are school employees'
27 benefits board organizations unless:

28 (i) The authority receives guidance from the internal revenue
29 service or the United States department of labor that participation
30 jeopardizes the status of plans offered under this chapter as
31 governmental plans under the federal employees' retirement income
32 security act or the internal revenue code; or

33 (ii) The charter schools are not in compliance with regulations
34 issued by the internal revenue service and the United States treasury
35 department pertaining to section 414(d) of the federal internal
36 revenue code;

37 (h) To establish billing procedures and collect funds from school
38 employees' benefits board organizations in a way that minimizes the
39 administrative burden on districts;

1 (i) Through December 31, 2019, to publish and distribute to
2 nonparticipating school districts and educational service districts
3 by October 1st of each year a description of health care benefit
4 plans available through the authority and the estimated cost if
5 school districts and educational service district employees were
6 enrolled;

7 (j) To apply for, receive, and accept grants, gifts, and other
8 payments, including property and service, from any governmental or
9 other public or private entity or person, and make arrangements as to
10 the use of these receipts to implement initiatives and strategies
11 developed under this section;

12 (k) To issue, distribute, and administer grants that further the
13 mission and goals of the authority;

14 (l) To adopt rules consistent with this chapter as described in
15 RCW 41.05.160 including, but not limited to:

16 (i) Setting forth the criteria established by the public
17 employees' benefits board under RCW 41.05.065, and by the school
18 employees' benefits board under RCW 41.05.740, for determining
19 whether an employee or school employee is eligible for benefits;

20 (ii) Establishing an appeal process in accordance with chapter
21 34.05 RCW by which an employee or school employee may appeal an
22 eligibility determination;

23 (iii) Establishing a process to assure that the eligibility
24 determinations of an employing agency comply with the criteria under
25 this chapter, including the imposition of penalties as may be
26 authorized by the board;

27 (m)(i) To administer the medical services programs established
28 under chapter 74.09 RCW as the designated single state agency for
29 purposes of Title XIX of the federal social security act;

30 (ii) To administer the state children's health insurance program
31 under chapter 74.09 RCW for purposes of Title XXI of the federal
32 social security act;

33 (iii) To enter into agreements with the department of social and
34 health services for administration of medical care services programs
35 under Titles XIX and XXI of the social security act and programs
36 under chapters 71.05, 71.24, and 71.34 RCW. The agreements shall
37 establish the division of responsibilities between the authority and
38 the department with respect to mental health, chemical dependency,
39 and long-term care services, including services for persons with
40 developmental disabilities. The agreements shall be revised as

1 necessary, to comply with the final implementation plan adopted under
2 section 116, chapter 15, Laws of 2011 1st sp. sess.;

3 (iv) To adopt rules to carry out the purposes of chapter 74.09
4 RCW;

5 (v) To appoint such advisory committees or councils as may be
6 required by any federal statute or regulation as a condition to the
7 receipt of federal funds by the authority. The director may appoint
8 statewide committees or councils in the following subject areas: (A)
9 Health facilities; (B) children and youth services; (C) blind
10 services; (D) medical and health care; (E) drug abuse and alcoholism;
11 (F) rehabilitative services; and (G) such other subject matters as
12 are or come within the authority's responsibilities. The statewide
13 councils shall have representation from both major political parties
14 and shall have substantial consumer representation. Such committees
15 or councils shall be constituted as required by federal law or as the
16 director in his or her discretion may determine. The members of the
17 committees or councils shall hold office for three years except in
18 the case of a vacancy, in which event appointment shall be only for
19 the remainder of the unexpired term for which the vacancy occurs. No
20 member shall serve more than two consecutive terms. Members of such
21 state advisory committees or councils may be paid their travel
22 expenses in accordance with RCW 43.03.050 and 43.03.060 as now
23 existing or hereafter amended;

24 (n) To review and approve or deny the application from the
25 governing board of the Washington health benefit exchange to provide
26 public employees' benefits board state-sponsored insurance or self-
27 insurance programs to employees of the exchange. The authority shall
28 (i) establish the conditions for participation; (ii) have the sole
29 right to reject an application; and (iii) set the premium
30 contribution for approved groups as outlined in RCW 41.05.050.

31 (2) The public employees' benefits board and the school
32 employees' benefits board may implement strategies to promote managed
33 competition among employee and school employee health benefit plans.
34 Strategies may include but are not limited to:

35 (a) Standardizing the benefit package;

36 (b) Soliciting competitive bids for the benefit package;

37 (c) Limiting the state's contribution to a percent of the lowest
38 priced qualified plan within a geographical area;

39 (d) Monitoring the impact of the approach under this subsection
40 with regards to: Efficiencies in health service delivery, cost shifts

1 to subscribers, access to and choice of managed care plans statewide,
2 and quality of health services. The health care authority shall also
3 advise on the value of administering a benchmark employer-managed
4 plan to promote competition among managed care plans.

5 **Sec. 4.** RCW 41.05.050 and 2019 c 411 s 5 are each amended to
6 read as follows:

7 (1) ~~(a) Every ((: (a) Department, division, or separate agency of~~
8 ~~state government; (b) county, municipal, school district, educational~~
9 ~~service district, or other political subdivisions; and (c) tribal~~
10 ~~governments as are covered by this chapter,~~) employer and employer
11 group as defined in RCW 41.05.011 shall provide contributions to
12 insurance and health care plans for its employees and their
13 dependents, the content of such plans to be determined by the
14 authority.

15 ~~(b) Contributions ((: (b) Contributions ((the county, the municipality,~~
16 ~~other political subdivision, or a tribal government))~~) employer groups
17 for their employees, shall include an amount determined by the
18 authority to pay such administrative expenses of the authority as are
19 necessary to administer the plans for employees of those groups ((:
20 ~~except as provided in subsection (4) of this section))~~).

21 (2) To account for any increased cost of ~~((benefits for the state~~
22 ~~and for state employees))~~ benefit plans developed by the board, the
23 authority may develop a rate surcharge applicable to participating
24 ~~((counties, municipalities, other political subdivisions, and tribal~~
25 ~~governments))~~ employer groups as defined in RCW 41.05.011.

26 (3) The contributions of any: (a) Department, division, or
27 separate agency of the state government; (b) county, municipal, or
28 other political subdivisions; (c) any tribal government as are
29 covered by this chapter; and (d) school districts, educational
30 service districts, and charter schools, shall be set by the
31 authority, subject to the approval of the governor for availability
32 of funds as specifically appropriated by the legislature for that
33 purpose. Insurance and health care contributions for ferry employees
34 shall be governed by RCW 47.64.270.

35 (4) (a) ~~((Until January 1, 2020, the authority shall collect from~~
36 ~~each participating school district and educational service district~~
37 ~~an amount equal to the composite rate charged to state agencies, plus~~
38 ~~an amount equal to the employee premiums by plan and family size as~~
39 ~~would be charged to employees, for groups of school district and~~

1 ~~educational service district employees enrolled in authority plans.~~
2 ~~The authority may collect these amounts in accordance with the school~~
3 ~~district or educational service district fiscal year, as described in~~
4 ~~RCW 28A.505.030.~~

5 ~~(b) (i) For all groups of school district or educational service~~
6 ~~district employees enrolling in authority plans for the first time~~
7 ~~after September 1, 2003, and until January 1, 2020, the authority~~
8 ~~shall collect from each participating school district or educational~~
9 ~~service district an amount equal to the composite rate charged to~~
10 ~~state agencies, plus an amount equal to the employee premiums by plan~~
11 ~~and by family size as would be charged to employees, only if the~~
12 ~~authority determines that this method of billing the school districts~~
13 ~~and educational service districts will not result in a material~~
14 ~~difference between revenues from school districts and educational~~
15 ~~service districts and expenditures made by the authority on behalf of~~
16 ~~school districts and educational service districts and their~~
17 ~~employees. The authority may collect these amounts in accordance with~~
18 ~~the school district or educational service district fiscal year, as~~
19 ~~described in RCW 28A.505.030.~~

20 ~~((ii)) For all groups of educational service district employees~~
21 ~~enrolling in plans developed by the public employees' benefits board~~
22 ~~after January 1, 2020, and until January 1, 2024, the authority shall~~
23 ~~collect from each participating educational service district an~~
24 ~~amount equal to the composite rate charged to state agencies, plus an~~
25 ~~amount equal to the employee premiums by plan and by family size as~~
26 ~~would be charged to employees, only if the authority determines that~~
27 ~~this method of billing the educational service districts will not~~
28 ~~result in a material difference between revenues from educational~~
29 ~~service districts and expenditures made by the authority on behalf of~~
30 ~~educational service districts and their employees. The authority may~~
31 ~~collect these amounts in accordance with the educational service~~
32 ~~district fiscal year, as described in RCW 28A.505.030.~~

33 ~~((c) Until January 1, 2020, if the authority determines at any~~
34 ~~time that the conditions in (b) of this subsection cannot be met, the~~
35 ~~authority shall offer enrollment to additional groups of school and~~
36 ~~educational service district employees on a tiered rate structure~~
37 ~~until such time as the authority determines there would be no~~
38 ~~material difference between revenues and expenditures under a~~
39 ~~composite rate structure for all school and educational service~~
40 ~~district employees enrolled in authority plans.~~

1 ~~(d))~~ (b)(i) Beginning January 1, 2020, all school districts,
2 represented employees of educational service districts, and charter
3 schools shall commence participation in the school employees'
4 benefits board program established under RCW 41.05.740. All school
5 districts, represented employees of educational service districts,
6 charter schools, and all school district employee groups
7 participating in the public employees' benefits board plans before
8 January 1, 2020, shall thereafter participate in the school
9 employees' benefits board program administered by the authority. All
10 school districts, represented employees of educational service
11 districts, and charter schools shall provide contributions to the
12 authority for insurance and health care plans for school employees
13 and their dependents. These contributions must be provided to the
14 authority for all eligible school employees eligible for benefits
15 under RCW 41.05.740(6) (d), including school employees who have waived
16 their coverage; contributions to the authority are not required for
17 individuals eligible for benefits under RCW 41.05.740(6) (e) who waive
18 their coverage.

19 (ii) Beginning January 1, 2024, all educational service districts
20 shall participate in the school employees' benefits board program.

21 ~~((e) For the purposes of this subsection, "tiered rates" means~~
22 ~~the amounts the authority must pay to insuring entities by plan and~~
23 ~~by family size.~~

24 ~~(f) Notwithstanding this subsection and RCW 41.05.065(4), the~~
25 ~~authority may allow school districts and educational service~~
26 ~~districts enrolled on a tiered rate structure prior to September 1,~~
27 ~~2002, and until January 1, 2020, to continue participation based on~~
28 ~~the same rate structure and under the same conditions and eligibility~~
29 ~~criteria.))~~

30 (5) The authority shall transmit a recommendation for the amount
31 of the employer contributions to the governor and the director of
32 financial management for inclusion in the proposed budgets submitted
33 to the legislature.

34 **Sec. 5.** RCW 41.05.080 and 2018 c 260 s 15 are each amended to
35 read as follows:

36 (1) Under the qualifications, terms, conditions, and benefits set
37 by the public employees' benefits board:

38 (a) Retired or disabled state employees, retired or disabled
39 school employees, or retired or disabled employees of ~~((county,~~

1 ~~municipal, or other political subdivisions, or retired or disabled~~
2 ~~employees of tribal governments))~~ employer groups covered by this
3 chapter may continue their participation in insurance plans and
4 contracts after retirement or disablement;

5 (b) Separated employees may continue their participation in
6 insurance plans and contracts if participation is selected
7 immediately upon separation from employment;

8 (c) Surviving spouses, surviving state registered domestic
9 partners, and dependent children of emergency service personnel
10 killed in the line of duty may participate in insurance plans and
11 contracts.

12 (2) Rates charged surviving spouses and surviving state
13 registered domestic partners of emergency service personnel killed in
14 the line of duty, retired or disabled employees, separated employees,
15 spouses, or dependent children who are not eligible for parts A and B
16 of medicare shall be based on the experience of the community-rated
17 risk pool established under RCW 41.05.022.

18 (3) Rates charged to surviving spouses and surviving state
19 registered domestic partners of emergency service personnel killed in
20 the line of duty, retired or disabled employees, separated employees,
21 spouses, or children who are eligible for parts A and B of medicare
22 shall be calculated from a separate experience risk pool comprised
23 only of individuals eligible for parts A and B of medicare; however,
24 the premiums charged to medicare-eligible retirees and disabled
25 employees shall be reduced by the amount of the subsidy provided
26 under RCW 41.05.085.

27 (4) Surviving spouses, surviving state registered domestic
28 partners, and dependent children of emergency service personnel
29 killed in the line of duty and retired or disabled and separated
30 employees shall be responsible for payment of premium rates developed
31 by the authority which shall include the cost to the authority of
32 providing insurance coverage including any amounts necessary for
33 reserves and administration in accordance with this chapter. These
34 self pay rates will be established based on a separate rate for the
35 employee, the spouse, state registered domestic partners, and the
36 children.

37 (5) The term "retired state employees" for the purpose of this
38 section shall include but not be limited to members of the
39 legislature whether voluntarily or involuntarily leaving state
40 office.

1 **Sec. 6.** RCW 41.05.195 and 2015 c 116 s 7 are each amended to
2 read as follows:

3 Notwithstanding any other provisions of this chapter or rules or
4 procedures adopted by the authority, the authority shall make
5 available to retired or disabled employees who are enrolled in parts
6 A and B of medicare one or more medicare supplemental insurance
7 policies that conform to the requirements of chapter 48.66 RCW. The
8 policies shall be chosen in consultation with the public employees'
9 benefits board. These policies shall be made available to retired or
10 disabled state employees; retired or disabled school district
11 employees; retired employees of (~~county, municipal, or other~~
12 ~~political subdivisions or retired employees of tribal governments~~)
13 employer groups eligible for coverage available under the authority;
14 or surviving spouses or surviving state registered domestic partners
15 of emergency service personnel killed in the line of duty.

16 **Sec. 7.** RCW 41.05.740 and 2018 c 260 s 1 are each amended to
17 read as follows:

18 (1) The school employees' benefits board is created within the
19 authority. The function of the school employees' benefits board is to
20 design and approve insurance benefit plans for school employees and
21 to establish eligibility criteria for participation in insurance
22 benefit plans.

23 (2) By September 30, 2017, the governor shall appoint the
24 following voting members to the school employees' benefits board as
25 follows:

26 (a) Two members from associations representing certificated
27 employees;

28 (b) Two members from associations representing classified
29 employees;

30 (c) Four members with expertise in employee health benefits
31 policy and administration, one of which is nominated by an
32 association representing school business officials; and

33 (d) The director of the authority or his or her designee.

34 (3) Initial members of the school employees' benefits board shall
35 serve staggered terms not to exceed four years. Members appointed
36 thereafter shall serve two-year terms.

37 (4) Compensation and reimbursement related to school employees'
38 benefits board member service are as follows:

1 (a) Members of the school employees' benefits board must be
2 compensated in accordance with RCW 43.03.250 and must be reimbursed
3 for their travel expenses while on official business in accordance
4 with RCW 43.03.050 and 43.03.060.

5 (b) While school employees' benefits board members are carrying
6 out their powers and duties under this chapter (~~(41.05-RCW)~~), if the
7 service of any certificated or classified employee results in a need
8 for a school employees' benefits board organization to employ a
9 substitute for such certificated or classified employee during such
10 service, payment for such a substitute may be made by the authority
11 from funds appropriated by the legislature for the school employees'
12 benefits board program. If such substitute is paid by the authority,
13 no deduction shall be made from the salary of the certificated or
14 classified employee. In no event shall a school employees' benefits
15 board organization deduct from the salary of a certificated or
16 classified employee serving on the school employees' benefits board
17 more than the amount paid the substitute employed by the school
18 employees' benefits board organization.

19 (5) The director of the authority or his or her designee shall be
20 the chair and another member shall be selected by the school
21 employees' benefits board as vice chair. The chair shall conduct
22 meetings of the school employees' benefits board. The vice chair
23 shall preside over meetings in the absence of the chair. The school
24 employees' benefits board shall develop bylaws for the conduct of its
25 business.

26 (6) The school employees' benefits board shall:

27 (a) Study all matters connected with the provision of health care
28 coverage, life insurance, liability insurance, accidental death and
29 dismemberment, and disability insurance, or any of, or combination
30 of, the enumerated types of insurance for eligible school employees
31 and their dependents on the best basis possible with relation both to
32 the welfare of the school employees and the state. However, liability
33 insurance should not be made available to dependents;

34 (b) Develop school employee benefit plans that include
35 comprehensive, evidence-based health care benefits for school
36 employees. In developing these plans, the school employees' benefits
37 board shall consider the following elements:

38 (i) Methods of maximizing cost containment while ensuring access
39 to quality health care;

1 (ii) 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 (iii) Wellness, preventive care, chronic disease management, and
5 other incentives that focus on proven strategies;

6 (iv) Utilization review procedures to support cost-effective
7 benefits delivery;

8 (v) Ways to leverage efficient purchasing by coordinating with
9 the public employees' benefits board;

10 (vi) Effective coordination of benefits; and

11 (vii) Minimum standards for insuring entities;

12 (c) Authorize premium contributions for a school employee and the
13 employee's dependents in a manner that encourages the use of cost-
14 efficient health care systems. For participating school employees,
15 the required school employee share of the cost for family coverage
16 premiums may not exceed three times the premiums for a school
17 employee purchasing single coverage for the same coverage plan;

18 (d) Determine the terms and conditions of school employee and
19 dependent eligibility criteria, enrollment policies, and scope of
20 coverage. Employer groups obtaining benefits through contractual
21 agreement with the authority for school employees defined in RCW
22 41.05.011(6)(b)(iv) may contractually agree with the authority to
23 benefits eligibility criteria which differs from that determined by
24 the school employees' benefits board. At a minimum, the eligibility
25 criteria established by the school employees' benefits board shall
26 address the following:

27 (i) The effective date of coverage following hire;

28 (ii) The benefits eligibility criteria, but the school employees'
29 benefits board's criteria shall be no more restrictive than requiring
30 that a school employee be anticipated to work at least six hundred
31 thirty hours per school year to be benefits eligible; and

32 (iii) Coverage for dependents, including criteria for legal
33 spouses; children up to age twenty-six; children of any age with
34 disabilities, mental illness, or intellectual or other developmental
35 disabilities; and state registered domestic partners, as defined in
36 RCW 26.60.020, and others authorized by the legislature;

37 (e) Establish terms and conditions for a school employees'
38 benefits board organization to have the ability to locally negotiate
39 eligibility criteria for a school employee who is anticipated to work
40 less than six hundred thirty hours in a school year. A school

1 employees' benefits board organization that elects to use a lower
2 threshold of hours for benefits eligibility must use benefits
3 authorized by the school employees' benefits board and shall do so as
4 an enrichment to the state's definition of basic education;

5 (f) Establish penalties to be imposed when a school employees'
6 benefits board organization fails to comply with established
7 participation criteria; and

8 (g) Participate with the authority in the preparation of
9 specifications and selection of carriers contracted for school
10 employee benefit plan coverage of eligible school employees in
11 accordance with the criteria set forth in rules. To the extent
12 possible, the school employees' benefits board shall leverage
13 efficient purchasing by coordinating with the public employees'
14 benefits board.

15 (7) School employees shall choose participation in one of the
16 health care benefit plans developed by the school employees' benefits
17 board. Individual school employees eligible for benefits under
18 subsection (6)(d) of this section may be permitted to waive coverage
19 under terms and conditions established by the school employees'
20 benefits board.

21 (8) By November 30, 2021, the authority shall review the benefit
22 plans provided through the school employees' benefits board, complete
23 an analysis of the benefits provided and the administration of the
24 benefits plans, and determine whether provisions in chapter 13, Laws
25 of 2017 3rd sp. sess. have resulted in cost savings to the state. The
26 authority shall submit a report to the relevant legislative policy
27 and fiscal committees summarizing the results of the review and
28 analysis.

29 NEW SECTION. **Sec. 8.** A new section is added to chapter 41.05
30 RCW to read as follows:

31 (1) For purposes of this section, "school board member" means the
32 board of directors of a school district as governed by chapter
33 28A.343 RCW or the board of directors of an educational service
34 district as governed by chapter 28A.310 RCW.

35 (2) As of January 1, 2024, a school board member may participate
36 in the benefit plans offered by and subject to the terms and
37 conditions determined by the school employees' benefits board. A
38 school board member may enroll in medical, dental, and vision
39 benefits and shall be responsible for premium rates developed by the

1 authority. A school board member shall be responsible for submitting
2 the full self-pay premium amount for the benefits the member elects
3 to enroll in for each month the member is covered.

4 (3) A school board member may participate in the school
5 employees' benefits board program for the duration of the member's
6 elected term as a school board member and may renew the member's
7 participation at the start of each subsequent term as a school board
8 member.

9 (4) If a school board member voluntarily ends the member's
10 enrollment in the school employees' benefits board program prior to
11 the end of their elected term, the member is no longer eligible under
12 this section to participate in the school employees' benefits board
13 program for the remainder of the member's elected term.

14 (5) This section does not create any eligibility for school board
15 members to participate in retiree benefits provided by the public
16 employees' benefits board program.

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