
HOUSE BILL 1191

State of Washington

58th Legislature

2003 Regular Session

By Representatives Fromhold, Cox, Moeller, Talcott, Wallace, Pflug, Grant, Lovick, Dunshee, Anderson, Delvin, McCoy, Benson, Miloscia, Eickmeyer, Mielke, Schindler, Schual-Berke, Linville, Lantz, Pearson, Kessler, Morrell, Cairnes and Simpson

Read first time 01/20/2003. Referred to Committee on Appropriations.

1 AN ACT Relating to offering health care benefit plans to school
2 district employees; amending RCW 41.05.065; and reenacting and amending
3 RCW 41.05.050.

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

5 **Sec. 1.** RCW 41.05.050 and 2002 c 319 s 4 and 2002 c 142 s 2 are
6 each reenacted and amended to read as follows:

7 (1) Every department, division, or separate agency of state
8 government, and such county, municipal, school district, educational
9 service district, or other political subdivisions as are covered by
10 this chapter, shall provide contributions to insurance and health care
11 plans for its employees and their dependents, the content of such plans
12 to be determined by the authority. Contributions, paid by the county,
13 the municipality, or other political subdivision for their employees,
14 shall include an amount determined by the authority to pay such
15 administrative expenses of the authority as are necessary to administer
16 the plans for employees of those groups, except as provided in
17 subsection (4) of this section.

18 (2) If the authority at any time determines that the participation
19 of a county, municipal, or other political subdivision covered under

1 this chapter adversely impacts insurance rates for state employees, the
2 authority shall implement limitations on the participation of
3 additional county, municipal, or other political subdivisions.

4 (3) The contributions of any department, division, or separate
5 agency of the state government, and such county, municipal, or other
6 political subdivisions as are covered by this chapter, shall be set by
7 the authority, subject to the approval of the governor for availability
8 of funds as specifically appropriated by the legislature for that
9 purpose. Insurance and health care contributions for ferry employees
10 shall be governed by RCW 47.64.270.

11 (4)(a) Beginning September 1, (~~(2002)~~) 2003, the authority shall
12 collect from each participating school district(~~(s)~~) and educational
13 service district(~~(s shall be charged the same)~~) an amount equal to the
14 composite rate (~~(as)~~) charged to state agencies, plus (~~(the same~~
15 ~~amounts for)~~) an amount equal to the employee premiums by plan and
16 family size as (~~(are)~~) would be charged to state employees, for groups
17 of district employees enrolled in authority plans as of January 1,
18 (~~(2002)~~) 2003.

19 (b) For all groups of district employees enrolling in authority
20 plans for the first time after September 1, 2002, the authority shall
21 (~~(charge)~~) collect from districts the same composite rate charged to
22 state agencies, plus the same amounts for employee premiums by plan and
23 by family size as are charged to state employees, only if the authority
24 determines that this method of billing the districts will not result in
25 a material difference between revenues from districts and expenditures
26 made by the authority on behalf of districts and their employees.

27 (c) If the authority determines at any time that the conditions in
28 (b) of this subsection cannot be met, the authority shall offer
29 enrollment to additional groups of district employees on a tiered rate
30 structure until such time as the authority determines there would be no
31 material difference between revenues and expenditures under a composite
32 rate structure for all district employees enrolled in authority plans.

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

35 (e) For the purposes of this subsection:

36 (i) "District" means school district and educational service
37 district; and

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

3 (f) Notwithstanding this subsection and RCW 41.05.065(3), the
4 authority may allow districts enrolled on a tiered rate structure prior
5 to September 1, 2002, to continue participation based on the same rate
6 structure and under the same conditions and eligibility criteria.

7 (5) The authority shall transmit a recommendation for the amount of
8 the employer contribution to the governor and the director of financial
9 management for inclusion in the proposed budgets submitted to the
10 legislature.

11 **Sec. 2.** RCW 41.05.065 and 2002 c 142 s 3 are each amended to read
12 as follows:

13 (1) The board shall study all matters connected with the provision
14 of health care coverage, life insurance, liability insurance,
15 accidental death and dismemberment insurance, and disability income
16 insurance or any of, or a combination of, the enumerated types of
17 insurance for employees and their dependents on the best basis possible
18 with relation both to the welfare of the employees and to the state.
19 However, liability insurance shall not be made available to dependents.

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

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

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

28 (c) Wellness incentives that focus on proven strategies, such as
29 smoking cessation, injury and accident prevention, reduction of alcohol
30 misuse, appropriate weight reduction, exercise, automobile and
31 motorcycle safety, blood cholesterol reduction, and nutrition
32 education;

33 (d) Utilization review procedures including, but not limited to a
34 cost-efficient method for prior authorization of services, hospital
35 inpatient length of stay review, requirements for use of outpatient
36 surgeries and second opinions for surgeries, review of invoices or

1 claims submitted by service providers, and performance audit of
2 providers;

3 (e) Effective coordination of benefits;

4 (f) Minimum standards for insuring entities; and

5 (g) Minimum scope and content of public employee benefit plans to
6 be offered to enrollees participating in the employee health benefit
7 plans. To maintain the comprehensive nature of employee health care
8 benefits, employee eligibility criteria related to the number of hours
9 worked and the benefits provided to employees shall be substantially
10 equivalent to the state employees' health benefits plan and eligibility
11 criteria in effect on January 1, 1993. Nothing in this subsection
12 (2)(g) shall prohibit changes or increases in employee point-of-service
13 payments or employee premium payments for benefits.

14 (3) The board shall design benefits and determine the terms and
15 conditions of employee participation and coverage, including
16 establishment of eligibility criteria. The same terms and conditions
17 of participation and coverage, including eligibility criteria, shall
18 apply to state employees and to school district employees and
19 educational service district employees.

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

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

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

37 (7) Before January 1, 1998, the public employees' benefits board
38 shall make available one or more fully insured long-term care insurance

1 plans that comply with the requirements of chapter 48.84 RCW. Such
2 programs shall be made available to eligible employees, retired
3 employees, and retired school employees as well as eligible dependents
4 which, for the purpose of this section, includes the parents of the
5 employee or retiree and the parents of the spouse of the employee or
6 retiree. Employees of local governments and employees of political
7 subdivisions not otherwise enrolled in the public employees' benefits
8 board sponsored medical programs may enroll under terms and conditions
9 established by the administrator, if it does not jeopardize the
10 financial viability of the public employees' benefits board's long-term
11 care offering.

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

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

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

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

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

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

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

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

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

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