
SENATE BILL 6699

State of Washington

58th Legislature

2004 Regular Session

By Senator Benton

Read first time 02/02/2004. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to providing insurance coverage to dependent
2 children; amending RCW 48.20.420, 48.21.150, 48.44.200, 48.44.210,
3 48.46.320, 41.05.011, and 41.05.050; adding a new section to chapter
4 48.20 RCW; adding a new section to chapter 48.21 RCW; adding a new
5 section to chapter 48.44 RCW; and adding a new section to chapter 48.46
6 RCW.

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

8 **Sec. 1.** RCW 48.20.420 and 1985 c 264 s 10 are each amended to read
9 as follows:

10 Any disability insurance contract providing health care services,
11 delivered or issued for delivery in this state more than one hundred
12 twenty days after August 11, 1969, (~~which~~) that provides that
13 coverage of a dependent child shall terminate upon attainment of the
14 limiting age for dependent children (~~specified in the contract,~~)
15 shall also provide in substance that attainment of such limiting age
16 shall not operate to terminate the coverage of such child while the
17 child is and continues to be both (1) incapable of self-sustaining
18 employment by reason of developmental disability or physical handicap
19 and (2) chiefly dependent upon the subscriber for support and

1 maintenance, provided proof of such incapacity and dependency is
2 furnished to the insurer by the subscriber within thirty-one days of
3 the child's attainment of the limiting age and subsequently as may be
4 required by the insurer but not more frequently than annually after the
5 two year period following the child's attainment of the limiting age.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.20 RCW
7 to read as follows:

8 Any disability insurance contract that provides coverage for a
9 dependent child must cover any unmarried child of the subscriber or the
10 subscriber's spouse if the child is:

- 11 (1) Under the limiting age of twenty-five; and
12 (2) Not an active duty member of the armed forces of the United
13 States.

14 **Sec. 3.** RCW 48.21.150 and 1977 ex.s. c 80 s 32 are each amended to
15 read as follows:

16 Any group disability insurance contract or blanket disability
17 insurance contract, providing health care services, delivered or issued
18 for delivery in this state more than one hundred twenty days after
19 August 11, 1969, (~~which~~) that provides that coverage of a dependent
20 child of an employee or other member of the covered group shall
21 terminate upon attainment of the limiting age for dependent children
22 (~~specified in the contract~~) shall also provide in substance that
23 attainment of such limiting age shall not operate to terminate the
24 coverage of such child while the child is and continues to be both (1)
25 incapable of self-sustaining employment by reason of developmental
26 disability or physical handicap and (2) chiefly dependent upon the
27 employee or member for support and maintenance, provided proof of such
28 incapacity and dependency is furnished to the insurer by the employee
29 or member within thirty-one days of the child's attainment of the
30 limiting age and subsequently as may be required by the insurer, but
31 not more frequently than annually after the two year period following
32 the child's attainment of the limiting age.

33 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.21 RCW
34 to read as follows:

35 Any group disability insurance contract or blanket disability

1 insurance contract that provides coverage for a dependent child must
2 cover any unmarried child of the subscriber or the subscriber's spouse
3 if the child is:

- 4 (1) Under the limiting age of twenty-five; and
- 5 (2) Not an active duty member of the armed forces of the United
6 States.

7 **Sec. 5.** RCW 48.44.200 and 1977 ex.s. c 80 s 33 are each amended to
8 read as follows:

9 An individual health care service plan contract, delivered or
10 issued for delivery in this state more than one hundred twenty days
11 after August 11, 1969, (~~which~~) that provides that coverage of a
12 dependent child shall terminate upon attainment of the limiting age for
13 dependent children (~~specified in the contract~~) shall also provide in
14 substance that attainment of such limiting age shall not operate to
15 terminate the coverage of such child while the child is and continues
16 to be both (1) incapable of self-sustaining employment by reason of
17 developmental disability or physical handicap and (2) chiefly dependent
18 upon the subscriber for support and maintenance, provided proof of such
19 incapacity and dependency is furnished to the health care service plan
20 corporation by the subscriber within thirty-one days of the child's
21 attainment of the limiting age and subsequently as may be required by
22 the corporation but not more frequently than annually after the two
23 year period following the child's attainment of the limiting age.

24 **Sec. 6.** RCW 48.44.210 and 1977 ex.s. c 80 s 34 are each amended to
25 read as follows:

26 A group health care service plan contract, delivered or issued for
27 delivery in this state more than one hundred twenty days after August
28 11, 1969, (~~which~~) that provides that coverage of a dependent child of
29 an employee or other member of the covered group shall terminate upon
30 attainment of the limiting age for dependent children (~~specified in
31 the contract~~) shall also provide in substance that attainment of such
32 limiting age shall not operate to terminate the coverage of such child
33 while the child is and continues to be both (1) incapable of self-
34 sustaining employment by reason of developmental disability or physical
35 handicap and (2) chiefly dependent upon the employee or member for
36 support and maintenance, provided proof of such incapacity and

1 dependency is furnished to the health care service plan corporation by
2 the employee or member within thirty-one days of the child's attainment
3 of the limiting age and subsequently as may be required by the
4 corporation, but not more frequently than annually after the two year
5 period following the child's attainment of the limiting age.

6 NEW SECTION. **Sec. 7.** A new section is added to chapter 48.44 RCW
7 to read as follows:

8 Any individual health care service plan contract or group health
9 care service plan contract that provides coverage for a dependent child
10 must cover any unmarried child of the subscriber or the subscriber's
11 spouse if the child is:

- 12 (1) Under the limiting age of twenty-five; and
- 13 (2) Not an active duty member of the armed forces of the United
14 States.

15 **Sec. 8.** RCW 48.46.320 and 1985 c 320 s 6 are each amended to read
16 as follows:

17 Any health maintenance agreement (~~((which))~~) that provides that
18 coverage of a dependent child shall terminate upon attainment of the
19 limiting age for dependent children (~~((specified in the agreement))~~)
20 shall also provide in substance that attainment of such limiting age
21 shall not operate to terminate the coverage of such child while the
22 child is and continues to be both: (1) Incapable of self-sustaining
23 employment by reason of developmental disability or physical handicap;
24 and (2) chiefly dependent upon the subscriber for support and
25 maintenance, if proof of such incapacity and dependency is furnished to
26 the health maintenance organization by the enrolled participant within
27 thirty-one days of the child's attainment of the limiting age and
28 subsequently as required by the health maintenance organization but not
29 more frequently than annually after the two-year period following the
30 child's attainment of the limiting age.

31 NEW SECTION. **Sec. 9.** A new section is added to chapter 48.46 RCW
32 to read as follows:

33 Any health maintenance agreement that provides coverage for a
34 dependent child must cover any unmarried child of the subscriber or the
35 subscriber's spouse if the child is:

- 1 (1) Under the limiting age of twenty-five; and
- 2 (2) Not an active duty member of the armed forces of the United
- 3 States.

4 **Sec. 10.** RCW 41.05.011 and 2001 c 165 s 2 are each amended to read
5 as follows:

6 Unless the context clearly requires otherwise, the definitions in
7 this section shall apply throughout this chapter.

8 (1) "Administrator" means the administrator of the authority.

9 (2) "State purchased health care" or "health care" means medical
10 and health care, pharmaceuticals, and medical equipment purchased with
11 state and federal funds by the department of social and health
12 services, the department of health, the basic health plan, the state
13 health care authority, the department of labor and industries, the
14 department of corrections, the department of veterans affairs, and
15 local school districts.

16 (3) "Authority" means the Washington state health care authority.

17 (4) "Insuring entity" means an insurer as defined in chapter 48.01
18 RCW, a health care service contractor as defined in chapter 48.44 RCW,
19 or a health maintenance organization as defined in chapter 48.46 RCW.

20 (5) "Flexible benefit plan" means a benefit plan that allows
21 employees to choose the level of health care coverage provided and the
22 amount of employee contributions from among a range of choices offered
23 by the authority.

24 (6) "Employee" includes all full-time and career seasonal employees
25 of the state, whether or not covered by civil service; elected and
26 appointed officials of the executive branch of government, including
27 full-time members of boards, commissions, or committees; and includes
28 any or all part-time and temporary employees under the terms and
29 conditions established under this chapter by the authority; justices of
30 the supreme court and judges of the court of appeals and the superior
31 courts; and members of the state legislature or of the legislative
32 authority of any county, city, or town who are elected to office after
33 February 20, 1970. "Employee" also includes: (a) Employees of a
34 county, municipality, or other political subdivision of the state if
35 the legislative authority of the county, municipality, or other
36 political subdivision of the state seeks and receives the approval of
37 the authority to provide any of its insurance programs by contract with

1 the authority, as provided in RCW 41.04.205; (b) employees of employee
2 organizations representing state civil service employees, at the option
3 of each such employee organization, and, effective October 1, 1995,
4 employees of employee organizations currently pooled with employees of
5 school districts for the purpose of purchasing insurance benefits, at
6 the option of each such employee organization; and (c) employees of a
7 school district if the authority agrees to provide any of the school
8 districts' insurance programs by contract with the authority as
9 provided in RCW 28A.400.350.

10 (7) "Board" means the public employees' benefits board established
11 under RCW 41.05.055.

12 (8) "Retired or disabled school employee" means:

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

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

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

24 (9) "Benefits contribution plan" means a premium only contribution
25 plan, a medical flexible spending arrangement, or a cafeteria plan
26 whereby state and public employees may agree to a contribution to
27 benefit costs which will allow the employee to participate in benefits
28 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
29 internal revenue code.

30 (10) "Salary" means a state employee's monthly salary or wages.

31 (11) "Participant" means an individual who fulfills the eligibility
32 and enrollment requirements under the benefits contribution plan.

33 (12) "Plan year" means the time period established by the
34 authority.

35 (13) "Separated employees" means persons who separate from
36 employment with an employer as defined in:

37 (a) RCW 41.32.010(11) on or after July 1, 1996; or

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

1 (c) RCW 41.40.010 on or after March 1, 2002;
2 and who are at least age fifty-five and have at least ten years of
3 service under the teachers' retirement system plan 3 as defined in RCW
4 41.32.010(40), the Washington school employees' retirement system plan
5 3 as defined in RCW 41.35.010, or the public employees' retirement
6 system plan 3 as defined in RCW 41.40.010.

7 (14) "Emergency service personnel killed in the line of duty" means
8 law enforcement officers and fire fighters as defined in RCW 41.26.030,
9 and reserve officers and fire fighters as defined in RCW 41.24.010 who
10 die as a result of injuries sustained in the course of employment as
11 determined consistent with Title 51 RCW by the department of labor and
12 industries.

13 (15) "Dependent child" means any child of an employee or employee's
14 spouse who is:

15 (a)(i) Unmarried;

16 (ii) Under the age of twenty-five; and

17 (iii) Not an active duty member of the armed forces of the United
18 States; or

19 (b) One of the following:

20 (i) Eligible under the criteria established by the public
21 employees' benefits board for a child who is age twenty-five and older
22 but is incapable of self-support due to developmental or physical
23 disability;

24 (ii) If the child is married, qualified as a dependent of the
25 employee under the internal revenue code;

26 (iii) Approved by the health care authority as an extended
27 dependent; or

28 (iv) Eligible under the criteria established by the public
29 employees' benefits board for any other child.

30 **Sec. 11.** RCW 41.05.050 and 2003 c 158 s 1 are each amended to read
31 as follows:

32 (1) Every department, division, or separate agency of state
33 government, and such county, municipal, school district, educational
34 service district, or other political subdivisions as are covered by
35 this chapter, shall provide contributions to insurance and health care
36 plans for its employees and their dependents, including dependent
37 children the content of such plans to be determined by the authority.

1 Contributions, paid by the county, the municipality, or other political
2 subdivision for their employees, shall include an amount determined by
3 the authority to pay such administrative expenses of the authority as
4 are necessary to administer the plans for employees of those groups,
5 except as provided in subsection (4) of this section.

6 (2) If the authority at any time determines that the participation
7 of a county, municipal, or other political subdivision covered under
8 this chapter adversely impacts insurance rates for state employees, the
9 authority shall implement limitations on the participation of
10 additional county, municipal, or other political subdivisions.

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

18 (4)(a) Beginning September 1, 2003, the authority shall collect
19 from each participating school district and educational service
20 district an amount equal to the composite rate charged to state
21 agencies, plus an amount equal to the employee premiums by plan and
22 family size as would be charged to state employees, for groups of
23 district employees enrolled in authority plans as of January 1, 2003.

24 (b) For all groups of district employees enrolling in authority
25 plans for the first time after September 1, 2003, the authority shall
26 collect from each participating school district an amount equal to the
27 composite rate charged to state agencies, plus an amount equal to the
28 employee premiums by plan and by family size as would be charged to
29 state employees, only if the authority determines that this method of
30 billing the districts will not result in a material difference between
31 revenues from districts and expenditures made by the authority on
32 behalf of districts and their employees.

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

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

3 (e) For the purposes of this subsection:

4 (i) "District" means school district and educational service
5 district; and

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

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

12 (5) The authority shall transmit a recommendation for the amount of
13 the employer contribution to the governor and the director of financial
14 management for inclusion in the proposed budgets submitted to the
15 legislature.

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