
HOUSE BILL 3367

State of Washington

60th Legislature

2008 Regular Session

By Representatives Moeller, Roach, VanDeWege, Chandler, Ross, Haler, Skinner, Rodne, Kretz, Ahern, Warnick, Walsh, McDonald, Crouse, Sump, Pearson, Ericksen, DeBolt, Alexander, Schmick, McCune, Hinkle, Anderson, Schindler, Bailey, Herrera, Smith, Kristiansen, Armstrong, Dunn, and Orcutt

Read first time 02/13/08. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to legislator health coverage; amending RCW
2 41.05.065; reenacting and amending RCW 41.05.065; providing an
3 effective date; and providing an expiration date.

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

5 **Sec. 1.** RCW 41.05.065 and 2007 c 156 s 10 are each amended to read
6 as follows:

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

14 (2) The board shall develop employee benefit plans that include
15 comprehensive health care benefits for all employees, except as
16 provided in subsection (8) of this section. In developing these plans,
17 the board shall consider the following elements:

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

1 (b) 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 (c) Wellness incentives that focus on proven strategies, such as
5 smoking cessation, injury and accident prevention, reduction of alcohol
6 misuse, appropriate weight reduction, exercise, automobile and
7 motorcycle safety, blood cholesterol reduction, and nutrition
8 education;

9 (d) Utilization review procedures including, but not limited to a
10 cost-efficient method for prior authorization of services, hospital
11 inpatient length of stay review, requirements for use of outpatient
12 surgeries and second opinions for surgeries, review of invoices or
13 claims submitted by service providers, and performance audit of
14 providers;

15 (e) Effective coordination of benefits;

16 (f) Minimum standards for insuring entities; and

17 (g) Minimum scope and content of public employee benefit plans to
18 be offered to enrollees participating in the employee health benefit
19 plans. To maintain the comprehensive nature of employee health care
20 benefits, employee eligibility criteria related to the number of hours
21 worked and the benefits provided to employees shall be substantially
22 equivalent to the state employees' health benefits plan and eligibility
23 criteria in effect on January 1, 1993. Nothing in this subsection
24 (2)(g) shall prohibit changes or increases in employee point-of-service
25 payments or employee premium payments for benefits or the
26 administration of a high deductible health plan in conjunction with a
27 health savings account.

28 (3) The board shall design benefits and determine the terms and
29 conditions of employee and retired employee participation and coverage,
30 including establishment of eligibility criteria subject to the
31 requirements of RCW 41.05.066. The same terms and conditions of
32 participation and coverage, including eligibility criteria, shall apply
33 to state employees and to school district employees and educational
34 service district employees.

35 (4) The board may authorize premium contributions for an employee
36 and the employee's dependents in a manner that encourages the use of
37 cost-efficient managed health care systems. During the 2005-2007
38 fiscal biennium, the board may only authorize premium contributions for

1 an employee and the employee's dependents that are the same, regardless
2 of an employee's status as represented or nonrepresented by a
3 collective bargaining unit under the personnel system reform act of
4 2002. The board shall require participating school district and
5 educational service district employees to pay at least the same
6 employee premiums by plan and family size as state employees pay.

7 (5) The board shall develop a health savings account option for
8 employees that conform to section 223, Part VII of subchapter B of
9 chapter 1 of the internal revenue code of 1986. The board shall comply
10 with all applicable federal standards related to the establishment of
11 health savings accounts.

12 (6) Notwithstanding any other provision of this chapter, the board
13 shall develop a high deductible health plan to be offered in
14 conjunction with a health savings account developed under subsection
15 (5) of this section.

16 (7) Employees shall choose participation in one of the health care
17 benefit plans developed by the board and may be permitted to waive
18 coverage under terms and conditions established by the board.

19 (8) In lieu of group coverage, elected members of the senate and
20 house of representatives shall purchase health coverage through the
21 individual market. The board shall determine an amount to be added to
22 the payroll of elected members of the senate and house of
23 representatives that represents the state subsidy for health care for
24 all employees.

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

33 ((+9)) (10) Before January 1, 1998, the public employees' benefits
34 board shall make available one or more fully insured long-term care
35 insurance plans that comply with the requirements of chapter 48.84 RCW.
36 Such programs shall be made available to eligible employees, retired
37 employees, and retired school employees as well as eligible dependents
38 which, for the purpose of this section, includes the parents of the

1 employee or retiree and the parents of the spouse of the employee or
2 retiree. Employees of local governments and employees of political
3 subdivisions not otherwise enrolled in the public employees' benefits
4 board sponsored medical programs may enroll under terms and conditions
5 established by the administrator, if it does not jeopardize the
6 financial viability of the public employees' benefits board's long-term
7 care offering.

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

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

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

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

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

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

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

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

24 **Sec. 2.** RCW 41.05.065 and 2007 c 156 s 10 and 2007 c 114 s 5 are
25 each reenacted and amended to read as follows:

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

33 (2) The board shall develop employee benefit plans that include
34 comprehensive health care benefits for all employees, except as
35 provided in subsection (8) of this section. In developing these plans,
36 the board shall consider the following elements:

- 1 (a) Methods of maximizing cost containment while ensuring access to
2 quality health care;
- 3 (b) Development of provider arrangements that encourage cost
4 containment and ensure access to quality care, including but not
5 limited to prepaid delivery systems and prospective payment methods;
- 6 (c) Wellness incentives that focus on proven strategies, such as
7 smoking cessation, injury and accident prevention, reduction of alcohol
8 misuse, appropriate weight reduction, exercise, automobile and
9 motorcycle safety, blood cholesterol reduction, and nutrition
10 education;
- 11 (d) Utilization review procedures including, but not limited to a
12 cost-efficient method for prior authorization of services, hospital
13 inpatient length of stay review, requirements for use of outpatient
14 surgeries and second opinions for surgeries, review of invoices or
15 claims submitted by service providers, and performance audit of
16 providers;
- 17 (e) Effective coordination of benefits;
- 18 (f) Minimum standards for insuring entities; and
- 19 (g) Minimum scope and content of public employee benefit plans to
20 be offered to enrollees participating in the employee health benefit
21 plans. To maintain the comprehensive nature of employee health care
22 benefits, employee eligibility criteria related to the number of hours
23 worked and the benefits provided to employees shall be substantially
24 equivalent to the state employees' health benefits plan and eligibility
25 criteria in effect on January 1, 1993. Nothing in this subsection
26 (2)(g) shall prohibit changes or increases in employee point-of-service
27 payments or employee premium payments for benefits or the
28 administration of a high deductible health plan in conjunction with a
29 health savings account.
- 30 (3) The board shall design benefits and determine the terms and
31 conditions of employee and retired employee participation and coverage,
32 including establishment of eligibility criteria subject to the
33 requirements of RCW 41.05.066. The same terms and conditions of
34 participation and coverage, including eligibility criteria, shall apply
35 to state employees and to school district employees and educational
36 service district employees.
- 37 (4) The board may authorize premium contributions for an employee
38 and the employee's dependents in a manner that encourages the use of

1 cost-efficient managed health care systems. During the 2005-2007
2 fiscal biennium, the board may only authorize premium contributions for
3 an employee and the employee's dependents that are the same, regardless
4 of an employee's status as represented or nonrepresented by a
5 collective bargaining unit under the personnel system reform act of
6 2002. The board shall require participating school district and
7 educational service district employees to pay at least the same
8 employee premiums by plan and family size as state employees pay.

9 (5) The board shall develop a health savings account option for
10 employees that conform to section 223, Part VII of subchapter B of
11 chapter 1 of the internal revenue code of 1986. The board shall comply
12 with all applicable federal standards related to the establishment of
13 health savings accounts.

14 (6) Notwithstanding any other provision of this chapter, the board
15 shall develop a high deductible health plan to be offered in
16 conjunction with a health savings account developed under subsection
17 (5) of this section.

18 (7) Employees shall choose participation in one of the health care
19 benefit plans developed by the board and may be permitted to waive
20 coverage under terms and conditions established by the board.

21 (8) In lieu of group coverage, elected members of the senate and
22 house of representatives shall purchase health coverage through the
23 individual market. The board shall determine an amount to be added to
24 the payroll of elected members of the senate and house of
25 representatives that represents the state subsidy for health care for
26 all employees.

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

35 ((+9)) (10) Before January 1, 1998, the public employees' benefits
36 board shall make available one or more fully insured long-term care
37 insurance plans that comply with the requirements of chapter 48.84 RCW.
38 Such programs shall be made available to eligible employees, retired

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

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

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

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

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

1 employees, and other interested parties determined to be appropriate by
2 the board.

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

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

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

21 NEW SECTION. **Sec. 3.** Section 1 of this act expires January 1,
22 2009.

23 NEW SECTION. **Sec. 4.** Section 2 of this act takes effect January
24 1, 2009.

--- END ---