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SENATE BILL 5640

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State of Washington

60th Legislature

2007 Regular Session

By Senators Kauffman, Fairley, Prentice, Swecker, Rockefeller, Fraser, Kohl-Welles, Shin, Rasmussen and Kline; by request of Health Care Authority

Read first time 01/26/2007. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to authorizing tribal governments to participate in  
2 public employees' benefits board programs; amending RCW 41.05.011,  
3 41.05.021, 41.05.050, 41.05.065, 41.05.080, and 41.05.195; creating a  
4 new section; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** Consistent with the centennial accord, the  
7 new millennium agreement, related treaties, and federal and state law,  
8 it is the intent of the legislature to authorize tribal governments to  
9 participate in public employees' benefits board programs to the same  
10 extent that counties, municipalities, and other political subdivisions  
11 of the state are authorized to do so.

12 **Sec. 2.** RCW 41.05.011 and 2005 c 143 s 1 are each amended to read  
13 as follows:

14 (~~Unless the context clearly requires otherwise,~~) The definitions  
15 in this section ((shall)) apply throughout this chapter unless the  
16 context clearly requires otherwise.

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

1 (2) "State purchased health care" or "health care" means medical  
2 and health care, pharmaceuticals, and medical equipment purchased with  
3 state and federal funds by the department of social and health  
4 services, the department of health, the basic health plan, the state  
5 health care authority, the department of labor and industries, the  
6 department of corrections, the department of veterans affairs, and  
7 local school districts.

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

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

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

16 (6) "Employee" includes all full-time and career seasonal employees  
17 of the state, whether or not covered by civil service; elected and  
18 appointed officials of the executive branch of government, including  
19 full-time members of boards, commissions, or committees; and includes  
20 any or all part-time and temporary employees under the terms and  
21 conditions established under this chapter by the authority; justices of  
22 the supreme court and judges of the court of appeals and the superior  
23 courts; and members of the state legislature or of the legislative  
24 authority of any county, city, or town who are elected to office after  
25 February 20, 1970. "Employee" also includes: (a) Employees of a  
26 county, municipality, or other political subdivision of the state if  
27 the legislative authority of the county, municipality, or other  
28 political subdivision of the state seeks and receives the approval of  
29 the authority to provide any of its insurance programs by contract with  
30 the authority, as provided in RCW 41.04.205 and 41.05.021(1)(g); (b)  
31 employees of employee organizations representing state civil service  
32 employees, at the option of each such employee organization, and,  
33 effective October 1, 1995, employees of employee organizations  
34 currently pooled with employees of school districts for the purpose of  
35 purchasing insurance benefits, at the option of each such employee  
36 organization; ~~((and))~~ (c) employees of a school district if the  
37 authority agrees to provide any of the school districts' insurance  
38 programs by contract with the authority as provided in RCW 28A.400.350;

1 and (d) employees of a tribal government, if the governing body of the  
2 tribal government seeks and receives the 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) (f) and (g).

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

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

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

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

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

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

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

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

28 (12) "Plan year" means the time period established by the  
29 authority.

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

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

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

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

35 and who are at least age fifty-five and have at least ten years of  
36 service under the teachers' retirement system plan 3 as defined in RCW  
37 41.32.010(40), the Washington school employees' retirement system plan

1 3 as defined in RCW 41.35.010, or the public employees' retirement  
2 system plan 3 as defined in RCW 41.40.010.

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

9 (15) "Employer" means the state of Washington.

10 (16) "Employing agency" means a division, department, or separate  
11 agency of state government (~~and~~); a county, municipality, school  
12 district, educational service district, or other political  
13 subdivision(~~7~~); and a tribal government covered by this chapter.

14 (17) "Tribal government" means an Indian tribal government as  
15 defined in section 3(32) of the employee retirement income security act  
16 of 1974, as amended, or an agency or instrumentality of the tribal  
17 government, that has government offices principally located in this  
18 state.

19 **Sec. 3.** RCW 41.05.021 and 2006 c 103 s 2 are each amended to read  
20 as follows:

21 (1) The Washington state health care authority is created within  
22 the executive branch. The authority shall have an administrator  
23 appointed by the governor, with the consent of the senate. The  
24 administrator shall serve at the pleasure of the governor. The  
25 administrator may employ up to seven staff members, who shall be exempt  
26 from chapter 41.06 RCW, and any additional staff members as are  
27 necessary to administer this chapter. The administrator may delegate  
28 any power or duty vested in him or her by this chapter, including  
29 authority to make final decisions and enter final orders in hearings  
30 conducted under chapter 34.05 RCW. The primary duties of the authority  
31 shall be to: Administer state employees' insurance benefits and  
32 retired or disabled school employees' insurance benefits; administer  
33 the basic health plan pursuant to chapter 70.47 RCW; study state-  
34 purchased health care programs in order to maximize cost containment in  
35 these programs while ensuring access to quality health care; and  
36 implement state initiatives, joint purchasing strategies, and

1 techniques for efficient administration that have potential application  
2 to all state-purchased health services. The authority's duties  
3 include, but are not limited to, the following:

4 (a) To administer health care benefit programs for employees and  
5 retired or disabled school employees as specifically authorized in RCW  
6 41.05.065 and in accordance with the methods described in RCW  
7 41.05.075, 41.05.140, and other provisions of this chapter;

8 (b) To analyze state-purchased health care programs and to explore  
9 options for cost containment and delivery alternatives for those  
10 programs that are consistent with the purposes of those programs,  
11 including, but not limited to:

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

16 (ii) Utilization of provider arrangements that encourage cost  
17 containment, including but not limited to prepaid delivery systems,  
18 utilization review, and prospective payment methods, and that ensure  
19 access to quality care, including assuring reasonable access to local  
20 providers, especially for employees residing in rural areas;

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

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

25 (v) Development of data systems to obtain utilization data from  
26 state-purchased health care programs in order to identify cost centers,  
27 utilization patterns, provider and hospital practice patterns, and  
28 procedure costs, utilizing the information obtained pursuant to RCW  
29 41.05.031; and

30 (vi) In collaboration with other state agencies that administer  
31 state purchased health care programs, private health care purchasers,  
32 health care facilities, providers, and carriers:

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

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

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

5 (B) Through state health purchasing, reimbursement, or pilot  
6 strategies, promote and increase the adoption of health information  
7 technology systems, including electronic medical records, by hospitals  
8 as defined in RCW 70.41.020(4), integrated delivery systems, and  
9 providers that:

10 (I) Facilitate diagnosis or treatment;

11 (II) Reduce unnecessary duplication of medical tests;

12 (III) Promote efficient electronic physician order entry;

13 (IV) Increase access to health information for consumers and their  
14 providers; and

15 (V) Improve health outcomes;

16 (C) Coordinate a strategy for the adoption of health information  
17 technology systems using the final health information technology report  
18 and recommendations developed under chapter 261, Laws of 2005((-));

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

20 (d) To provide information and technical and administrative  
21 assistance to the board;

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

28 (f) To review and approve or deny the application when the  
29 governing body of a tribal government applies to transfer their  
30 employees to an insurance or self-insurance program administered under  
31 this chapter. In the event of an employee transfer pursuant to this  
32 subsection (1)(f), members of the governing body are eligible to be  
33 included in such a transfer if the members are authorized by the tribal  
34 government to participate in the insurance program being transferred  
35 from and subject to payment by the members of all costs of insurance  
36 for the members. The authority shall: (i) Establish the conditions  
37 for participation; (ii) have the sole right to reject the application;  
38 and (iii) set the premium contribution for approved groups as outlined

1 in RCW 41.05.050. Approval of the application by the authority  
2 transfers the employees and dependents involved to the insurance,  
3 self-insurance, or health care program approved by the authority;

4 (g) To ensure the continued status of the employee insurance or  
5 self-insurance programs administered under this chapter as a  
6 governmental plan under section 3(32) of the employee retirement income  
7 security act of 1974, as amended, the authority shall limit the  
8 participation of employees of a county, municipal, school district,  
9 educational service district, or other political subdivision, or a  
10 tribal government, including providing for the participation of those  
11 employees whose services are substantially all in the performance of  
12 essential governmental functions, but not in the performance of  
13 commercial activities;

14 (h) To establish billing procedures and collect funds from school  
15 districts in a way that minimizes the administrative burden on  
16 districts;

17 ~~((g))~~ (i) To publish and distribute to nonparticipating school  
18 districts and educational service districts by October 1st of each year  
19 a description of health care benefit plans available through the  
20 authority and the estimated cost if school districts and educational  
21 service district employees were enrolled;

22 ~~((h))~~ (j) To apply for, receive, and accept grants, gifts, and  
23 other payments, including property and service, from any governmental  
24 or other public or private entity or person, and make arrangements as  
25 to the use of these receipts to implement initiatives and strategies  
26 developed under this section; and

27 ~~((i))~~ (k) To ~~((promulgate and))~~ adopt rules consistent with this  
28 chapter as described in RCW 41.05.160.

29 (2) On and after January 1, 1996, the public employees' benefits  
30 board may implement strategies to promote managed competition among  
31 employee health benefit plans. Strategies may include but are not  
32 limited to:

33 (a) Standardizing the benefit package;

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

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

37 (d) Monitoring the impact of the approach under this subsection  
38 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 plan  
4 to promote competition among managed care plans.

5 **Sec. 4.** RCW 41.05.050 and 2005 c 518 s 919 are each amended to  
6 read as follows:

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

19 (2) If the authority at any time determines that the participation  
20 of a county, municipal, ~~((or))~~ other political subdivision, or a tribal  
21 government covered under this chapter adversely impacts insurance rates  
22 for state employees, the authority shall implement limitations on the  
23 participation of additional county, municipal, ~~((or))~~ other political  
24 subdivisions, or a tribal government.

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

33 (4)(a) Beginning September 1, 2003, the authority shall collect  
34 from each participating school district and educational service  
35 district an amount equal to the composite rate charged to state  
36 agencies, plus an amount equal to the employee premiums by plan and  
37 family size as would be charged to state employees, for groups of



1 district employees enrolled in authority plans as of January 1, 2003.  
2 However, during the 2005-07 fiscal biennium, the authority shall  
3 collect from each participating school district and educational service  
4 district an amount equal to the insurance benefit allocations provided  
5 in section 504, chapter 518, Laws of 2005, plus any additional funding  
6 provided by the legislature for school employee health benefits, plus  
7 an amount equal to the employee premiums by plan and family size as  
8 would be charged to state employees, for groups of district employees  
9 enrolled in authority plans as of July 1, 2005.

10 (b) For all groups of district employees enrolling in authority  
11 plans for the first time after September 1, 2003, the authority shall  
12 collect from each participating school district an amount equal to the  
13 composite rate charged to state agencies, plus an amount equal to the  
14 employee premiums by plan and by family size as would be charged to  
15 state employees, only if the authority determines that this method of  
16 billing the districts will not result in a material difference between  
17 revenues from districts and expenditures made by the authority on  
18 behalf of districts and their employees.

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

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

27 (e) For the purposes of this subsection:

28 (i) "District" means school district and educational service  
29 district; and

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

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

36 (5) The authority shall transmit a recommendation for the amount of  
37 the employer contribution to the governor and the director of financial

1 management for inclusion in the proposed budgets submitted to the  
2 legislature.

3 **Sec. 5.** RCW 41.05.065 and 2006 c 299 s 2 are each amended to read  
4 as follows:

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

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

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

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

20 (c) Wellness incentives that focus on proven strategies, such as  
21 smoking cessation, injury and accident prevention, reduction of alcohol  
22 misuse, appropriate weight reduction, exercise, automobile and  
23 motorcycle safety, blood cholesterol reduction, and nutrition  
24 education;

25 (d) Utilization review procedures including, but not limited to a  
26 cost-efficient method for prior authorization of services, hospital  
27 inpatient length of stay review, requirements for use of outpatient  
28 surgeries and second opinions for surgeries, review of invoices or  
29 claims submitted by service providers, and performance audit of  
30 providers;

31 (e) Effective coordination of benefits;

32 (f) Minimum standards for insuring entities; and

33 (g) Minimum scope and content of public employee benefit plans to  
34 be offered to enrollees participating in the employee health benefit  
35 plans. To maintain the comprehensive nature of employee health care  
36 benefits, employee eligibility criteria related to the number of hours  
37 worked and the benefits provided to employees shall be substantially

1 equivalent to the state employees' health benefits plan and eligibility  
2 criteria in effect on January 1, 1993. Nothing in this subsection  
3 (2)(g) shall prohibit changes or increases in employee point-of-service  
4 payments or employee premium payments for benefits or the  
5 administration of a high deductible health plan in conjunction with a  
6 health savings account.

7 (3) The board shall design benefits and determine the terms and  
8 conditions of employee and retired employee participation and coverage,  
9 including establishment of eligibility criteria. The same terms and  
10 conditions of participation and coverage, including eligibility  
11 criteria, shall apply to state employees and to school district  
12 employees and educational service district employees.

13 (4) The board may authorize premium contributions for an employee  
14 and the employee's dependents in a manner that encourages the use of  
15 cost-efficient managed health care systems. During the 2005-2007  
16 fiscal biennium, the board may only authorize premium contributions for  
17 an employee and the employee's dependents that are the same, regardless  
18 of an employee's status as represented or nonrepresented by a  
19 collective bargaining unit under the personnel system reform act of  
20 2002. The board shall require participating school district and  
21 educational service district employees to pay at least the same  
22 employee premiums by plan and family size as state employees pay.

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

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

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

35 (8) The board shall review plans proposed by insuring entities that  
36 desire to offer property insurance and/or accident and casualty  
37 insurance to state employees through payroll deduction. The board may  
38 approve any such plan for payroll deduction by insuring entities

1 holding a valid certificate of authority in the state of Washington and  
2 which the board determines to be in the best interests of employees and  
3 the state. The board shall (~~promulgate~~) adopt rules setting forth  
4 criteria by which it shall evaluate the plans.

5 (9) Before January 1, 1998, the public employees' benefits board  
6 shall make available one or more fully insured long-term care insurance  
7 plans that comply with the requirements of chapter 48.84 RCW. Such  
8 programs shall be made available to eligible employees, retired  
9 employees, and retired school employees as well as eligible dependents  
10 which, for the purpose of this section, includes the parents of the  
11 employee or retiree and the parents of the spouse of the employee or  
12 retiree. Employees of local governments (~~and employees of~~),  
13 political subdivisions, and tribal governments not otherwise enrolled  
14 in the public employees' benefits board sponsored medical programs may  
15 enroll under terms and conditions established by the administrator, if  
16 it does not jeopardize the financial viability of the public employees'  
17 benefits board's long-term care offering.

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

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

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

36 (d) The public employees' benefits board and the health care  
37 authority shall establish a technical advisory committee to provide  
38 advice in the development of the benefit design and establishment of

1 underwriting guidelines and eligibility rules. The committee shall  
2 also advise the board and authority on effective and cost-effective  
3 ways to market and distribute the long-term care product. The  
4 technical advisory committee shall be comprised, at a minimum, of  
5 representatives of the office of the insurance commissioner, providers  
6 of long-term care services, licensed insurance agents with expertise in  
7 long-term care insurance, employees, retired employees, retired school  
8 employees, and other interested parties determined to be appropriate by  
9 the board.

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

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

21 (g) The health care authority, with the cooperation of the office  
22 of the insurance commissioner, shall develop a consumer education  
23 program for the eligible employees, retired employees, and retired  
24 school employees designed to provide education on the potential need  
25 for long-term care, methods of financing long-term care, and the  
26 availability of long-term care insurance products including the  
27 products offered by the board.

28 ~~((h) By December 1998, the health care authority, in consultation  
29 with the public employees' benefits board, shall submit a report to the  
30 appropriate committees of the legislature, including an analysis of the  
31 marketing and distribution of the long term care insurance provided  
32 under this section.))~~

33 **Sec. 6.** RCW 41.05.080 and 2001 c 165 s 3 are each amended to read  
34 as follows:

35 (1) Under the qualifications, terms, conditions, and benefits set  
36 by the board:

1 (a) Retired or disabled state employees, retired or disabled school  
2 employees, (~~(or)~~) retired or disabled employees of county, municipal,  
3 or other political subdivisions, or retired or disabled employees of  
4 tribal governments covered by this chapter (~~(who are retired)~~) may  
5 continue their participation in insurance plans and contracts after  
6 retirement or disablement;

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

10 (c) Surviving spouses and dependent children of emergency service  
11 personnel killed in the line of duty may participate in insurance plans  
12 and contracts.

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

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

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

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

1       **Sec. 7.** RCW 41.05.195 and 2005 c 47 s 1 are each amended to read  
2 as follows:

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

15       NEW SECTION. **Sec. 8.** This act takes effect January 1, 2009.

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