

**2SSB 5491 - S AMD 58**

By Senator Brandland

NOT ADOPTED 3/09/2009

1 On page 1, beginning on line 5, strike the remainder of the bill  
2 and insert the following:

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4

5 **"Sec. 1.** RCW 28A.400.270 and 1990 1st ex.s. c 11 s 4 are each  
6 amended to read as follows:

7 Unless the context clearly requires otherwise, the definitions in  
8 this section apply throughout RCW 28A.400.275 and 28A.400.280.

9 (1) "School district employee benefit plan" means the overall plan  
10 used by the district for distributing fringe benefit subsidies to  
11 employees, including the method of determining employee coverage and  
12 the amount of employer contributions, as well as the characteristics  
13 of benefit providers and the specific benefits or coverage offered.  
14 It shall not include coverage offered to district employees for which  
15 there is no contribution from public funds.

16 (2) "Fringe benefit" does not include liability coverage, old-age  
17 survivors' insurance, workers' compensation, unemployment  
18 compensation, retirement benefits under the Washington state  
19 retirement system, or payment for unused leave for illness or injury  
20 under RCW 28A.400.210.

21 (3) "Basic benefits" are determined through local bargaining until  
22 September 1, 2012, and are limited to medical, dental, vision, group  
23 term life, and group long-term disability insurance coverage.  
24 Beginning September 1, 2012, basic benefits are determined by the  
25 public employees' benefits board and administered by the Washington  
26 state health care authority.

27

1 (4) "Benefit providers" include insurers, third party claims  
2 administrators, direct providers of employee fringe benefits, health  
3 maintenance organizations, health care service contractors, and the  
4 Washington state health care authority or any plan offered by the  
5 authority.

6 (5) "Group term life insurance coverage" means term life insurance  
7 coverage provided for, at a minimum, all full-time employees in a  
8 bargaining unit or all full-time nonbargaining group employees.

9 (6) "Group long-term disability insurance coverage" means long-  
10 term disability insurance coverage provided for, at a minimum, all  
11 full-time employees in a bargaining unit or all full-time  
12 nonbargaining group employees.

13  
14 **Sec. 2.** RCW 28A.400.275 and 1990 1st ex.s. c 11 s 5 are each  
15 amended to read as follows:

16 (1) Any contract for employee benefits executed after April 13,  
17 1990, between a school district and a benefit provider or employee  
18 bargaining unit is null and void unless it contains an agreement to  
19 abide by state laws relating to school district employee benefits.  
20 The term of the contract may not exceed one year. After September 1,  
21 2012, any contract for employee benefits between a school district and  
22 a bargaining unit is null and void unless basic benefits are provided  
23 through plans administered by the Washington state health care  
24 authority.

25 (2) School districts shall (~~annually~~) submit to the Washington  
26 state health care authority (~~summary descriptions of all benefits~~  
27 ~~offered under the district's employee benefit plan.~~) all information  
28 deemed necessary by the health care authority for the administration  
29 of the employee benefit plans provided to school district employees,  
30 including all information requested between the effective date of this  
31 section and September 1, 2012, requested for preparing for the  
32 enrollment of school district employees in benefit plans administered  
33 by the Washington state health care authority. Until September 1,  
34 2012, the districts shall also submit data to the health care

1 authority specifying the total number of employees and, for each  
2 employee, types of coverage or benefits received including numbers of  
3 covered dependents, the number of eligible dependents, the amount of  
4 the district's contribution, additional premium costs paid by the  
5 employee through payroll deductions, and the age and sex of the  
6 employee and each dependent. The plan descriptions and the data shall  
7 be submitted in a format and according to a schedule established by  
8 the health care authority.

9 (3) Any benefit provider offering a benefit plan by contract with  
10 a school district under subsection (1) of this section shall agree to  
11 make available to the school district the benefit plan descriptions  
12 and, where available, the demographic information on plan subscribers  
13 that the district is required to report to the Washington state health  
14 care authority under this section.

15 (4) This section shall not apply to benefit plans offered in the  
16 1989-90 school year.

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18 **Sec. 3.** RCW 28A.400.350 and 2001 c 266 s 2 are each amended to  
19 read as follows:

20 (1) (a) The board of directors of any of the state's school  
21 districts or educational service districts may make available  
22 liability, life, health, health care, accident, disability and salary  
23 protection or insurance or any one of, or a combination of the  
24 enumerated types of insurance, or any other type of insurance or  
25 protection, for the members of the boards of directors, the students,  
26 and employees of the school district or educational service district,  
27 and their dependents. Except as provided in (b) of this subsection,  
28 such coverage may be provided by contracts with private carriers, with  
29 the state health care authority after July 1, 1990, pursuant to the  
30 approval of the authority administrator, or through self-insurance or  
31 self-funding pursuant to chapter 48.62 RCW, or in any other manner  
32 authorized by law.

33 (b) Beginning September 1, 2012, a school district or educational  
34 service district shall purchase basic benefits as defined in RCW

1 28A.400.270 for employees and dependents through the state health care  
2 authority, except that the coverage may be purchased through other  
3 parties if required by any collective bargaining agreement signed  
4 before the effective date of this section. Upon the expiration of  
5 such a collective bargaining agreement, the school district or  
6 educational service district shall purchase coverage through the state  
7 health care authority.

8 (2) Whenever funds are available for these purposes the board of  
9 directors of the school district or educational service district may  
10 contribute all or a part of the cost of such protection or insurance  
11 for the employees of their respective school districts or educational  
12 service districts and their dependents. The premiums on such  
13 liability insurance shall be borne by the school district or  
14 educational service district.

15 After October 1, 1990, school districts may not contribute to any  
16 employee protection or insurance other than liability insurance unless  
17 the district's employee benefit plan conforms to RCW 28A.400.275 and  
18 28A.400.280.

19 (3) For school board members, educational service district board  
20 members, and students, the premiums due on such protection or  
21 insurance shall be borne by the assenting school board member,  
22 educational service district board member, or student. The school  
23 district or educational service district may contribute all or part of  
24 the costs, including the premiums, of life, health, health care,  
25 accident or disability insurance which shall be offered to all  
26 students participating in interschool activities on the behalf of or  
27 as representative of their school, school district, or educational  
28 service district. The school district board of directors and the  
29 educational service district board may require any student  
30 participating in extracurricular interschool activities to, as a  
31 condition of participation, document evidence of insurance or purchase  
32 insurance that will provide adequate coverage, as determined by the  
33 school district board of directors or the educational service district  
34 board, for medical expenses incurred as a result of injury sustained

1 while participating in the extracurricular activity. In establishing  
2 such a requirement, the district shall adopt regulations for waiving  
3 or reducing the premiums of such coverage as may be offered through  
4 the school district or educational service district to students  
5 participating in extracurricular activities, for those students whose  
6 families, by reason of their low income, would have difficulty paying  
7 the entire amount of such insurance premiums. The district board  
8 shall adopt regulations for waiving or reducing the insurance coverage  
9 requirements for low-income students in order to assure such students  
10 are not prohibited from participating in extracurricular interschool  
11 activities.

12 (4) All contracts for insurance or protection written to take  
13 advantage of the provisions of this section shall provide that the  
14 beneficiaries of such contracts may utilize on an equal participation  
15 basis the services of those practitioners licensed pursuant to  
16 chapters 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

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18 **Sec. 4.** RCW 41.05.011 and 2008 c 229 s 2 are each amended to read  
19 as follows:

20 The definitions in this section apply throughout this chapter  
21 unless the context clearly requires otherwise.

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

23 (2) "State purchased health care" or "health care" means medical  
24 and health care, pharmaceuticals, and medical equipment purchased with  
25 state and federal funds by the department of social and health  
26 services, the department of health, the basic health plan, the state  
27 health care authority, the department of labor and industries, the  
28 department of corrections, the department of veterans affairs, and  
29 local school districts.

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

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

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

5 (6) "Employee" includes all full-time and career seasonal  
6 employees of the state, whether or not covered by civil service;  
7 elected and appointed officials of the executive branch of government,  
8 including full-time members of boards, commissions, or committees; and  
9 includes any or all part-time and temporary employees under the terms  
10 and conditions established under this chapter by the authority;  
11 justices of the supreme court and judges of the court of appeals and  
12 the superior courts; and members of the state legislature or of the  
13 legislative authority of any county, city, or town who are elected to  
14 office after February 20, 1970. "Employee" also includes: (a)  
15 Employees of a county, municipality, or other political subdivision of  
16 the state if the legislative authority of the county, municipality, or  
17 other political subdivision of the state seeks and receives the  
18 approval of the authority to provide any of its insurance programs by  
19 contract with the authority, as provided in RCW 41.04.205 and  
20 41.05.021(1)(g); (b) employees of employee organizations representing  
21 state civil service employees, at the option of each such employee  
22 organization, and, effective October 1, 1995, employees of employee  
23 organizations currently pooled with employees of school districts for  
24 the purpose of purchasing insurance benefits, at the option of each  
25 such employee organization; (c) employees of a school district or  
26 educational service district, except that prior to September 1, 2012,  
27 only if the authority agrees to provide any of the school districts'  
28 insurance programs by contract with the authority as provided in RCW  
29 28A.400.350; and (d) employees of a tribal government, if the  
30 governing body of the tribal government seeks and receives the  
31 approval of the authority to provide any of its insurance programs by  
32 contract with the authority, as provided in RCW 41.05.021(1) (f) and  
33 (g).

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

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

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

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

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

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

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

21 (11) "Participant" means an individual who fulfills the  
22 eligibility and enrollment requirements under the salary reduction  
23 plan.

24 (12) "Plan year" means the time period established by the  
25 authority.

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

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

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

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

31 and who are at least age fifty-five and have at least ten years of  
32 service under the teachers' retirement system plan 3 as defined in RCW  
33 41.32.010(40), the Washington school employees' retirement system plan

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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"  
4 means law enforcement officers and firefighters as defined in RCW  
5 41.26.030, members of the Washington state patrol retirement fund as  
6 defined in RCW 43.43.120, and reserve officers and firefighters as  
7 defined in RCW 41.24.010 who die as a result of injuries sustained in  
8 the course of employment as determined consistent with Title 51 RCW by  
9 the department of labor and industries.

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

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

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

20 (18) "Dependent care assistance program" means a benefit plan  
21 whereby state and public employees may pay for certain employment  
22 related dependent care with pretax dollars as provided in the salary  
23 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or  
24 other sections of the internal revenue code.

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

31 (20) "Medical flexible spending arrangement" means a benefit plan  
32 whereby state and public employees may reduce their salary before  
33 taxes to pay for medical expenses not reimbursed by insurance as  
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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.

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4 **Sec. 5.** RCW 41.05.021 and 2007 c 274 s 1 and 2007 c 114 s 3 are  
5 each reenacted and amended to read as follows:

6 (1) The Washington state health care authority is created within  
7 the executive branch. The authority shall have an administrator  
8 appointed by the governor, with the consent of the senate. The  
9 administrator shall serve at the pleasure of the governor. The  
10 administrator may employ up to seven staff members, who shall be  
11 exempt from chapter 41.06 RCW, and any additional staff members as are  
12 necessary to administer this chapter. The administrator may delegate  
13 any power or duty vested in him or her by this chapter, including  
14 authority to make final decisions and enter final orders in hearings  
15 conducted under chapter 34.05 RCW. The primary duties of the  
16 authority shall be to: Administer state and school district  
17 employees' insurance benefits and retired or disabled (~~school~~)  
18 employees' insurance benefits; administer the basic health plan  
19 pursuant to chapter 70.47 RCW; study state-purchased health care  
20 programs in order to maximize cost containment in these programs while  
21 ensuring access to quality health care; implement state initiatives,  
22 joint purchasing strategies, and techniques for efficient  
23 administration that have potential application to all state-purchased  
24 health services; and administer grants that further the mission and  
25 goals of the authority. The authority's duties include, but are not  
26 limited to, the following:

27 (a) To administer health care benefit programs for state and  
28 school district employees and retired or disabled state and school  
29 employees as specifically authorized in RCW 41.05.065 and in  
30 accordance with the methods described in RCW 41.05.075, 41.05.140, and  
31 other provisions of this chapter;

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

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

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

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

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

16 (v) Development of data systems to obtain utilization data from  
17 state-purchased health care programs in order to identify cost  
18 centers, utilization patterns, provider and hospital practice  
19 patterns, and procedure costs, utilizing the information obtained  
20 pursuant to RCW 41.05.031; and

21 (vi) In collaboration with other state agencies that administer  
22 state purchased health care programs, private health care purchasers,  
23 health care facilities, providers, and carriers:

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

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

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

34

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

6 (I) Facilitate diagnosis or treatment;

7 (II) Reduce unnecessary duplication of medical tests;

8 (III) Promote efficient electronic physician order entry;

9 (IV) Increase access to health information for consumers and their  
10 providers; and

11 (V) Improve health outcomes;

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

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

17 (d) To provide information and technical and administrative  
18 assistance to the board;

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

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

1 application; and (iii) set the premium contribution for approved  
2 groups as outlined in RCW 41.05.050. Approval of the application by  
3 the authority transfers the employees and dependents involved to the  
4 insurance, self-insurance, or health care program approved by the  
5 authority;

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

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

19 (i) Until September 1, 2012, to publish and distribute to  
20 nonparticipating school districts and educational service districts by  
21 October 1st of each year a description of health care benefit plans  
22 available through the authority and the estimated cost if school  
23 districts and educational service district employees were enrolled;

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

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

31 (l) To adopt rules consistent with this chapter as described in  
32 RCW 41.05.160.

33 (2) On and after January 1, 1996, the public employees' benefits  
34 board may implement strategies to promote managed competition among

1 employee health benefit plans. Strategies may include but are not  
2 limited to:

3 (a) Standardizing the benefit package;

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

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

7 (d) Monitoring the impact of the approach under this subsection  
8 with regards to: Efficiencies in health service delivery, cost shifts  
9 to subscribers, access to and choice of managed care plans statewide,  
10 and quality of health services. The health care authority shall also  
11 advise on the value of administering a benchmark employer-managed plan  
12 to promote competition among managed care plans.

13

14 **Sec. 6.** RCW 41.05.050 and 2007 c 114 s 4 are each amended to read  
15 as follows:

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

28 (2) If the authority at any time determines that the participation  
29 of a county, municipal, other political subdivision, or a tribal  
30 government covered under this chapter adversely impacts insurance  
31 rates for state employees, the authority shall implement limitations  
32 on the participation of additional county, municipal, other political  
33 subdivisions, or a tribal government.

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

9 (4)(a) Beginning September 1, 2003, the authority shall collect  
10 from each participating school district and educational service  
11 district an amount equal to the composite rate charged to state  
12 agencies, plus an amount equal to the employee premiums by plan and  
13 family size as would be charged to state employees(~~(, for groups of~~  
14 ~~district employees enrolled in authority plans as of January 1, 2003.~~  
15 ~~However, during the 2005-07 fiscal biennium, the authority shall~~  
16 ~~collect from each participating school district and educational~~  
17 ~~service district an amount equal to the insurance benefit allocations~~  
18 ~~provided in section 504, chapter 518, Laws of 2005, plus any~~  
19 ~~additional funding provided by the legislature for school employee~~  
20 ~~health benefits, plus an amount equal to the employee premiums by plan~~  
21 ~~and family size as would be charged to state employees, for groups of~~  
22 ~~district employees enrolled in authority plans as of July 1, 2005.~~

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

32 ~~— (c) If the authority determines at any time that the conditions in~~  
33 ~~(b) of this subsection cannot be met, the authority shall offer~~  
34 ~~enrollment to additional groups of district employees on a tiered rate~~

1 ~~structure until such time as the authority determines there would be~~  
2 ~~no material difference between revenues and expenditures under a~~  
3 ~~composite rate structure for all district employees enrolled in~~  
4 ~~authority plans.~~

5 ~~— (d) The authority may charge districts a one time set up fee for~~  
6 ~~employee groups enrolling in authority plans for the first time)).~~  
7 The authority may collect these amounts in accordance with the  
8 district fiscal year.

9 ((+e)) (b) For the purposes of this subsection(+(  
10 ~~(i))~~), "district" means school district and educational service  
11 district(~~(/ and~~

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

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

19 (5) The authority shall transmit a recommendation for the amount  
20 of the employer contribution to the governor and the director of  
21 financial management for inclusion in the proposed budgets submitted  
22 to the legislature.

23 (6) The authority shall explore opportunities to change the start  
24 of the benefit year to September to accommodate the September 1, 2012,  
25 merger of school districts and educational service districts.

26  
27 **Sec. 7.** RCW 41.05.065 and 2007 c 156 s 10 and 2007 c 114 s 5 are  
28 each reenacted and amended to read as follows:

29 (1) The board shall study all matters connected with the provision  
30 of health care coverage, life insurance, liability insurance,  
31 accidental death and dismemberment insurance, and disability income  
32 insurance or any of, or a combination of, the enumerated types of  
33 insurance for employees and their dependents on the best basis  
34 possible with relation both to the welfare of the employees and to the

1 state. However, liability insurance shall not be made available to  
2 dependents.

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

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

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

11 (c) Wellness incentives that focus on proven strategies, such as  
12 smoking cessation, injury and accident prevention, reduction of  
13 alcohol misuse, appropriate weight reduction, exercise, automobile and  
14 motorcycle safety, blood cholesterol reduction, and nutrition  
15 education;

16 (d) Utilization review procedures including, but not limited to a  
17 cost-efficient method for prior authorization of services, hospital  
18 inpatient length of stay review, requirements for use of outpatient  
19 surgeries and second opinions for surgeries, review of invoices or  
20 claims submitted by service providers, and performance audit of  
21 providers;

22 (e) Effective coordination of benefits;

23 (f) Minimum standards for insuring entities; and

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



1 (3) The board shall design benefits and determine the terms and  
2 conditions of employee and retired employee participation and  
3 coverage, including establishment of eligibility criteria subject to  
4 the requirements of RCW 41.05.066. (~~The same terms and conditions of~~  
5 ~~participation and coverage, including eligibility criteria, shall~~  
6 ~~apply to state employees and to school district employees and~~  
7 ~~educational service district employees.~~) School districts and  
8 educational service districts may contractually agree with the  
9 authority to benefits eligibility criteria that differ from the  
10 criteria applicable to state employees.

11 (4) The board may authorize premium contributions for an employee  
12 and the employee's dependents in a manner that encourages the use of  
13 cost-efficient managed health care systems. During the 2005-2007  
14 fiscal biennium, the board may only authorize premium contributions  
15 for an employee and the employee's dependents that are the same,  
16 regardless of an employee's status as represented or nonrepresented by  
17 a collective bargaining unit under the personnel system reform act of  
18 2002. The board shall require participating school district and  
19 educational service district employees to pay at least the same  
20 employee premiums by plan and family size as state employees pay. A  
21 school district or educational service district may collect additional  
22 contributions from part-time employees not to exceed the cost of the  
23 benefits provided to these employees.

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

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

33

34

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

4 (8) The board shall review plans proposed by insuring entities  
5 that desire to offer property insurance and/or accident and casualty  
6 insurance to state employees through payroll deduction. The board may  
7 approve any such plan for payroll deduction by insuring entities  
8 holding a valid certificate of authority in the state of Washington  
9 and which the board determines to be in the best interests of  
10 employees and the state. The board shall adopt rules setting forth  
11 criteria by which it shall evaluate the plans.

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

28 (a) Participation of eligible employees or retired employees (~~and~~  
29 ~~retired school employees~~) in any long-term care insurance plan made  
30 available by the public employees' benefits board is voluntary and  
31 shall not be subject to binding arbitration under chapter 41.56 RCW.  
32 Participation is subject to reasonable underwriting guidelines and  
33 eligibility rules established by the public employees' benefits board  
34 and the health care authority.

1 (b) The employee(~~(,)~~) or retired employee(~~(, and retired school~~  
2 ~~employee are)~~) is solely responsible for the payment of the premium  
3 rates developed by the health care authority. The health care  
4 authority is authorized to charge a reasonable administrative fee in  
5 addition to the premium charged by the long-term care insurer, which  
6 shall include the health care authority's cost of administration,  
7 marketing, and consumer education materials prepared by the health  
8 care authority and the office of the insurance commissioner.

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

12 (d) The public employees' benefits board and the health care  
13 authority shall establish a technical advisory committee to provide  
14 advice in the development of the benefit design and establishment of  
15 underwriting guidelines and eligibility rules. The committee shall  
16 also advise the board and authority on effective and cost-effective  
17 ways to market and distribute the long-term care product. The  
18 technical advisory committee shall be comprised, at a minimum, of  
19 representatives of the office of the insurance commissioner, providers  
20 of long-term care services, licensed insurance agents with expertise  
21 in long-term care insurance, employees, retired employees(~~(, retired~~  
22 ~~school employees)~~), and other interested parties determined to be  
23 appropriate by the board.

24 (e) The health care authority shall offer employees(~~(,)~~) and  
25 retired employees(~~(, and retired school employees)~~) the option of  
26 purchasing long-term care insurance through licensed agents or brokers  
27 appointed by the long-term care insurer. The authority, in  
28 consultation with the public employees' benefits board, shall  
29 establish marketing procedures and may consider all premium components  
30 as a part of the contract negotiations with the long-term care  
31 insurer.

32 (f) In developing the long-term care insurance benefit designs,  
33 the public employees' benefits board shall include an alternative plan  
34

1 of care benefit, including adult day services, as approved by the  
2 office of the insurance commissioner.

3 (g) The health care authority, with the cooperation of the office  
4 of the insurance commissioner, shall develop a consumer education  
5 program for the eligible employees(~~(7)~~) and retired employees(~~(7) and~~  
6 ~~retired school employees~~) designed to provide education on the  
7 potential need for long-term care, methods of financing long-term  
8 care, and the availability of long-term care insurance products  
9 including the products offered by the board.

10

11 NEW SECTION. **Sec. 8.** (1) By the effective date of this act, the  
12 health care authority, in coordination with the office of the  
13 superintendent of public instruction, shall convene a work group on  
14 the provision and procurement of health benefits for K-12 employees.

15 (2) The health care authority shall invite representatives from  
16 the following organizations to participate in the work group:

- 17 (a) Representatives of school districts;
- 18 (b) Representatives of educational service districts;
- 19 (c) Representatives of labor organizations representing K-12  
20 employees;
- 21 (d) Representatives of health carriers;
- 22 (e) Members of the house of representatives and the senate; and
- 23 (f) Representatives of other relevant entities as the health care  
24 authority may deem appropriate.

25 (3) By December 15, 2009, the health care authority shall report  
26 the findings of the work group to the governor and the fiscal  
27 committees of the legislature. The report may recommend changes to  
28 the processes for funding and procurement of health benefits for K-12  
29 employees. The options investigated by the work group must include  
30 the centralized provision of health benefits for K-12 employees by the  
31 health care authority as required under this act."

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1 **2SSB 5491** - S AMD 58

2 By Senator Brandland

3 NOT ADOPTED 3/09/2009

4 On page 1, line 1 of the title, after "Relating to", strike the  
5 remainder and insert "the provision and procurement of health and  
6 related insurance coverage for school district and educational service  
7 district employees; amending RCW 28A.400.270, 28A.400.275,  
8 28A.400.350, 41.05.011, and 41.05.050; reenacting and amending RCW  
9 41.05.021 and 41.05.065; and creating a new section."

10

EFFECT: A work group is convened to examine the provision and procurement of health benefits for K-12 employees. After September 1, 2012, school districts are required to purchase employee health insurance coverage through the state health care authority.

--- END ---