

SSB 5905 - S AMD 312

By Senators Hargrove, Hill

ADOPTED 04/22/2013

1 Beginning on page 3, line 24, strike all of section 3 and insert  
2 the following:

3 "Sec. 3. RCW 41.05.065 and 2011 1st sp.s. c 8 s 1 are each amended  
4 to read 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 employees. In developing these  
14 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;

- 1 (e) Effective coordination of benefits; and
- 2 (f) Minimum standards for insuring entities.

3 (3) To maintain the comprehensive nature of employee health care  
4 benefits, benefits provided to employees shall be substantially  
5 equivalent to the state employees' health benefits plan in effect on  
6 January 1, 1993. Nothing in this subsection shall prohibit changes or  
7 increases in employee point-of-service payments or employee premium  
8 payments for benefits or the administration of a high deductible health  
9 plan in conjunction with a health savings account. (~~The board may~~  
10 ~~establish employee eligibility criteria which are not substantially~~  
11 ~~equivalent to employee eligibility criteria in effect on January 1,~~  
12 ~~1993.))~~

13 (4) The eligibility provisions of this subsection have effect  
14 through December 31, 2013. Except if bargained for under chapter 41.80  
15 RCW, the board shall design benefits and determine the terms and  
16 conditions of employee and retired employee participation and coverage,  
17 including establishment of eligibility criteria subject to the  
18 requirements of this chapter. Employer groups obtaining benefits  
19 through contractual agreement with the authority for employees defined  
20 in RCW 41.05.011(6) (a) through (d) may contractually agree with the  
21 authority to benefits eligibility criteria which differs from that  
22 determined by the board. The eligibility criteria established by the  
23 board shall be no more restrictive than the following:

24 (a) Except as provided in (b) through (e) of this subsection, an  
25 employee is eligible for benefits from the date of employment if the  
26 employing agency anticipates he or she will work an average of at least  
27 eighty hours per month and for at least eight hours in each month for  
28 more than six consecutive months. An employee determined ineligible  
29 for benefits at the beginning of his or her employment shall become  
30 eligible in the following circumstances:

31 (i) An employee who works an average of at least eighty hours per  
32 month and for at least eight hours in each month and whose anticipated  
33 duration of employment is revised from less than or equal to six  
34 consecutive months to more than six consecutive months becomes eligible  
35 when the revision is made.

36 (ii) An employee who works an average of at least eighty hours per  
37 month over a period of six consecutive months and for at least eight

1 hours in each of those six consecutive months becomes eligible at the  
2 first of the month following the six-month averaging period.

3 (b) A seasonal employee is eligible for benefits from the date of  
4 employment if the employing agency anticipates that he or she will work  
5 an average of at least eighty hours per month and for at least eight  
6 hours in each month of the season. A seasonal employee determined  
7 ineligible at the beginning of his or her employment who works an  
8 average of at least half-time, as defined by the board, per month over  
9 a period of six consecutive months and at least eight hours in each of  
10 those six consecutive months becomes eligible at the first of the month  
11 following the six-month averaging period. A benefits-eligible seasonal  
12 employee who works a season of less than nine months shall not be  
13 eligible for the employer contribution during the off season, but may  
14 continue enrollment in benefits during the off season by self-paying  
15 for the benefits. A benefits-eligible seasonal employee who works a  
16 season of nine months or more is eligible for the employer contribution  
17 through the off season following each season worked.

18 (c) Faculty are eligible as follows:

19 (i) Faculty who the employing agency anticipates will work  
20 half-time or more for the entire instructional year or equivalent nine-  
21 month period are eligible for benefits from the date of employment.  
22 Eligibility shall continue until the beginning of the first full month  
23 of the next instructional year, unless the employment relationship is  
24 terminated, in which case eligibility shall cease the first month  
25 following the notice of termination or the effective date of the  
26 termination, whichever is later.

27 (ii) Faculty who the employing agency anticipates will not work for  
28 the entire instructional year or equivalent nine-month period are  
29 eligible for benefits at the beginning of the second consecutive  
30 quarter or semester of employment in which he or she is anticipated to  
31 work, or has actually worked, half-time or more. Such an employee  
32 shall continue to receive uninterrupted employer contributions for  
33 benefits if the employee works at least half-time in a quarter or  
34 semester. Faculty who the employing agency anticipates will not work  
35 for the entire instructional year or equivalent nine-month period, but  
36 who actually work half-time or more throughout the entire instructional  
37 year, are eligible for summer or off-quarter coverage. Faculty who  
38 have met the criteria of this subsection (4)(c)(ii), who work at least

1 two quarters of the academic year with an average academic year  
2 workload of half-time or more for three quarters of the academic year,  
3 and who have worked an average of half-time or more in each of the two  
4 preceding academic years shall continue to receive uninterrupted  
5 employer contributions for benefits if he or she works at least half-  
6 time in a quarter or semester or works two quarters of the academic  
7 year with an average academic workload each academic year of half-time  
8 or more for three quarters. Eligibility under this section ceases  
9 immediately if this criteria is not met.

10 (iii) Faculty may establish or maintain eligibility for benefits by  
11 working for more than one institution of higher education. When  
12 faculty work for more than one institution of higher education, those  
13 institutions shall prorate the employer contribution costs, or if  
14 eligibility is reached through one institution, that institution will  
15 pay the full employer contribution. Faculty working for more than one  
16 institution must alert his or her employers to his or her potential  
17 eligibility in order to establish eligibility.

18 (iv) The employing agency must provide written notice to faculty  
19 who are potentially eligible for benefits under this subsection (4)(c)  
20 of their potential eligibility.

21 (v) To be eligible for maintenance of benefits through averaging  
22 under (c)(ii) of this subsection, faculty must provide written  
23 notification to his or her employing agency or agencies of his or her  
24 potential eligibility.

25 (d) A legislator is eligible for benefits on the date his or her  
26 term begins. All other elected and full-time appointed officials of  
27 the legislative and executive branches of state government are eligible  
28 for benefits on the date his or her term begins or they take the oath  
29 of office, whichever occurs first.

30 (e) A justice of the supreme court and judges of the court of  
31 appeals and the superior courts become eligible for benefits on the  
32 date he or she takes the oath of office.

33 (f) Except as provided in (c)(i) and (ii) of this subsection,  
34 eligibility ceases for any employee the first of the month following  
35 termination of the employment relationship.

36 (g) In determining eligibility under this section, the employing  
37 agency may disregard training hours, standby hours, or temporary

1 changes in work hours as determined by the authority under this  
2 section.

3 (h) Insurance coverage for all eligible employees begins on the  
4 first day of the month following the date when eligibility for benefits  
5 is established. If the date eligibility is established is the first  
6 working day of a month, insurance coverage begins on that date.

7 (i) Eligibility for an employee whose work circumstances are  
8 described by more than one of the eligibility categories in (a) through  
9 (e) of this subsection shall be determined solely by the criteria of  
10 the category that most closely describes the employee's work  
11 circumstances.

12 (j) Except for an employee eligible for benefits under (b) or  
13 (c)(ii) of this subsection, an employee who has established eligibility  
14 for benefits under this section shall remain eligible for benefits each  
15 month in which he or she is in pay status for eight or more hours, if  
16 (i) he or she remains in a benefits-eligible position and (ii) leave  
17 from the benefits-eligible position is approved by the employing  
18 agency. A benefits-eligible seasonal employee is eligible for the  
19 employer contribution in any month of his or her season in which he or  
20 she is in pay status eight or more hours during that month.  
21 Eligibility ends if these conditions are not met, the employment  
22 relationship is terminated, or the employee voluntarily transfers to a  
23 noneligible position.

24 (k) For the purposes of this subsection:

25 (i) "Academic year" means summer, fall, winter, and spring quarters  
26 or semesters;

27 (ii) "Half-time" means one-half of the full-time academic workload  
28 as determined by each institution, except that half-time for community  
29 and technical college faculty employees shall have the same meaning as  
30 "part-time" under RCW 28B.50.489;

31 (iii) "Benefits-eligible position" shall be defined by the board.

32 (5) Beginning January 1, 2014, eligibility for health care benefits  
33 is as provided under this subsection. Except if bargained for under  
34 chapter 41.80 RCW, the board must design benefits and determine the  
35 terms and conditions of employee and retired employee participation and  
36 coverage. The terms and conditions must be consistent with the  
37 provisions of this subsection. Employer groups obtaining benefits  
38 through contractual agreement with the authority for employees defined

1 in RCW 41.05.011(6) (a), (b), (c), and (d) may contractually agree with  
2 the authority to benefits eligibility criteria which differs from the  
3 criteria contained in this section. The eligibility criteria for  
4 health care benefits is:

5 (a) Each employee who is a full-time employee as defined by section  
6 1513 of the patient protection and affordable care act and related  
7 regulations, as administered by the authority, is eligible for  
8 benefits. Except if bargained for pursuant to (a)(i) of this  
9 subsection, or if authorized by the office of financial management  
10 pursuant to (a)(ii) of this subsection, employees who are not full-time  
11 employees as defined by section 1513 of the patient protection and  
12 affordable care act and related regulations, as administered by the  
13 authority, are not eligible for benefits.

14 (i) The employer and exclusive bargaining representative, pursuant  
15 to chapter 41.80 RCW, may bargain part-time employee eligibility  
16 criteria that does not exceed the criteria under subsection (4) of this  
17 section.

18 (ii) The office of financial management may approve part-time  
19 employee eligibility criteria that does not exceed the criteria under  
20 subsection (4) of this section for part-time state positions not  
21 covered under any collective bargaining agreement.

22 (b) A legislator is eligible for benefits on the date his or her  
23 term begins. All other elected and full-time appointed officials of  
24 the legislative and executive branches of state government are eligible  
25 for benefits on the date their term begins or they take the oath of  
26 office, whichever occurs first.

27 (c) Justices of the supreme court and judges of the court of  
28 appeals and the superior courts become eligible for benefits on the  
29 date they take the oath of office.

30 (d) Except as provided by section 1513 of the patient protection  
31 and affordable care act and related regulations, as administered by the  
32 authority, eligibility ceases for any employee the first day of the  
33 month following termination of the employment relationship.

34 (e) Insurance coverage for all eligible employees begins on the  
35 first day of the month following the date when eligibility for benefits  
36 is established. If the date eligibility is established is the first  
37 working day of a month, insurance coverage begins on that date.



1 employees who have chosen to remain enrolled in the most comprehensive  
2 plan.

3 ~~((+7))~~ (8) Notwithstanding any other provision of this chapter,  
4 for any open enrollment period following August 24, 2011, the board  
5 shall offer a high deductible health plan in conjunction with a health  
6 savings account developed under subsection ~~((+6))~~ (7) of this section.

7 ~~((+8))~~ (9) Employees shall choose participation in one of the  
8 health care benefit plans developed by the board and may be permitted  
9 to waive coverage under terms and conditions established by the board.

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

18 ~~((+10))~~ (11) Before January 1, 1998, the public employees'  
19 benefits board shall make available one or more fully insured long-term  
20 care insurance plans that comply with the requirements of chapter 48.84  
21 RCW. Such programs shall be made available to eligible employees,  
22 retired employees, and retired school employees as well as eligible  
23 dependents which, for the purpose of this section, includes the parents  
24 of the employee or retiree and the parents of the spouse of the  
25 employee or retiree. Employees of local governments, political  
26 subdivisions, and tribal governments not otherwise enrolled in the  
27 public employees' benefits board sponsored medical programs may enroll  
28 under terms and conditions established by the administrator, if it does  
29 not jeopardize the financial viability of the public employees'  
30 benefits board's long-term care offering.

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



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

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

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

35 (g) The health care authority, with the cooperation of the office  
36 of the insurance commissioner, shall develop a consumer education  
37 program for the eligible employees, retired employees, and retired  
38 school employees designed to provide education on the potential need

1 for long-term care, methods of financing long-term care, and the  
2 availability of long-term care insurance products including the  
3 products offered by the board.

4 ~~((11))~~ (12) The board may establish penalties to be imposed by  
5 the authority when the eligibility determinations of an employing  
6 agency fail to comply with the criteria under ~~((this chapter))~~ section  
7 1513 of the patient protection and affordable care act and related  
8 regulations, as administered by the authority."

EFFECT: Clarifies that current PEBB part-time eligibility criteria remains in place through December 31, 2013.

Permits part-time positions to be made eligible for PEBB coverage through collective bargaining.

Permits OFM to approve PEBB eligibility for part-time positions that are half-time or greater and not covered by a collective bargaining agreement.

Provides that part-time employees who obtain health insurance through the exchange are eligible for premium reimbursement payments if they are expected to be employed for at least six months for at least 80 hours per month.

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