

SSB 6241 - S AMD 521
By Senator Hobbs

ADOPTED AS AMENDED 02/14/2018

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 41.05.740 and 2017 3rd sp.s. c 13 s 801 are each
4 amended to read as follows:

5 (1) The school employees' benefits board is created within the
6 authority. The function of the school employees' benefits board is to
7 design and approve insurance benefit plans for school employees and
8 to establish eligibility criteria for participation in insurance
9 benefit plans.

10 (2) By September 30, 2017, the governor shall appoint the
11 following voting members to the school employees' benefits board as
12 follows:

13 (a) Two members from associations representing certificated
14 employees;

15 (b) Two members from associations representing classified
16 employees;

17 (c) Four members with expertise in employee health benefits
18 policy and administration, one of which is nominated by an
19 association representing school business officials; and

20 (d) The director of the authority or his or her designee.

21 (3) Initial members of the school employees' benefits board shall
22 serve staggered terms not to exceed four years. Members appointed
23 thereafter shall serve two-year terms.

24 (4) Compensation and reimbursement related to school employees'
25 benefits board member service are as follows:

26 (a) Members of the school employees' benefits board must be
27 compensated in accordance with RCW 43.03.250 and must be reimbursed
28 for their travel expenses while on official business in accordance
29 with RCW 43.03.050 and 43.03.060.

30 (b) While school employees' benefits board members are carrying
31 out their powers and duties under chapter 41.05 RCW, if the service
32 of any certificated or classified employee results in a need for a

1 school employees' benefits board organization to employ a substitute
2 for such certificated or classified employee during such service,
3 payment for such a substitute may be made by the authority from funds
4 appropriated by the legislature for the school employees' benefits
5 board program. If such substitute is paid by the authority, no
6 deduction shall be made from the salary of the certificated or
7 classified employee. In no event shall a school employees' benefits
8 board organization deduct from the salary of a certificated or
9 classified employee serving on the school employees' benefits board
10 more than the amount paid the substitute employed by the school
11 employees' benefits board organization.

12 (5) The director of the authority or his or her designee shall be
13 the chair and another member shall be selected by the school
14 employees' benefits board as vice chair. The chair shall conduct
15 meetings of the school employees' benefits board. The vice chair
16 shall preside over meetings in the absence of the chair. The school
17 employees' benefits board shall develop bylaws for the conduct of its
18 business.

19 (6) The school employees' benefits board shall:

20 (a) Study all matters connected with the provision of health care
21 coverage, life insurance, liability insurance, accidental death and
22 dismemberment, and disability insurance, or any of, or combination
23 of, the enumerated types of insurance for eligible school employees
24 and their dependents on the best basis possible with relation both to
25 the welfare of the school employees and the state. However, liability
26 insurance should not be made available to dependents;

27 (b) Develop school employee benefit plans that include
28 comprehensive, evidence-based health care benefits for school
29 employees. In developing these plans, the school employees' benefits
30 board shall consider the following elements:

31 (i) Methods of maximizing cost containment while ensuring access
32 to quality health care;

33 (ii) Development of provider arrangements that encourage cost
34 containment and ensure access to quality care including, but not
35 limited to, prepaid delivery systems and prospective payment methods;

36 (iii) Wellness, preventive care, chronic disease management, and
37 other incentives that focus on proven strategies;

38 (iv) Utilization review procedures to support cost-effective
39 benefits delivery;

1 (v) Ways to leverage efficient purchasing by coordinating with
2 the public employees' benefits board;

3 (vi) Effective coordination of benefits; and

4 (vii) Minimum standards for insuring entities;

5 (c) Authorize premium contributions for ~~((an))~~ a school employee
6 and the employee's dependents in a manner that encourages the use of
7 cost-efficient health care systems. For participating school
8 employees, the required school employee share of the cost for family
9 coverage ~~((under a plan))~~ premiums may not exceed ~~((the required~~
10 ~~employee share of the cost for employee-only coverage))~~ three times
11 the premiums for a school employee purchasing single coverage for the
12 same coverage plan;

13 (d) Determine the terms and conditions of school employee and
14 dependent eligibility criteria, enrollment policies, and scope of
15 coverage. At a minimum, the eligibility criteria established by the
16 school employees' benefits board shall address the following:

17 (i) The effective date of coverage following hire;

18 (ii) ~~((An))~~ The benefits eligibility criteria, but the school
19 employees' benefits board's criteria shall be no more restrictive
20 than requiring that a school employee ~~((must))~~ be anticipated to work
21 at least six hundred thirty hours per school year ~~((to qualify for~~
22 ~~coverage))~~ to be benefits eligible; and

23 (iii) Coverage for dependents, including criteria for legal
24 spouses; children up to age twenty-six; children of any age with
25 disabilities, mental illness, or intellectual or other developmental
26 disabilities; and state registered domestic partners, as defined in
27 RCW 26.60.020, and others authorized by the legislature;

28 (e) ~~((Determine the terms and conditions of purchasing system~~
29 ~~participation, consistent with chapter 13, Laws of 2017 3rd sp.~~
30 ~~sess., including establishment of criteria for employing districts~~
31 ~~and individual employees;))~~ Establish terms and conditions for a
32 school employees' benefits board organization to have the ability to
33 locally negotiate eligibility criteria for a school employee who is
34 anticipated to work less than six hundred thirty hours in a school
35 year. A school employees' benefits board organization that elects to
36 use a lower threshold of hours for benefits eligibility must use
37 benefits authorized by the school employees' benefits board and shall
38 do so as an enrichment to the state's definition of basic education;

1 (f) Establish penalties to be imposed when ((~~the employing~~
2 ~~district~~)) a school employees' benefits board organization fails to
3 comply with established participation criteria; and

4 (g) Participate with the authority in the preparation of
5 specifications and selection of carriers contracted for school
6 employee benefit plan coverage of eligible school employees in
7 accordance with the criteria set forth in rules. To the extent
8 possible, the school employees' benefits board shall leverage
9 efficient purchasing by coordinating with the public employees'
10 benefits board.

11 (7) School employees shall choose participation in one of the
12 health care benefit plans developed by the school employees' benefits
13 board. Individual school employees eligible for benefits under
14 subsection (6)(d) of this section may be permitted to waive coverage
15 under terms and conditions established by the school employees'
16 benefits board.

17 (8) By November 30, 2021, the authority shall review the benefit
18 plans provided through the school employees' benefits board, complete
19 an analysis of the benefits provided and the administration of the
20 benefits plans, and determine whether provisions in chapter 13, Laws
21 of 2017 3rd sp. sess. have resulted in cost savings to the state. The
22 authority shall submit a report to the relevant legislative policy
23 and fiscal committees summarizing the results of the review and
24 analysis.

25 **Sec. 2.** RCW 41.05.006 and 2006 c 299 s 1 are each amended to
26 read as follows:

27 (1) The legislature recognizes that (a) the state is a major
28 purchaser of health care services, (b) the increasing costs of such
29 health care services are posing and will continue to pose a great
30 financial burden on the state, (c) it is the state's policy,
31 consistent with the best interests of the state, to provide
32 comprehensive health care as an employer, to ((state)) employees and
33 school employees ((and)) officials ((and)) their dependents, and to
34 those who are dependent on the state for necessary medical care, and
35 (d) it is imperative that the state begin to develop effective and
36 efficient health care delivery systems and strategies for procuring
37 health care services in order for the state to continue to purchase
38 the most comprehensive health care possible.

1 (2) It is therefore the purpose of this chapter to establish the
2 Washington state health care authority whose purpose shall be to (a)
3 develop health care benefit programs that provide access to at least
4 one comprehensive benefit plan funded to the fullest extent possible
5 by the employer, and a health savings account/high deductible health
6 plan option as defined in section 1201 of the medicare prescription
7 drug improvement and modernization act of 2003, as amended, for
8 eligible ~~((state))~~ employees and school employees, officials, and
9 their dependents, and (b) study all state purchased health care,
10 alternative health care delivery systems, and strategies for the
11 procurement of health care services and make recommendations aimed at
12 minimizing the financial burden which health care poses on the state,
13 ~~((its))~~ employees and school employees, and its charges, while at the
14 same time allowing the state to provide the most comprehensive health
15 care options possible.

16 **Sec. 3.** RCW 41.05.009 and 2015 c 116 s 1 are each amended to
17 read as follows:

18 (1) The authority, or an employing agency at the authority's
19 direction, shall initially determine and periodically review whether
20 an employee or a school employee is eligible for benefits pursuant to
21 the criteria established under this chapter.

22 (2) An employing agency shall inform an employee or a school
23 employee in writing whether or not he or she is eligible for benefits
24 when initially determined and upon any subsequent change, including
25 notice of the employee's or school employee's right to an appeal.

26 **Sec. 4.** RCW 41.05.011 and 2017 3rd sp.s. c 13 s 802 are each
27 amended to read as follows:

28 The definitions in this section apply throughout this chapter
29 unless the context clearly requires otherwise.

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

31 (2) "Board" means the public employees' benefits board
32 established under RCW 41.05.055 and the school employees' benefits
33 board established under RCW 41.05.740.

34 (3) "Dependent care assistance program" means a benefit plan
35 whereby ~~((state))~~ employees and school employees may pay for certain
36 employment related dependent care with pretax dollars as provided in
37 the salary reduction plan under this chapter pursuant to 26 U.S.C.
38 Sec. 129 or other sections of the internal revenue code.

1 (4) "Director" means the director of the authority.

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

9 (6)(a) "Employee" for the public employees' benefits board
10 program includes all employees of the state, whether or not covered
11 by civil service; elected and appointed officials of the executive
12 branch of government, including full-time members of boards,
13 commissions, or committees; justices of the supreme court and judges
14 of the court of appeals and the superior courts; and members of the
15 state legislature. Pursuant to contractual agreement with the
16 authority, "employee" may also include: (i) Employees of a county,
17 municipality, or other political subdivision of the state and members
18 of the legislative authority of any county, city, or town who are
19 elected to office after February 20, 1970, if the legislative
20 authority of the county, municipality, or other political subdivision
21 of the state submits application materials to the authority to
22 provide any of its insurance programs by contract with the authority,
23 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
24 employee organizations representing state civil service employees, at
25 the option of each such employee organization; (iii) through December
26 31, 2019, employees of a school district if the authority agrees to
27 provide any of the school districts' insurance programs by contract
28 with the authority as provided in RCW 28A.400.350; (iv) employees of
29 a tribal government, if the governing body of the tribal government
30 seeks and receives the approval of the authority to provide any of
31 its insurance programs by contract with the authority, as provided in
32 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
33 benefit exchange if the governing board of the exchange established
34 in RCW 43.71.020 seeks and receives approval of the authority to
35 provide any of its insurance programs by contract with the authority,
36 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
37 December 31, 2019, employees of a charter school established under
38 chapter 28A.710 RCW. "Employee" does not include: Adult family home
39 providers; unpaid volunteers; patients of state hospitals; inmates;
40 employees of the Washington state convention and trade center as

1 provided in RCW 41.05.110; students of institutions of higher
2 education as determined by their institution; and any others not
3 expressly defined as employees under this chapter or by the authority
4 under this chapter.

5 (b) Effective January 1, 2020, "school employee" for the school
6 employees' benefits board program includes all employees of school
7 districts, educational service districts, and charter schools
8 established under chapter 28A.710 RCW.

9 (7) "Employee group" means employees of a similar employment
10 type, such as administrative, represented classified, nonrepresented
11 classified, confidential, represented certificated, or nonrepresented
12 certificated, within a school (~~(district)~~) employees' benefits board
13 organization.

14 (8)(a) "Employer" for the public employees' benefits board
15 program means the state of Washington.

16 (b) "Employer" for the school employees' benefits board program
17 means school districts and educational service districts and charter
18 schools established under chapter 28A.710 RCW.

19 (9) "Employer group" means those counties, municipalities,
20 political subdivisions, the Washington health benefit exchange,
21 tribal governments, (~~(school districts, and educational service~~
22 ~~districts, and)~~) employee organizations representing state civil
23 service employees, and through December 31, 2019, school districts,
24 educational service districts, and charter schools obtaining employee
25 benefits through a contractual agreement with the authority to
26 participate in benefit plans developed by the public employees'
27 benefits board.

28 (10)(a) "Employing agency" for the public employees' benefits
29 board program means a division, department, or separate agency of
30 state government, including an institution of higher education; a
31 county, municipality, or other political subdivision; (~~(charter~~
32 ~~school;)~~) and a tribal government covered by this chapter.

33 (b) "Employing agency" for the school employees' benefits board
34 program means school districts (~~(and)~~), educational service
35 districts, and charter schools.

36 (11) "Faculty" means an academic employee of an institution of
37 higher education whose workload is not defined by work hours but
38 whose appointment, workload, and duties directly serve the
39 institution's academic mission, as determined under the authority of

1 its enabling statutes, its governing body, and any applicable
2 collective bargaining agreement.

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

7 (13) "Insuring entity" means an insurer as defined in chapter
8 48.01 RCW, a health care service contractor as defined in chapter
9 48.44 RCW, or a health maintenance organization as defined in chapter
10 48.46 RCW.

11 (14) "Medical flexible spending arrangement" means a benefit plan
12 whereby state and school employees may reduce their salary before
13 taxes to pay for medical expenses not reimbursed by insurance as
14 provided in the salary reduction plan under this chapter pursuant to
15 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

16 (15) "Participant" means an individual who fulfills the
17 eligibility and enrollment requirements under the salary reduction
18 plan.

19 (16) "Plan year" means the time period established by the
20 authority.

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

26 (18) "Public employee" has the same meaning as employee and
27 school employee.

28 (19) "Retired or disabled school employee" means:

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

32 (b) Persons who separate from employment with a school district,
33 educational service district, or charter school on or after October
34 1, 1993, and immediately upon separation receive a retirement
35 allowance under chapter 41.32, 41.35, or 41.40 RCW;

36 (c) Persons who separate from employment with a school district,
37 educational service district, or charter school due to a total and
38 permanent disability, and are eligible to receive a deferred
39 retirement allowance under chapter 41.32, 41.35, or 41.40 RCW.

1 ~~((19))~~ (20) "Salary" means a state or school employee's monthly
2 salary or wages.

3 ~~((20))~~ (21) "Salary reduction plan" means a benefit plan
4 whereby ~~((state and))~~ public employees may agree to a reduction of
5 salary on a pretax basis to participate in the dependent care
6 assistance program, medical flexible spending arrangement, or premium
7 payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections
8 of the internal revenue code.

9 ~~((21) "School employees' benefits board" means the board
10 established in RCW 41.05.740.))~~

11 (22) "School employees' benefits board ~~((participating))~~
12 organization" means a public school district or educational service
13 district or charter school established under chapter 28A.710 RCW that
14 ~~((participates))~~ is required to participate in benefit plans provided
15 by the school employees' benefits board.

16 (23) "School year" means school year as defined in RCW
17 28A.150.203(11).

18 (24) "Seasonal employee" means a state employee hired to work
19 during a recurring, annual season with a duration of three months or
20 more, and anticipated to return each season to perform similar work.

21 ~~((24))~~ (25) "Separated employees" means persons who separate
22 from employment with an employer as defined in:

- 23 (a) RCW 41.32.010(17) on or after July 1, 1996; or
24 (b) RCW 41.35.010 on or after September 1, 2000; or
25 (c) RCW 41.40.010 on or after March 1, 2002;

26 and who are at least age fifty-five and have at least ten years of
27 service under the teachers' retirement system plan 3 as defined in
28 RCW 41.32.010(33), the Washington school employees' retirement system
29 plan 3 as defined in RCW 41.35.010, or the public employees'
30 retirement system plan 3 as defined in RCW 41.40.010.

31 ~~((25))~~ (26) "State purchased health care" or "health care"
32 means medical and health care, pharmaceuticals, and medical equipment
33 purchased with state and federal funds by the department of social
34 and health services, the department of health, the basic health plan,
35 the state health care authority, the department of labor and
36 industries, the department of corrections, the department of veterans
37 affairs, and local school districts.

38 ~~((26))~~ (27) "Tribal government" means an Indian tribal
39 government as defined in section 3(32) of the employee retirement
40 income security act of 1974, as amended, or an agency or

1 instrumentality of the tribal government, that has government offices
2 principally located in this state.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.05
4 RCW to read as follows:

5 It is the intent of the legislature that the word "board" be read
6 to mean both the school employees' benefits board and the public
7 employees' benefits board throughout this chapter. The use of "board"
8 should be liberally construed to mean both boards, to the extent not
9 in conflict with state or federal law. In no case shall either board
10 be limited from exercising its individual authority as authorized
11 within this chapter.

12 **Sec. 6.** RCW 41.05.021 and 2017 3rd sp.s. c 13 s 803 are each
13 amended to read as follows:

14 (1) The Washington state health care authority is created within
15 the executive branch. The authority shall have a director appointed
16 by the governor, with the consent of the senate. The director shall
17 serve at the pleasure of the governor. The director may employ a
18 deputy director, and such assistant directors and special assistants
19 as may be needed to administer the authority, who shall be exempt
20 from chapter 41.06 RCW, and any additional staff members as are
21 necessary to administer this chapter. The director may delegate any
22 power or duty vested in him or her by law, including authority to
23 make final decisions and enter final orders in hearings conducted
24 under chapter 34.05 RCW. The primary duties of the authority shall be
25 to: Administer insurance benefits for ((state)) employees, retired or
26 disabled state and school employees, and ((~~subject to school~~
27 ~~employees' benefits board direction,~~)) school employees; administer
28 the basic health plan pursuant to chapter 70.47 RCW; administer the
29 children's health program pursuant to chapter 74.09 RCW; study state
30 purchased health care programs in order to maximize cost containment
31 in these programs while ensuring access to quality health care;
32 implement state initiatives, joint purchasing strategies, and
33 techniques for efficient administration that have potential
34 application to all state-purchased health services; and administer
35 grants that further the mission and goals of the authority. The
36 authority's duties include, but are not limited to, the following:

37 (a) To administer health care benefit programs for ((state))
38 employees, retired or disabled state and school employees, and

1 (~~subject to school employees' benefits board direction,~~) school
2 employees as specifically authorized in RCW 41.05.065 and 41.05.740
3 and in accordance with the methods described in RCW 41.05.075,
4 41.05.140, and other provisions of this chapter;

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

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

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

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

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

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

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

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

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

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

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
4 hospitals as defined in RCW 70.41.020, integrated delivery systems,
5 and 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
10 their 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 (~~((and the school employees' benefits 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
28 (~~((under this chapter))~~) by the public employees' benefits board. In
29 the event of an employee transfer pursuant to this subsection (1)(f),
30 members of the governing body are eligible to be included in such a
31 transfer if the members are authorized by the tribal government to
32 participate in the insurance program being transferred from and
33 subject to payment by the members of all costs of insurance for the
34 members. The authority shall: (i) Establish the conditions for
35 participation; (ii) have the sole right to reject the application;
36 and (iii) set the premium contribution for approved groups as
37 outlined in RCW 41.05.050. Approval of the application by the
38 authority transfers the employees and dependents involved to the
39 insurance, self-insurance, or health care program (~~((approved by the
40 authority))~~) administered by the public employees' benefits board;

1 (g) To ensure the continued status of the employee insurance or
2 self-insurance programs administered under this chapter as a
3 governmental plan under section 3(32) of the employee retirement
4 income security act of 1974, as amended, the authority shall limit
5 the participation of employees of a county, municipal, school
6 district, educational service district, or other political
7 subdivision, the Washington health benefit exchange, or a tribal
8 government, including providing for the participation of those
9 employees whose services are substantially all in the performance of
10 essential governmental functions, but not in the performance of
11 commercial activities. Charter schools established under chapter
12 28A.710 RCW are employers and are school employees' benefits board
13 organizations unless:

14 (i) The authority receives guidance from the internal revenue
15 service or the United States department of labor that participation
16 jeopardizes the status of plans offered under this chapter as
17 governmental plans under the federal employees' retirement income
18 security act or the internal revenue code; or

19 (ii) The charter schools are not in compliance with regulations
20 issued by the internal revenue service and the United States treasury
21 department pertaining to section 414(d) of the federal internal
22 revenue code;

23 (h) To establish billing procedures and collect funds from school
24 (~~districts~~) employees' benefits board organizations in a way that
25 minimizes the administrative burden on districts;

26 (i) Through December 31, 2019, to publish and distribute to
27 nonparticipating school districts and educational service districts
28 by October 1st of each year a description of health care benefit
29 plans available through the authority and the estimated cost if
30 school districts and educational service district employees were
31 enrolled;

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

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

39 (l) To adopt rules consistent with this chapter as described in
40 RCW 41.05.160 including, but not limited to:

1 (i) Setting forth the criteria established by the public
2 employees' benefits board under RCW 41.05.065, and by the school
3 employees' benefits board under RCW 41.05.740, for determining
4 whether an employee or school employee is eligible for benefits;

5 (ii) Establishing an appeal process in accordance with chapter
6 34.05 RCW by which an employee or school employee may appeal an
7 eligibility determination;

8 (iii) Establishing a process to assure that the eligibility
9 determinations of an employing agency comply with the criteria under
10 this chapter, including the imposition of penalties as may be
11 authorized by the board (~~(or the school employees' benefits board)~~);

12 (m)(i) To administer the medical services programs established
13 under chapter 74.09 RCW as the designated single state agency for
14 purposes of Title XIX of the federal social security act;

15 (ii) To administer the state children's health insurance program
16 under chapter 74.09 RCW for purposes of Title XXI of the federal
17 social security act;

18 (iii) To enter into agreements with the department of social and
19 health services for administration of medical care services programs
20 under Titles XIX and XXI of the social security act. The agreements
21 shall establish the division of responsibilities between the
22 authority and the department with respect to mental health, chemical
23 dependency, and long-term care services, including services for
24 persons with developmental disabilities. The agreements shall be
25 revised as necessary, to comply with the final implementation plan
26 adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

27 (iv) To adopt rules to carry out the purposes of chapter 74.09
28 RCW;

29 (v) To appoint such advisory committees or councils as may be
30 required by any federal statute or regulation as a condition to the
31 receipt of federal funds by the authority. The director may appoint
32 statewide committees or councils in the following subject areas: (A)
33 Health facilities; (B) children and youth services; (C) blind
34 services; (D) medical and health care; (E) drug abuse and alcoholism;
35 (F) rehabilitative services; and (G) such other subject matters as
36 are or come within the authority's responsibilities. The statewide
37 councils shall have representation from both major political parties
38 and shall have substantial consumer representation. Such committees
39 or councils shall be constituted as required by federal law or as the
40 director in his or her discretion may determine. The members of the

1 committees or councils shall hold office for three years except in
2 the case of a vacancy, in which event appointment shall be only for
3 the remainder of the unexpired term for which the vacancy occurs. No
4 member shall serve more than two consecutive terms. Members of such
5 state advisory committees or councils may be paid their travel
6 expenses in accordance with RCW 43.03.050 and 43.03.060 as now
7 existing or hereafter amended;

8 (n) To review and approve or deny the application from the
9 governing board of the Washington health benefit exchange to provide
10 public employees' benefits board state-sponsored insurance or self-
11 insurance programs to employees of the exchange. The authority shall
12 (i) establish the conditions for participation; (ii) have the sole
13 right to reject an application; and (iii) set the premium
14 contribution for approved groups as outlined in RCW 41.05.050.

15 (2) On and after January 1, 1996, the public employees' benefits
16 board and the school employees' benefits board beginning October 1,
17 2017, may implement strategies to promote managed competition among
18 employee and school employee health benefit plans. Strategies may
19 include but are not limited to:

20 (a) Standardizing the benefit package;

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

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

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

30 **Sec. 7.** RCW 41.05.022 and 2017 3rd sp.s. c 13 s 804 are each
31 amended to read as follows:

32 (1) The health care authority is hereby designated as the single
33 state agent for purchasing health services.

34 (2) On and after January 1, 1995, at least the following state-
35 purchased health services programs shall be merged into a single,
36 community-rated risk pool: Health benefits for groups of employees of
37 school districts and educational service districts that voluntarily
38 purchase health benefits as provided in RCW 41.05.011 through
39 December 31, 2019; health benefits for ((state)) employees; health

1 benefits for eligible retired or disabled school employees not
2 eligible for parts A and B of medicare; and health benefits for
3 eligible state retirees not eligible for parts A and B of medicare.

4 (3) On and after January 1, 2020, health benefits for groups of
5 school employees of (~~school districts and educational service~~
6 ~~districts~~) school employees' benefits board organizations shall be
7 merged into a single, community-rated risk pool separate and distinct
8 from the pool described in subsection (2) of this section.

9 (4) By December 15, 2018, the health care authority, in
10 consultation with the (~~public employees' benefits board and the~~
11 ~~school employees' benefits~~) board, shall submit to the appropriate
12 committees of the legislature a complete analysis of the most
13 appropriate risk pool for the retired and disabled school employees,
14 to include at a minimum an analysis of the size of the nonmedicare
15 and medicare retiree enrollment pools, the impacts on cost for state
16 and school district retirees of moving retirees from one pool to
17 another, the need for and the amount of an ongoing retiree subsidy
18 allocation from the active school employees, and the timing and
19 suggested approach for a transition from one risk pool to another.

20 (5) At a minimum, and regardless of other legislative enactments,
21 the state health services purchasing agent shall:

22 (a) Require that a public agency that provides subsidies for a
23 substantial portion of services now covered under the basic health
24 plan use uniform eligibility processes, insofar as may be possible,
25 and ensure that multiple eligibility determinations are not required;

26 (b) Require that a health care provider or a health care facility
27 that receives funds from a public program provide care to state
28 residents receiving a state subsidy who may wish to receive care from
29 them, and that an insuring entity that receives funds from a public
30 program accept enrollment from state residents receiving a state
31 subsidy who may wish to enroll with them;

32 (c) Strive to integrate purchasing for all publicly sponsored
33 health services in order to maximize the cost control potential and
34 promote the most efficient methods of financing and coordinating
35 services;

36 (d) Consult regularly with the governor, the legislature, and
37 state agency directors whose operations are affected by the
38 implementation of this section; and

39 (e) Ensure the control of benefit costs under managed competition
40 by adopting rules to prevent (~~employers~~) an employing agency from

1 entering into an agreement with employees or employee organizations
2 when the agreement would result in increased utilization in ((~~public~~
3 ~~employees' benefits board or school employee[s'] benefits~~)) board
4 plans or reduce the expected savings of managed competition.

5 **Sec. 8.** RCW 41.05.023 and 2007 c 259 s 6 are each amended to
6 read as follows:

7 (1) The health care authority, in collaboration with the
8 department of health, shall design and implement a chronic care
9 management program for ((~~state~~)) employees and school employees
10 enrolled in the state's self-insured uniform medical plan. Programs
11 must be evidence based, facilitating the use of information
12 technology to improve quality of care and must improve coordination
13 of primary, acute, and long-term care for those enrollees with
14 multiple chronic conditions. The authority shall consider expansion
15 of existing medical home and chronic care management programs. The
16 authority shall use best practices in identifying those employees and
17 school employees best served under a chronic care management model
18 using predictive modeling through claims or other health risk
19 information.

20 (2) For purposes of this section:

21 (a) "Medical home" means a site of care that provides
22 comprehensive preventive and coordinated care centered on the patient
23 needs and assures high-quality, accessible, and efficient care.

24 (b) "Chronic care management" means the authority's program that
25 provides care management and coordination activities for health plan
26 enrollees determined to be at risk for high medical costs. "Chronic
27 care management" provides education and training and/or coordination
28 that assist program participants in improving self-management skills
29 to improve health outcomes and reduce medical costs by educating
30 clients to better utilize services.

31 **Sec. 9.** RCW 41.05.026 and 2017 3rd sp.s. c 13 s 805 are each
32 amended to read as follows:

33 (1) When soliciting proposals for the purpose of awarding
34 contracts for goods or services, the director shall, upon written
35 request by the bidder, exempt from public inspection and copying such
36 proprietary data, trade secrets, or other information contained in
37 the bidder's proposal that relate to the bidder's unique methods of

1 conducting business or of determining prices or premium rates to be
2 charged for services under terms of the proposal.

3 (2) When soliciting information for the development, acquisition,
4 or implementation of state purchased health care services, the
5 director shall, upon written request by the respondent, exempt from
6 public inspection and copying such proprietary data, trade secrets,
7 or other information submitted by the respondent that relate to the
8 respondent's unique methods of conducting business, data unique to
9 the product or services of the respondent, or to determining prices
10 or rates to be charged for services.

11 (3) Actuarial formulas, statistics, cost and utilization data, or
12 other proprietary information submitted upon request of the director,
13 board, (~~(school employees' benefits board,~~) or a technical review
14 committee created to facilitate the development, acquisition, or
15 implementation of state purchased health care under this chapter by a
16 contracting insurer, health care service contractor, health
17 maintenance organization, vendor, or other health services
18 organization may be withheld at any time from public inspection when
19 necessary to preserve trade secrets or prevent unfair competition.

20 (4) The board(~~(, school employees' benefits board,~~) or a
21 technical review committee created to facilitate the development,
22 acquisition, or implementation of state purchased health care under
23 this chapter, may hold an executive session in accordance with
24 chapter 42.30 RCW during any regular or special meeting to discuss
25 information submitted in accordance with subsections (1) through (3)
26 of this section.

27 (5) A person who challenges a request for or designation of
28 information as exempt under this section is entitled to seek judicial
29 review pursuant to chapter 42.56 RCW.

30 **Sec. 10.** RCW 41.05.050 and 2017 3rd sp.s. c 13 s 806 are each
31 amended to read as follows:

32 (1) Every: (a) Department, division, or separate agency of state
33 government; (b) county, municipal, school district, educational
34 service district, or other political subdivisions; and (c) tribal
35 governments as are covered by this chapter, shall provide
36 contributions to insurance and health care plans for its employees
37 and their dependents, the content of such plans to be determined by
38 the authority. Contributions, paid by the county, the municipality,
39 other political subdivision, or a tribal government for their

1 employees, shall include an amount determined by the authority to pay
2 such administrative expenses of the authority as are necessary to
3 administer the plans for employees of those groups, except as
4 provided in subsection (4) of this section.

5 (2) To account for increased cost of benefits for the state and
6 for state employees, the authority may develop a rate surcharge
7 applicable to participating counties, municipalities, other political
8 subdivisions, and tribal governments.

9 (3) The contributions of any: (a) Department, division, or
10 separate agency of the state government; (b) county, municipal, or
11 other political subdivisions; (c) any tribal government as are
12 covered by this chapter; and (d) school districts ~~((and))~~,
13 educational service districts, and charter schools, shall be set by
14 the authority, subject to the approval of the governor for
15 availability of funds as specifically appropriated by the legislature
16 for that purpose. Insurance and health care contributions for ferry
17 employees shall be governed by RCW 47.64.270.

18 (4)(a) Until January 1, 2020, the authority shall collect from
19 each participating school district and educational service district
20 an amount equal to the composite rate charged to state agencies, plus
21 an amount equal to the employee premiums by plan and family size as
22 would be charged to ~~((state))~~ employees, for groups of school
23 district and educational service district employees enrolled in
24 authority plans. The authority may collect these amounts in
25 accordance with the school district or educational service district
26 fiscal year, as described in RCW 28A.505.030.

27 (b) For all groups of school district or educational service
28 district employees enrolling in authority plans for the first time
29 after September 1, 2003, and until January 1, 2020, the authority
30 shall collect from each participating school district or educational
31 service district an amount equal to the composite rate charged to
32 state agencies, plus an amount equal to the employee premiums by plan
33 and by family size as would be charged to ~~((state))~~ employees, only
34 if the authority determines that this method of billing the school
35 districts and educational service districts will not result in a
36 material difference between revenues from school districts and
37 educational service districts and expenditures made by the authority
38 on behalf of school districts and educational service districts and
39 their employees. The authority may collect these amounts in

1 accordance with the school district or educational service district
2 fiscal year, as described in RCW 28A.505.030.

3 (c) Until January 1, 2020, if the authority determines at any
4 time that the conditions in (b) of this subsection cannot be met, the
5 authority shall offer enrollment to additional groups of ((~~district~~))
6 school and educational service district employees on a tiered rate
7 structure until such time as the authority determines there would be
8 no material difference between revenues and expenditures under a
9 composite rate structure for all ((~~district~~)) school and educational
10 service district employees enrolled in authority plans.

11 (d) Beginning January 1, 2020, all school districts ((~~and~~)),
12 educational service districts, and charter schools shall commence
13 participation in the school employees' benefits board program
14 established under RCW 41.05.740. All school districts ((~~and~~)),
15 educational service districts, charter schools, and all school
16 district employee groups participating in the public employees'
17 benefits board plans before January 1, 2020, shall thereafter
18 participate in the school employees' benefits board program
19 administered by the authority. All school districts, educational
20 service districts, and charter schools shall provide contributions to
21 the authority for insurance and health care plans for school
22 employees and their dependents. These contributions must be provided
23 to the authority for all eligible school employees eligible for
24 benefits under RCW 41.05.740(6)(d), including school employees who
25 have waived their coverage; contributions to the authority are not
26 required for individuals eligible for benefits under RCW
27 41.05.740(6)(e) who waive their coverage.

28 (e) For the purposes of this subsection((+)

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

31 ~~(ii))~~, "tiered rates" means the amounts the authority must pay
32 to insuring entities by plan and by family size.

33 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
34 authority may allow school districts and educational service
35 districts enrolled on a tiered rate structure prior to September 1,
36 2002, and until January 1, 2020, to continue participation based on
37 the same rate structure and under the same conditions and eligibility
38 criteria.

39 (5) The authority shall transmit a recommendation for the amount
40 of the employer contributions to the governor and the director of

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

3 **Sec. 11.** RCW 41.05.055 and 2017 3rd sp.s. c 13 s 807 are each
4 amended to read as follows:

5 (1) The public employees' benefits board is created within the
6 authority. The function of the public employees' benefits board is to
7 design and approve insurance benefit plans for employees and to
8 establish eligibility criteria for participation in insurance benefit
9 plans.

10 (2) The public employees' benefits board shall be composed of
11 nine members through December 31, 2019, and of eight members
12 thereafter, appointed by the governor as follows:

13 (a) Two representatives of state employees, one of whom shall
14 represent an employee union certified as exclusive representative of
15 at least one bargaining unit of classified employees, and one of whom
16 is retired, is covered by a program under the jurisdiction of the
17 public employees' benefits board, and represents an organized group
18 of retired public employees;

19 (b) Through December 31, 2019, two representatives of school
20 district employees, one of whom shall represent an association of
21 school employees as a nonvoting member, and one of whom is retired,
22 and represents an organized group of retired school employees.
23 Thereafter, and only while retired school employees are served by the
24 public employees' benefits board, only the retired representative
25 shall serve on the public employees' benefits board;

26 (c) Four members with experience in health benefit management and
27 cost containment, one of whom shall be a nonvoting member; and

28 (d) The director.

29 (3) The governor shall appoint the initial members of the public
30 employees' benefits board to staggered terms not to exceed four
31 years. Members appointed thereafter shall serve two-year terms.
32 Members of the public employees' benefits board shall be compensated
33 in accordance with RCW 43.03.250 and shall be reimbursed for their
34 travel expenses while on official business in accordance with RCW
35 43.03.050 and 43.03.060. The public employees' benefits board shall
36 prescribe rules for the conduct of its business. The director shall
37 serve as chair of the public employees' benefits board. Meetings of
38 the public employees' benefits board shall be at the call of the
39 chair.

1 **Sec. 12.** RCW 41.05.065 and 2015 c 116 s 3 are each amended to
2 read as follows:

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

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

15 (a) Methods of maximizing cost containment while ensuring access
16 to 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
22 alcohol misuse, appropriate weight reduction, exercise, automobile
23 and 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; and

32 (f) Minimum standards for insuring entities.

33 (3) To maintain the comprehensive nature of employee health care
34 benefits, benefits provided to employees shall be substantially
35 equivalent to the state employees' health benefit((s)) plan in effect
36 on January 1, 1993. Nothing in this subsection shall prohibit changes
37 or increases in employee point-of-service payments or employee
38 premium payments for benefits or the administration of a high
39 deductible health plan in conjunction with a health savings account.
40 The public employees' benefits board may establish employee

1 eligibility criteria which are not substantially equivalent to
2 employee eligibility criteria in effect on January 1, 1993.

3 (4) Except if bargained for under chapter 41.80 RCW, the public
4 employees' benefits board shall design benefits and determine the
5 terms and conditions of employee and retired or disabled school
6 employee participation and coverage, including establishment of
7 eligibility criteria subject to the requirements of this chapter.
8 Employer groups obtaining benefits through contractual agreement with
9 the authority for employees defined in RCW 41.05.011(6)(a) (i)
10 through ~~((d))~~ (vi) may contractually agree with the authority to
11 benefits eligibility criteria which differs from that determined by
12 the public employees' benefits board. The eligibility criteria
13 established by the public employees' benefits board shall be no more
14 restrictive than the following:

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

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

27 (ii) An employee who works an average of at least eighty hours
28 per month over a period of six consecutive months and for at least
29 eight hours in each of those six consecutive months becomes eligible
30 at the first of the month following the six-month averaging period.

31 (b) A seasonal employee is eligible for benefits from the date of
32 employment if the employing agency anticipates that he or she will
33 work an average of at least eighty hours per month and for at least
34 eight hours in each month of the season. A seasonal employee
35 determined ineligible at the beginning of his or her employment who
36 works an average of at least eighty hours per month over a period of
37 six consecutive months and at least eight hours in each of those six
38 consecutive months becomes eligible at the first of the month
39 following the six-month averaging period. A benefits-eligible
40 seasonal employee who works a season of less than nine months shall

1 not be eligible for the employer contribution during the off season,
2 but may continue enrollment in benefits during the off season by
3 self-paying for the benefits. A benefits-eligible seasonal employee
4 who works a season of nine months or more is eligible for the
5 employer contribution through the off season following each season
6 worked.

7 (c) Faculty are eligible as follows:

8 (i) Faculty who the employing agency anticipates will work half-
9 time or more for the entire instructional year or equivalent nine-
10 month period are eligible for benefits from the date of employment.
11 Eligibility shall continue until the beginning of the first full
12 month of the next instructional year, unless the employment
13 relationship is terminated, in which case eligibility shall cease the
14 first month following the notice of termination or the effective date
15 of the termination, whichever is later.

16 (ii) Faculty who the employing agency anticipates will not work
17 for the entire instructional year or equivalent nine-month period are
18 eligible for benefits at the beginning of the second consecutive
19 quarter or semester of employment in which he or she is anticipated
20 to work, or has actually worked, half-time or more. Such an employee
21 shall continue to receive uninterrupted employer contributions for
22 benefits if the employee works at least half-time in a quarter or
23 semester. Faculty who the employing agency anticipates will not work
24 for the entire instructional year or equivalent nine-month period,
25 but who actually work half-time or more throughout the entire
26 instructional year, are eligible for summer or off-quarter or off-
27 semester coverage. Faculty who have met the criteria of this
28 subsection (4)(c)(ii), who work at least two quarters or two
29 semesters of the academic year with an average academic year workload
30 of half-time or more for three quarters or two semesters of the
31 academic year, and who have worked an average of half-time or more in
32 each of the two preceding academic years shall continue to receive
33 uninterrupted employer contributions for benefits if he or she works
34 at least half-time in a quarter or semester or works two quarters or
35 two semesters of the academic year with an average academic workload
36 each academic year of half-time or more for three quarters or two
37 semesters. Eligibility under this section ceases immediately if this
38 criteria is not met.

39 (iii) Faculty may establish or maintain eligibility for benefits
40 by working for more than one institution of higher education. When

1 faculty work for more than one institution of higher education, those
2 institutions shall prorate the employer contribution costs, or if
3 eligibility is reached through one institution, that institution will
4 pay the full employer contribution. Faculty working for more than one
5 institution must alert his or her employers to his or her potential
6 eligibility in order to establish eligibility.

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

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

14 (vi) For the purposes of this subsection (4)(c):

15 (A) "Academic year" means summer, fall, winter, and spring
16 quarters or summer, fall, and spring semesters;

17 (B) "Half-time" means one-half of the full-time academic workload
18 as determined by each institution; except that for community and
19 technical college faculty, half-time academic workload is calculated
20 according to RCW 28B.50.489.

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

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

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

32 (g) In determining eligibility under this section, the employing
33 agency may disregard training hours, standby hours, or temporary
34 changes in work hours as determined by the authority under this
35 section.

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

1 (i) Eligibility for an employee whose work circumstances are
2 described by more than one of the eligibility categories in (a)
3 through (e) of this subsection shall be determined solely by the
4 criteria of the category that most closely describes the employee's
5 work circumstances.

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

18 (k) For the purposes of this subsection, the public employees'
19 benefits board shall define "benefits-eligible position."

20 (5) The public employees' benefits board may authorize premium
21 contributions for an employee and the employee's dependents in a
22 manner that encourages the use of cost-efficient managed health care
23 systems.

24 (6)(a) For any open enrollment period following August 24, 2011,
25 the public employees' benefits board shall offer a health savings
26 account option for employees that conforms to section 223, Part VII
27 of subchapter B of chapter 1 of the internal revenue code of 1986.
28 The public employees' benefits board shall comply with all applicable
29 federal standards related to the establishment of health savings
30 accounts.

31 (b) By November 30, 2015, and each year thereafter, the authority
32 shall submit a report to the relevant legislative policy and fiscal
33 committees that includes the following:

34 (i) Public employees' benefits board health plan cost and service
35 utilization trends for the previous three years, in total and for
36 each health plan offered to employees;

37 (ii) For each health plan offered to employees, the number and
38 percentage of employees and dependents enrolled in the plan, and the
39 age and gender demographics of enrollees in each plan;

1 (iii) Any impact of enrollment in alternatives to the most
2 comprehensive plan, including the high deductible health plan with a
3 health savings account, upon the cost of health benefits for those
4 employees who have chosen to remain enrolled in the most
5 comprehensive plan.

6 (7) Notwithstanding any other provision of this chapter, for any
7 open enrollment period following August 24, 2011, the public
8 employees' benefits board shall offer a high deductible health plan
9 in conjunction with a health savings account developed under
10 subsection (6) of this section.

11 (8) Employees shall choose participation in one of the health
12 care benefit plans developed by the public employees' benefits board
13 and may be permitted to waive coverage under terms and conditions
14 established by the public employees' benefits board.

15 (9) The public employees' benefits board shall review plans
16 proposed by insuring entities that desire to offer property insurance
17 and/or accident and casualty insurance to state employees through
18 payroll deduction. The public employees' benefits board may approve
19 any such plan for payroll deduction by insuring entities holding a
20 valid certificate of authority in the state of Washington and which
21 the public employees' benefits board determines to be in the best
22 interests of employees and the state. The public employees' benefits
23 board shall adopt rules setting forth criteria by which it shall
24 evaluate the plans.

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

39 (a) Participation of eligible employees or retired employees and
40 retired school employees in any long-term care insurance plan made

1 available by the public employees' benefits board is voluntary and
2 shall not be subject to binding arbitration under chapter 41.56 RCW.
3 Participation is subject to reasonable underwriting guidelines and
4 eligibility rules established by the public employees' benefits board
5 and the health care authority.

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

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

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

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

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

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

8 (11) The public employees' benefits board may establish penalties
9 to be imposed by the authority when the eligibility determinations of
10 an employing agency fail to comply with the criteria under this
11 chapter.

12 **Sec. 13.** RCW 41.05.066 and 2015 c 116 s 4 are each amended to
13 read as follows:

14 A certificate of domestic partnership qualified under the
15 provisions of RCW 26.60.030 shall be recognized as evidence of a
16 qualified domestic partnership fulfilling all necessary eligibility
17 criteria for the partner of the employee or school employee to
18 receive benefits. Nothing in this section affects the requirements of
19 domestic partners to complete documentation related to federal tax
20 status that may currently be required by the board for employees or
21 school employees choosing to make premium payments on a pretax basis.

22 **Sec. 14.** RCW 41.05.075 and 2017 3rd sp.s. c 13 s 808 are each
23 amended to read as follows:

24 (1) The director shall provide benefit plans designed by the
25 board (~~((and the school employees' benefits board))~~) through a contract
26 or contracts with insuring entities, through self-funding, self-
27 insurance, or other methods of providing insurance coverage
28 authorized by RCW 41.05.140. The process of contracting for plans
29 offered by the school employees' benefits board is subject to
30 (~~((oversight))~~) insight and direction by the school employees' benefits
31 board.

32 (2) The director(~~(, subject to school employees' benefits board~~
33 ~~direction for plans offered to school employees,)~~) shall establish a
34 contract bidding process that:

35 (a) Encourages competition among insuring entities;

36 (b) Maintains an equitable relationship between premiums charged
37 for similar benefits and between risk pools including premiums
38 charged for retired state and school district employees under the

1 separate risk pools established by RCW 41.05.022 and 41.05.080 such
2 that insuring entities may not avoid risk when establishing the
3 premium rates for retirees eligible for medicare;

4 (c) Is timely to the state budgetary process; and

5 (d) Sets conditions for awarding contracts to any insuring
6 entity.

7 (~~(School districts directly providing medical and dental~~
8 ~~benefits plans and contracted insuring entities providing medical and~~
9 ~~dental benefits plans to school districts on December 31, 2017,)) The
10 entities described in RCW 28A.400.275(2) shall provide the school
11 employees' benefits board and authority specified data by (~~(January~~
12 ~~1, 2019)) April 1, 2018, in a format to be determined by the
13 authority, to support an initial benefits plans procurement. At a
14 minimum, the data must cover the period January 1, 2014, through
15 (~~(August 1, 2018)) December 31, 2017, and include:~~~~~~

16 (a) A summary of the benefit packages offered to each group of
17 (~~(district)) school employees, including covered benefits, point-of-
18 service cost-sharing, member count, and the group policy number;~~

19 (b) Aggregated subscriber and member demographic information,
20 including age band and gender, by insurance tier by month and by
21 benefit packages;

22 (c) Monthly total by benefit package, including premiums paid,
23 inpatient facility claims paid, outpatient facility claims paid,
24 physician claims paid, pharmacy claims paid, capitation amounts paid,
25 and other claims paid;

26 (d) A listing for calendar years 2014 through 2017 of large
27 claims defined as annual amounts paid in excess of one hundred
28 thousand dollars including the amount paid, the member enrollment
29 status, and the primary diagnosis; (~~(and))~~

30 (e) A listing of calendar year (~~(2018)) 2017 allowed claims by
31 provider entity; and~~

32 (f) All data needed for design, procurement, rate setting, and
33 administration of all school employees' benefits board benefits.

34 Any data that may be confidential and contain personal health
35 information may be protected in accordance with a data-sharing
36 agreement.

37 (4) The director shall establish a requirement for review of
38 utilization and financial data from participating insuring entities
39 on a quarterly basis.

1 (5) The director shall centralize the enrollment files for all
2 employee, school employee, and retired or disabled school employee
3 health plans offered under chapter 41.05 RCW and develop enrollment
4 demographics on a plan-specific basis.

5 (6) All claims data shall be the property of the state. The
6 director may require of any insuring entity that submits a bid to
7 contract for coverage all information deemed necessary including:

8 (a) Subscriber or member demographic and claims data necessary
9 for risk assessment and adjustment calculations in order to fulfill
10 the director's duties as set forth in this chapter; and

11 (b) Subscriber or member demographic and claims data necessary to
12 implement performance measures or financial incentives related to
13 performance under subsection (8) of this section.

14 (7) All contracts with insuring entities for the provision of
15 health care benefits shall provide that the beneficiaries of such
16 benefit plans may use on an equal participation basis the services of
17 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32,
18 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to
19 registered nurses and advanced registered nurse practitioners.
20 However, nothing in this subsection may preclude the director from
21 establishing appropriate utilization controls approved pursuant to
22 RCW 41.05.065(2) (a), (b), and (d).

23 (8) The director shall, in collaboration with other state
24 agencies that administer state purchased health care programs,
25 private health care purchasers, health care facilities, providers,
26 and carriers:

27 (a) Use evidence-based medicine principles to develop common
28 performance measures and implement financial incentives in contracts
29 with insuring entities, health care facilities, and providers that:

30 (i) Reward improvements in health outcomes for individuals with
31 chronic diseases, increased utilization of appropriate preventive
32 health services, and reductions in medical errors; and

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

37 (b) Through state health purchasing, reimbursement, or pilot
38 strategies, promote and increase the adoption of health information
39 technology systems, including electronic medical records, by

1 hospitals as defined in RCW 70.41.020, integrated delivery systems,
2 and providers that:

- 3 (i) Facilitate diagnosis or treatment;
- 4 (ii) Reduce unnecessary duplication of medical tests;
- 5 (iii) Promote efficient electronic physician order entry;
- 6 (iv) Increase access to health information for consumers and
7 their providers; and
- 8 (v) Improve health outcomes;

9 (c) Coordinate a strategy for the adoption of health information
10 technology systems using the final health information technology
11 report and recommendations developed under chapter 261, Laws of 2005.

12 (9) The director may permit the Washington state health insurance
13 pool to contract to utilize any network maintained by the authority
14 or any network under contract with the authority.

15 **Sec. 15.** RCW 41.05.080 and 2015 c 116 s 5 are each amended to
16 read as follows:

17 (1) Under the qualifications, terms, conditions, and benefits set
18 by the public employees' benefits board:

19 (a) Retired or disabled state employees, retired or disabled
20 school employees, retired or disabled employees of county, municipal,
21 or other political subdivisions, or retired or disabled employees of
22 tribal governments covered by this chapter may continue their
23 participation in insurance plans and contracts after retirement or
24 disablement;

25 (b) Separated employees may continue their participation in
26 insurance plans and contracts if participation is selected
27 immediately upon separation from employment;

28 (c) Surviving spouses, surviving state registered domestic
29 partners, and dependent children of emergency service personnel
30 killed in the line of duty may participate in insurance plans and
31 contracts.

32 (2) Rates charged surviving spouses and surviving state
33 registered domestic partners of emergency service personnel killed in
34 the line of duty, retired or disabled employees, separated employees,
35 spouses, or dependent children who are not eligible for parts A and B
36 of medicare shall be based on the experience of the community rated
37 risk pool established under RCW 41.05.022.

38 (3) Rates charged to surviving spouses and surviving state
39 registered domestic partners of emergency service personnel killed in

1 the line of duty, retired or disabled employees, separated employees,
2 spouses, or children who are eligible for parts A and B of medicare
3 shall be calculated from a separate experience risk pool comprised
4 only of individuals eligible for parts A and B of medicare; however,
5 the premiums charged to medicare-eligible retirees and disabled
6 employees shall be reduced by the amount of the subsidy provided
7 under RCW 41.05.085.

8 (4) Surviving spouses, surviving state registered domestic
9 partners, and dependent children of emergency service personnel
10 killed in the line of duty and retired or disabled and separated
11 employees shall be responsible for payment of premium rates developed
12 by the authority which shall include the cost to the authority of
13 providing insurance coverage including any amounts necessary for
14 reserves and administration in accordance with this chapter. These
15 self pay rates will be established based on a separate rate for the
16 employee, the spouse, state registered domestic partners, and the
17 children.

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

22 **Sec. 16.** RCW 41.05.085 and 2005 c 195 s 3 are each amended to
23 read as follows:

24 (1) Beginning with the appropriations act for the 2005-2007
25 biennium, the legislature shall establish as part of both the state
26 employees' and the school and educational service district employees'
27 insurance benefit allocation the portion of the allocation to be used
28 to provide a prescription drug subsidy to reduce the health care
29 insurance premiums charged to retired or disabled school district and
30 educational service district employees, or retired state employees,
31 who are eligible for parts A and B of medicare. The legislature may
32 also establish a separate health care subsidy to reduce insurance
33 premiums charged to individuals who select a medicare supplemental
34 insurance policy option established in RCW 41.05.195.

35 (2) The amount of any premium reduction shall be established by
36 the public employees' benefits board. The amount established shall
37 not result in a premium reduction of more than fifty percent, except
38 as provided in subsection (3) of this section. The public employees'

1 benefits board may also determine the amount of any subsidy to be
2 available to spouses and dependents.

3 (3) The amount of the premium reduction in subsection (2) of this
4 section may exceed fifty percent, if the ((~~administrator~~)) director,
5 in consultation with the office of financial management, determines
6 that it is necessary in order to meet eligibility requirements to
7 participate in the federal employer incentive program as provided in
8 RCW 41.05.068.

9 **Sec. 17.** RCW 41.05.140 and 2013 c 251 s 10 are each amended to
10 read as follows:

11 (1) Except for property and casualty insurance, the authority may
12 self-fund, self-insure, or enter into other methods of providing
13 insurance coverage for insurance programs under its jurisdiction,
14 including the basic health plan as provided in chapter 70.47 RCW. The
15 authority shall contract for payment of claims or other
16 administrative services for programs under its jurisdiction. If a
17 program does not require the prepayment of reserves, the authority
18 shall establish such reserves within a reasonable period of time for
19 the payment of claims as are normally required for that type of
20 insurance under an insured program. The authority shall endeavor to
21 reimburse basic health plan health care providers under this section
22 at rates similar to the average reimbursement rates offered by the
23 statewide benchmark plan determined through the request for proposal
24 process.

25 (2) Reserves established by the authority for employee and
26 retiree benefit programs shall be held in a separate account in the
27 custody of the state treasurer and shall be known as the public
28 employees' and retirees' insurance reserve fund. The state treasurer
29 may invest the moneys in the reserve fund pursuant to RCW 43.79A.040.

30 (3) Reserves established by the authority for school employee
31 benefit programs shall be held in a separate account in the custody
32 of the state treasurer and shall be known as the school employees'
33 benefits board insurance reserve fund. The state treasurer may invest
34 the moneys in the reserve fund pursuant to RCW 43.79A.040.

35 (4) Any savings realized as a result of a program created for
36 employees or school employees and retirees under this section shall
37 not be used to increase benefits unless such use is authorized by
38 statute.

1 ~~((4))~~ (5) Any program created under this section shall be
2 subject to the examination requirements of chapter 48.03 RCW as if
3 the program were a domestic insurer. In conducting an examination,
4 the commissioner shall determine the adequacy of the reserves
5 established for the program.

6 ~~((5))~~ (6) The authority shall keep full and adequate accounts
7 and records of the assets, obligations, transactions, and affairs of
8 any program created under this section.

9 ~~((6))~~ (7) The authority shall file a quarterly statement of the
10 financial condition, transactions, and affairs of any program created
11 under this section in a form and manner prescribed by the insurance
12 commissioner. The statement shall contain information as required by
13 the commissioner for the type of insurance being offered under the
14 program. A copy of the annual statement shall be filed with the
15 speaker of the house of representatives and the president of the
16 senate.

17 ~~((7))~~ (8) The provisions of this section do not apply to the
18 administration of chapter 74.09 RCW.

19 **Sec. 18.** RCW 41.05.225 and 2002 c 71 s 1 are each amended to
20 read as follows:

21 (1) The public employees' benefits board shall offer a plan of
22 health insurance to blind licensees who are actively operating
23 facilities and participating in the business enterprises program
24 established in RCW 74.18.200 through 74.18.230, and maintained by the
25 department of services for the blind. The plan of health insurance
26 benefits must be the same or substantially similar to the plan of
27 health insurance benefits offered to state employees under this
28 chapter. Enrollment will be at the option of each individual licensee
29 or vendor, under rules established by the public employees' benefits
30 board.

31 (2) All costs incurred by the state or the public employees'
32 benefits board for providing health insurance coverage to active
33 blind vendors, excluding family participation, under subsection (1)
34 of this section may be paid for from net proceeds from vending
35 machine operations in public buildings under RCW 74.18.230.

36 (3) Money from the business enterprises program under the federal
37 Randolph-Sheppard Act may not be used for family participation in the
38 health insurance benefits provided under this section. Family

1 insurance benefits are the sole responsibility of the individual
2 blind vendors.

3 **Sec. 19.** RCW 41.05.300 and 2008 c 229 s 3 are each amended to
4 read as follows:

5 (1) The state of Washington may enter into salary reduction
6 agreements with employees and school employees (~~(of the state)~~)
7 pursuant to the internal revenue code, for the purpose of making it
8 possible for employees and school employees (~~(of the state)~~) to
9 select on a "before-tax basis" certain taxable and nontaxable
10 benefits. The purpose of the salary reduction plan established in
11 this chapter is to attract and retain individuals in governmental
12 service by permitting them to enter into agreements with the state to
13 provide for benefits pursuant to 26 U.S.C. Sec. 125, 26 U.S.C. Sec.
14 129, and other applicable sections of the internal revenue code.

15 (2) Nothing in the salary reduction plan constitutes an
16 employment agreement between the participant and the state, and
17 nothing contained in the participant's salary reduction agreement,
18 the plan, this section, or RCW 41.05.123, 41.05.310 through
19 41.05.360, and 41.05.295 gives a participant any right to be retained
20 in state employment.

21 **Sec. 20.** RCW 41.05.320 and 2008 c 229 s 5 are each amended to
22 read as follows:

23 (1) Elected officials and permanent employees and school
24 employees (~~(of the state)~~) are eligible to participate in the salary
25 reduction plan and reduce their salary by agreement with the
26 authority. The authority may adopt rules to: (a) Limit the
27 participation of employing agencies and their employees in the plan;
28 and (b) permit participation in the plan by temporary employees and
29 school employees (~~(of the state)~~).

30 (2) Persons eligible under subsection (1) of this section may
31 enter into salary reduction agreements with the state.

32 (3)(a) An eligible person may become a participant of the salary
33 reduction plan for a full plan year with annual benefit plan
34 selection for each new plan year made before the beginning of the
35 plan year, as determined by the authority, or upon becoming eligible.

36 (b) Once an eligible person elects to participate in the salary
37 reduction plan and determines the amount his or her gross salary
38 shall be reduced and the benefit plan for which the funds are to be

1 used during the plan year, the agreement shall be irrevocable and may
2 not be amended during the plan year except as provided in (c) of this
3 subsection. Prior to making an election to participate in the salary
4 reduction plan, the eligible person shall be informed in writing of
5 all the benefits and reductions that will occur as a result of such
6 election.

7 (c) The authority shall provide in the salary reduction plan that
8 a participant may enroll, terminate, or change his or her election
9 after the plan year has begun if there is a significant change in a
10 participant's status, as provided by 26 U.S.C. Sec. 125 and the
11 regulations adopted under that section and defined by the authority.

12 (4) The authority shall establish as part of the salary reduction
13 plan the procedures for and effect of withdrawal from the plan by
14 reason of retirement, death, leave of absence, or termination of
15 employment. To the extent possible under federal law, the authority
16 shall protect participants from forfeiture of rights under the plan.

17 (5) Any reduction of salary under the salary reduction plan shall
18 not reduce the reportable compensation for the purpose of computing
19 the state retirement and pension benefits earned by the employee or
20 school employee pursuant to chapters 41.26, 41.32, 41.35, 41.37,
21 41.40, and 43.43 RCW.

22 **Sec. 21.** RCW 41.04.205 and 2016 c 67 s 1 are each amended to
23 read as follows:

24 (1) Notwithstanding the provisions of RCW 41.04.180, the
25 employees, with their dependents, of any county, municipality, or
26 other political subdivision of this state shall be eligible to
27 participate in any insurance or self-insurance program for employees
28 administered under chapter 41.05 RCW if the legislative authority of
29 any such county, municipality, or other political subdivisions of
30 this state determines, subject to collective bargaining under
31 applicable statutes, a transfer to an insurance or self-insurance
32 program administered under chapter 41.05 RCW should be made. In the
33 event of a special district employee transfer pursuant to this
34 section, members of the governing authority shall be eligible to be
35 included in such transfer if such members are authorized by law as of
36 June 25, 1976 to participate in the insurance program being
37 transferred from and subject to payment by such members of all costs
38 of insurance for members.

1 (2) When the legislative authority of a county, municipality, or
2 other political subdivision determines to so transfer, the state
3 health care authority shall:

4 (a) Establish the conditions for participation; and

5 (b) Have the sole right to reject the application, except a group
6 application from a county or other political subdivision of the state
7 with fewer than five thousand employees must be approved.

8 Approval of the application by the state health care authority
9 shall effect a transfer of the employees involved to the insurance,
10 self-insurance, or health care program applied for.

11 (3) Any application of this section to members of the law
12 enforcement officers' and firefighters' retirement system under
13 chapter 41.26 RCW is subject to chapter 41.56 RCW.

14 (4) Until December 31, 2019, school districts may voluntarily
15 transfer to the public employees' benefits board, except that all
16 eligible employees in a bargaining unit of a school district may
17 transfer only as a unit and all nonrepresented employees in a
18 district may transfer only as a unit.

19 **Sec. 22.** RCW 28A.400.275 and 2017 3rd sp.s. c 13 s 814 and 2017
20 3rd sp.s. c 7 s 1 are each reenacted and amended to read as follows:

21 (1) Any contract or agreement for employee benefits executed
22 after April 13, 1990, between a school district or educational
23 service district and a benefit provider or employee bargaining unit
24 is null and void unless it contains an agreement to abide by state
25 laws relating to school district and educational service district
26 employee benefits. The term of the contract or agreement may not
27 exceed one year, except that the final contract or agreement entered
28 into for the 2018-19 school year must exceed one year only by the
29 months necessary to ensure employee benefits are maintained through
30 December 31, 2019.

31 ~~(2) ((Through December 31, 2019, school districts and their~~
32 ~~benefit providers shall annually submit, by a date determined by the~~
33 ~~office of the insurance commissioner, the following information and~~
34 ~~data for the prior calendar year to the office of the insurance~~
35 ~~commissioner:~~

36 ~~(a) Progress by the district and its benefit providers toward~~
37 ~~greater affordability for full family coverage, health care cost~~
38 ~~savings, and significantly reduced administrative costs;~~

1 ~~(b) Compliance with the requirement to provide a high deductible~~
2 ~~health plan option with a health savings account;~~

3 ~~(c) An overall plan summary including the following:~~

4 ~~(i) The financial plan structure and overall performance of each~~
5 ~~health plan including:~~

6 ~~(A) Total premium expenses;~~

7 ~~(B) Total claims expenses;~~

8 ~~(C) Claims reserves; and~~

9 ~~(D) Plan administration expenses, including compensation paid to~~
10 ~~brokers;~~

11 ~~(ii) A description of the plan's use of innovative health plan~~
12 ~~features designed to reduce health benefit premium growth and reduce~~
13 ~~utilization of unnecessary health services including but not limited~~
14 ~~to the use of enrollee health assessments or health coach services,~~
15 ~~care management for high cost or high risk enrollees, medical or~~
16 ~~health home payment mechanisms, and plan features designed to create~~
17 ~~incentives for improved personal health behaviors;~~

18 ~~(iii) Data to provide an understanding of employee health benefit~~
19 ~~plan coverage and costs, including: The total number of employees~~
20 ~~and, for each employee, the employee's full-time equivalent status,~~
21 ~~types of coverage or benefits received including numbers of covered~~
22 ~~dependents, the number of eligible dependents, the amount of the~~
23 ~~district's contribution to premium, additional premium costs paid by~~
24 ~~the employee through payroll deductions, and the age and sex of the~~
25 ~~employee and each dependent;~~

26 ~~(iv) Data necessary for school districts to more effectively and~~
27 ~~competitively manage and procure health insurance plans for~~
28 ~~employees. The data must include, but not be limited to, the~~
29 ~~following:~~

30 ~~(A) A summary of the benefit packages offered to each group of~~
31 ~~district employees, including covered benefits, employee deductibles,~~
32 ~~coinsurance, and copayments, and the number of employees and their~~
33 ~~dependents in each benefit package;~~

34 ~~(B) Aggregated employee and dependent demographic information,~~
35 ~~including age band and gender, by insurance tier and by benefit~~
36 ~~package;~~

37 ~~(C) Total claim payments by benefit package, including premiums~~
38 ~~paid, inpatient facility claims paid, outpatient facility claims~~
39 ~~paid, physician claims paid, pharmacy claims paid, capitation amounts~~
40 ~~paid, and other claims paid;~~

1 ~~(D) Total premiums paid by benefit package;~~

2 ~~(E) A listing of large claims defined as annual amounts paid in~~
3 ~~excess of one hundred thousand dollars including the amount paid, the~~
4 ~~member enrollment status, and the primary diagnosis;~~

5 ~~(F) After December 31, 2018, school districts shall submit such~~
6 ~~data as required by the school employees' benefits board to~~
7 ~~administer the consolidated purchasing of health services.~~

8 ~~(3) Through December 31, 2018, school districts and their benefit~~
9 ~~providers shall jointly report to the office of the insurance~~
10 ~~commissioner on their health insurance related efforts and~~
11 ~~achievements to:~~

12 ~~(a) Significantly reduce administrative costs for school~~
13 ~~districts;~~

14 ~~(b) Improve customer service;~~

15 ~~(c) Reduce differential plan premium rates between employee only~~
16 ~~and family health benefit premiums;~~

17 ~~(d) Protect access to coverage for part-time K-12 employees.~~

18 ~~(4) The information and data shall be submitted in a format and~~
19 ~~according to a schedule established by the office of the insurance~~
20 ~~commissioner under RCW 48.02.210 to enable the commissioner to meet~~
21 ~~the reporting obligations under that section.~~

22 ~~(5) Through December 31, 2018,)) School districts, educational~~
23 ~~service districts, and their benefit providers shall submit data to~~
24 ~~the health care authority in accordance with RCW 41.05.075(3).~~

25 ~~(3) Any benefit provider offering a benefit plan by contract or~~
26 ~~agreement with a school district or educational service district~~
27 ~~under subsection (1) of this section shall make available to the~~
28 ~~school district or educational service district the benefit plan~~
29 ~~descriptions and, where available, the demographic information on~~
30 ~~plan subscribers that the school district, educational service~~
31 ~~district, and benefit provider are required to report to the ((office~~
32 ~~of the insurance commissioner)) health care authority under this~~
33 ~~section. ((After December 31, 2018, a benefit provider shall submit~~
34 ~~such data to the school employees' benefits board.~~

35 ~~(6)) (4) Each school district and educational service district~~
36 ~~shall:~~

37 ~~(a) Carry out all actions required by the school employees'~~
38 ~~benefits board and the health care authority under chapter 41.05 RCW~~
39 ~~including, but not limited to, those necessary for the operation of~~

1 benefit plans, education of employees, claims administration, and
2 appeals process; and

3 (b) Report all data relating to employees eligible to participate
4 in benefits or plans administered by the school employees' benefits
5 board and the health care authority in a format designed and
6 communicated by the school employees' benefits board and the health
7 care authority.

8 **Sec. 23.** RCW 28A.400.350 and 2017 3rd sp.s. c 13 s 816 are each
9 amended to read as follows:

10 (1) The board of directors of any of the state's school districts
11 or educational service districts may make available medical, dental,
12 vision, liability, life, accident, disability, and salary protection
13 or insurance, direct agreements as defined in chapter 48.150 RCW, or
14 any one of, or a combination of the types of employee benefits
15 enumerated in this subsection, or any other type of insurance or
16 protection, for the members of the boards of directors, the students,
17 and employees of the school district or educational service district,
18 and their dependents. Except as provided in subsection (6) of this
19 section, such coverage may be provided by contracts or agreements
20 with private carriers, with the state health care authority, or
21 through self-insurance or self-funding pursuant to chapter 48.62 RCW,
22 or in any other manner authorized by law. Any direct agreement must
23 comply with RCW 48.150.050.

24 (2)(a) Whenever funds are available for these purposes the board
25 of directors of the school district or educational service district
26 may contribute all or a part of the cost of such protection or
27 insurance for the employees of their respective school districts or
28 educational service districts and their dependents. The premiums on
29 such liability insurance shall be borne by the school district or
30 educational service district.

31 (b) After October 1, 1990, school districts may not contribute to
32 any employee protection or insurance other than liability insurance
33 unless the district's employee benefit plan conforms to RCW
34 28A.400.275 and 28A.400.280.

35 (c) After December 31, 2019, school district contributions to any
36 employee insurance that is purchased through the health care
37 authority must conform to the requirements established by chapter
38 41.05 RCW and the school employees' benefits board.

1 (3) For school board members, educational service district board
2 members, and students, the premiums due on such protection or
3 insurance shall be borne by the assenting school board member,
4 educational service district board member, or student. The school
5 district or educational service district may contribute all or part
6 of the costs, including the premiums, of life, health, health care,
7 accident or disability insurance which shall be offered to all
8 students participating in interschool activities on the behalf of or
9 as representative of their school, school district, or educational
10 service district. The school district board of directors and the
11 educational service district board may require any student
12 participating in extracurricular interschool activities to, as a
13 condition of participation, document evidence of insurance or
14 purchase insurance that will provide adequate coverage, as determined
15 by the school district board of directors or the educational service
16 district board, for medical expenses incurred as a result of injury
17 sustained while participating in the extracurricular activity. In
18 establishing such a requirement, the district shall adopt regulations
19 for waiving or reducing the premiums of such coverage as may be
20 offered through the school district or educational service district
21 to students participating in extracurricular activities, for those
22 students whose families, by reason of their low income, would have
23 difficulty paying the entire amount of such insurance premiums. The
24 district board shall adopt regulations for waiving or reducing the
25 insurance coverage requirements for low-income students in order to
26 assure such students are not prohibited from participating in
27 extracurricular interschool activities.

28 (4) All contracts or agreements for insurance or protection
29 written to take advantage of the provisions of this section shall
30 provide that the beneficiaries of such contracts may utilize on an
31 equal participation basis the services of those practitioners
32 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71
33 RCW.

34 (5)(a) Until the creation of the school employees' benefits board
35 under RCW 41.05.740, school districts offering medical, vision, and
36 dental benefits shall:

37 (i) Offer a high deductible health plan option with a health
38 savings account that conforms to section 223, part VII of subchapter
39 1 of the internal revenue code of 1986. School districts shall comply

1 with all applicable federal standards related to the establishment of
2 health savings accounts;

3 (ii) Make progress toward employee premiums that are established
4 to ensure that full family coverage premiums are not more than three
5 times the premiums for employees purchasing single coverage for the
6 same coverage plan, unless a subsequent premium differential target
7 is defined as a result of the review and subsequent actions described
8 in RCW 41.05.655;

9 (iii) Offer employees at least one health benefit plan that is
10 not a high deductible health plan offered in conjunction with a
11 health savings account in which the employee share of the premium
12 cost for a full-time employee, regardless of whether the employee
13 chooses employee-only coverage or coverage that includes dependents,
14 does not exceed the share of premium cost paid by state employees
15 during the state employee benefits year that started immediately
16 prior to the school year.

17 (b) All contracts or agreements for employee benefits must be
18 held to responsible contracting standards, meaning a fair, prudent,
19 and accountable competitive procedure for procuring services that
20 includes an open competitive process, except where an open process
21 would compromise cost-effective purchasing, with documentation
22 justifying the approach.

23 (c) School districts offering medical, vision, and dental
24 benefits shall also make progress on promoting health care
25 innovations and cost savings and significantly reduce administrative
26 costs.

27 (d) All contracts or agreements for insurance or protection
28 described in this section shall be in compliance with chapter 3, Laws
29 of 2012 2nd sp. sess.

30 ~~((e) Upon notification from the office of the insurance
31 commissioner of a school district's substantial noncompliance with
32 the data reporting requirements of RCW 28A.400.275, and the failure
33 is due to the action or inaction of the school district, and if the
34 noncompliance has occurred for two reporting periods, the
35 superintendent is authorized and required to limit the school
36 district's authority provided in subsection (1) of this section
37 regarding employee health benefits to the provision of health benefit
38 coverage provided by the state health care authority.))~~

39 (6) The authority to make available basic and optional benefits
40 to school employees under this section expires December 31, 2019.

1 Beginning January 1, 2020, school districts and educational service
2 districts shall make available basic and optional benefits through
3 plans offered by the health care authority and the school employees'
4 benefits board.

5 NEW SECTION. **Sec. 24.** A new section is added to chapter 28A.710
6 RCW to read as follows:

7 (1) A function of the school employees' benefits board
8 established under RCW 41.05.740 is to design and approve insurance
9 benefit plans and to establish eligibility criteria for participation
10 in insurance benefit plans by January 1, 2020. In order for the
11 school employees' benefits board to develop these benefit plans,
12 charter school employees' information must be provided to the school
13 employees' benefits board and the health care authority.

14 (2) Charter schools and their benefit providers must submit data
15 to the health care authority in accordance with RCW 41.05.075(3).

16 (3) Any benefit provider offering a benefit plan by contract or
17 agreement with a charter school must make available to the charter
18 school the benefit plan descriptions and, where available, the
19 demographic information on plan subscribers that the charter school
20 and benefit providers are required to report to the health care
21 authority under this section.

22 (4) Each charter school must:

23 (a) Carry out all actions required by the school employees'
24 benefits board and the health care authority under chapter 41.05 RCW
25 including, but not limited to, those actions necessary for the
26 operation of benefit plans, education of employees, claims
27 administration, and appeals process; and

28 (b) Report all data relating to employees eligible to participate
29 in benefits or plans administered by the school employees' benefits
30 board and the health care authority in a format designed and
31 communicated by the school employees' benefits board and the health
32 care authority.

33 **Sec. 25.** RCW 41.05.120 and 2017 3rd sp.s. c 13 s 809 are each
34 amended to read as follows:

35 (1) The public employees' and retirees' insurance account is
36 hereby established in the custody of the state treasurer, to be used
37 by the director for the deposit of contributions, the remittance paid
38 by school districts and educational service districts under RCW

1 28A.400.410, reserves, dividends, and refunds, for payment of
2 premiums and claims for employee and retiree insurance benefit
3 contracts and subsidy amounts provided under RCW 41.05.085, and
4 transfers from the flexible spending administrative account as
5 authorized in RCW 41.05.123. Moneys from the account shall be
6 disbursed by the state treasurer by warrants on vouchers duly
7 authorized by the director. Moneys from the account may be
8 transferred to the flexible spending administrative account to
9 provide reserves and start-up costs for the operation of the flexible
10 spending administrative account program.

11 (2) The state treasurer and the state investment board may invest
12 moneys in the public employees' and retirees' insurance account. All
13 such investments shall be in accordance with RCW 43.84.080 or
14 43.84.150, whichever is applicable. The director shall determine
15 whether the state treasurer or the state investment board or both
16 shall invest moneys in the public employees' and retirees' insurance
17 account.

18 (3) The school employees' insurance account is hereby established
19 in the custody of the state treasurer, to be used by the director for
20 the deposit of contributions, reserves, dividends, and refunds, for
21 payment of premiums and claims for school employee insurance benefit
22 contracts, and for transfers from the school employees' benefits
23 board flexible spending and dependent care administrative account as
24 authorized in this subsection. Moneys from the account shall be
25 disbursed by the state treasurer by warrants on vouchers duly
26 authorized by the director. Moneys from the account may be
27 transferred to the school employees' benefits board flexible spending
28 and dependent care administrative account to provide reserves and
29 start-up costs for the operation of the school employees' benefits
30 board flexible spending arrangement and dependent care assistance
31 program.

32 (4) The state treasurer and the state investment board may invest
33 moneys in the school employees' insurance account. These investments
34 must be in accordance with RCW 43.84.080 or 43.84.150, whichever is
35 applicable. The director shall determine whether the state treasurer
36 or the state investment board or both shall invest moneys in the
37 school employees' insurance account.

38 **Sec. 26.** RCW 41.05.123 and 2008 c 229 s 6 are each amended to
39 read as follows:

1 (1) For the public employees' benefits board program, the
2 flexible spending administrative account is created in the custody of
3 the state treasurer.

4 (a) All receipts from the following must be deposited in the
5 account:

6 ~~((a))~~ (i) Revenues from employing agencies for costs associated
7 with operating the medical flexible spending arrangement program and
8 the dependent care assistance program provided through the salary
9 reduction plan authorized under this chapter; and

10 ~~((b) funds transferred from the dependent care administrative~~
11 ~~account; and~~

12 ~~(e))~~ (ii) Unclaimed moneys at the end of the plan year after all
13 timely submitted claims for that plan year have been processed.
14 Expenditures from the account may be used only for administrative and
15 other expenses related to operating the medical flexible spending
16 arrangement program and the dependent care assistance program
17 provided through the salary reduction plan authorized under this
18 chapter. Only the ~~((administrator))~~ director or the
19 ~~((administrator's))~~ director's designee may authorize expenditures
20 from the account. The account is subject to allotment procedures
21 under chapter 43.88 RCW, but an appropriation is not required for
22 expenditures.

23 ~~((2))~~ (b) The salary reduction account is established in the
24 state treasury. Employee salary reductions paid to reimburse
25 participants or service providers for benefits provided by the
26 medical flexible spending arrangement program and the dependent care
27 assistance program provided through the salary reduction plan
28 authorized under this chapter shall be paid from the salary reduction
29 account. The funds held by the state to pay for benefits provided by
30 the medical flexible spending arrangement program and the dependent
31 care assistance program provided through the salary reduction plan
32 authorized under this chapter shall be deposited in the salary
33 reduction account. Unclaimed moneys remaining in the salary reduction
34 account at the end of a plan year after all timely submitted claims
35 for that plan year have been processed shall become a part of the
36 flexible spending administrative account. Only the ~~((administrator))~~
37 director or the ~~((administrator's))~~ director's designee may authorize
38 expenditures from the account. The account is not subject to
39 allotment procedures under chapter 43.88 RCW and an appropriation is
40 not required for expenditures.

1 (~~(3)~~) (c) Program claims reserves and money necessary for
2 start-up costs transferred from the public employees' and retirees'
3 insurance account established in RCW 41.05.120 may be deposited in
4 the flexible spending administrative account. Moneys in excess of the
5 amount necessary for administrative and operating expenses of the
6 medical flexible spending arrangement program may be transferred to
7 the public employees' and retirees' insurance account.

8 (~~(4)~~) (d) The authority may periodically bill employing
9 agencies for costs associated with operating the medical flexible
10 spending arrangement program and the dependent care assistance
11 program provided through the salary reduction plan authorized under
12 this chapter.

13 (2) For the school employees' benefits board program, the school
14 employees' benefits board flexible spending and dependent care
15 administrative account is created in the custody of the state
16 treasurer.

17 (a) All receipts from the following must be deposited in the
18 account:

19 (i) Revenues from school employees' benefits board organizations
20 for costs associated with operating the school employees' benefits
21 board medical flexible spending arrangement program and the school
22 employees' benefits board dependent care assistance program provided
23 through the salary reduction plan authorized under this chapter; and

24 (ii) Unclaimed moneys at the end of the plan year after all
25 timely submitted claims for that plan year have been processed.
26 Expenditures from the account may be used only for administrative and
27 other expenses related to operating the school employees' benefits
28 board medical flexible spending arrangement program and the school
29 employees' benefits board dependent care assistance program provided
30 through the salary reduction plan authorized under this chapter. Only
31 the director or the director's designee may authorize expenditures
32 from the account. The account is subject to allotment procedures
33 under chapter 43.88 RCW, but an appropriation is not required for
34 expenditures.

35 (b) The school employees' benefits board salary reduction account
36 is established in the state treasury. School employee salary
37 reductions paid to reimburse participants or service providers for
38 benefits provided by the school employees' benefits board medical
39 flexible spending arrangement program and the school employees'
40 benefits board dependent care assistance program provided through the

1 salary reduction plan authorized under this chapter shall be paid
2 from the school employees' benefits board salary reduction account.
3 The funds held by the state to pay for benefits provided by the
4 school employees' benefits board medical flexible spending
5 arrangement program and the school employees' benefits board
6 dependent care assistance program provided through the salary
7 reduction plan authorized under this chapter shall be deposited in
8 the school employees' benefits board salary reduction account.
9 Unclaimed moneys remaining in the school employees' benefits board
10 salary reduction account at the end of a plan year after all timely
11 submitted claims for that plan year have been processed shall become
12 a part of the school employees' benefits board flexible spending and
13 dependent care administrative account. Only the director or the
14 director's designee may authorize expenditures from the account. The
15 account is not subject to allotment procedures under chapter 43.88
16 RCW and an appropriation is not required for expenditures.

17 (c) Program claims reserves and money necessary for start-up
18 costs transferred from the school employees' insurance account
19 established in RCW 41.05.120 may be deposited in the school
20 employees' benefits board flexible spending and dependent care
21 administrative account. Moneys in excess of the amount necessary for
22 administrative and operating expenses of the school employees'
23 benefits board medical flexible spending arrangement and the school
24 employees' benefits board dependent care assistance program may be
25 transferred to the school employees' insurance account.

26 (d) The authority may periodically bill school employees'
27 benefits board organizations for costs associated with operating the
28 school employees' benefits board medical flexible spending
29 arrangement program and the school employees' benefits board
30 dependent care assistance program provided through the salary
31 reduction plan authorized under this chapter.

32 **Sec. 27.** RCW 41.05.143 and 2017 3rd sp.s. c 13 s 811 are each
33 amended to read as follows:

34 (1) The uniform medical plan benefits administration account is
35 created in the custody of the state treasurer. Only the director or
36 the director's designee may authorize expenditures from the account.
37 Moneys in the account shall be used exclusively for contracted
38 expenditures for uniform medical plan claims administration, data
39 analysis, utilization management, preferred provider administration,

1 and activities related to benefits administration where the level of
2 services provided pursuant to a contract fluctuate as a direct result
3 of changes in uniform medical plan enrollment. Moneys in the account
4 may also be used for administrative activities required to respond to
5 new and unforeseen conditions that impact the uniform medical plan,
6 but only when the authority and the office of financial management
7 jointly agree that such activities must be initiated prior to the
8 next legislative session.

9 (2) Receipts from amounts due from or on behalf of uniform
10 medical plan enrollees for expenditures related to benefits
11 administration, including moneys disbursed from the public employees'
12 and retirees' insurance account, shall be deposited into the account.
13 The account is subject to allotment procedures under chapter 43.88
14 RCW, but no appropriation is required for expenditures. All proposals
15 for allotment increases shall be provided to the house of
16 representatives appropriations committee and to the senate ways and
17 means committee at the same time as they are provided to the office
18 of financial management.

19 (3) The uniform dental plan benefits administration account is
20 created in the custody of the state treasurer. Only the director or
21 the director's designee may authorize expenditures from the account.
22 Moneys in the account shall be used exclusively for contracted
23 expenditures related to benefits administration for the uniform
24 dental plan as established under RCW 41.05.140. Receipts from amounts
25 due from or on behalf of uniform dental plan enrollees for
26 expenditures related to benefits administration, including moneys
27 disbursed from the public employees' and retirees' insurance account,
28 shall be deposited into the account. The account is subject to
29 allotment procedures under chapter 43.88 RCW, but no appropriation is
30 required for expenditures.

31 (4) The public employees' benefits board medical benefits
32 administration account is created in the custody of the state
33 treasurer. Only the director or the director's designee may authorize
34 expenditures from the account. Moneys in the account shall be used
35 exclusively for contracted expenditures related to claims
36 administration, data analysis, utilization management, preferred
37 provider administration, and other activities related to benefits
38 administration for self-insured medical plans (~~other than the~~
39 ~~uniform medical plan~~). Receipts from amounts due from or on behalf
40 of enrollees for expenditures related to benefits administration,

1 including moneys disbursed from the public employees' and retirees'
2 insurance account, shall be deposited into the account. The account
3 is subject to allotment procedures under chapter 43.88 RCW, but an
4 appropriation is not required for expenditures.

5 (5) The school employees' benefits board medical benefits
6 (~~administration~~) administrative account is created in the custody
7 of the state treasurer. Only the director or the director's designee
8 may authorize expenditures from the account. Moneys in the account
9 shall be used exclusively for school employees' benefits board
10 contracted expenditures related to claims administration, data
11 analysis, utilization management, preferred provider administration,
12 and other activities related to benefits administration for self-
13 insured medical plans (~~other than the uniform medical plan~~).
14 Receipts from amounts due from or on behalf of enrollees for
15 expenditures related to benefits administration, including moneys
16 disbursed from the school employees' insurance account, shall be
17 deposited into the account. The account is subject to allotment
18 procedures under chapter 43.88 RCW, but no appropriation is required
19 for expenditures.

20 (6) The school employees' benefits board dental benefits
21 administration account is created in the custody of the state
22 treasurer. Only the director or the director's designee may authorize
23 expenditures from the account. Moneys in the account shall be used
24 exclusively for school employees' benefits board contracted
25 expenditures related to benefits administration for the self-insured
26 dental plan as established under RCW 41.05.140. Receipts from amounts
27 due from or on behalf of the self-insured dental plan enrollees for
28 expenditures related to benefits administration, including moneys
29 disbursed from the school employees' insurance account, shall be
30 deposited into the account. The account is subject to allotment
31 procedures under chapter 43.88 RCW, but no appropriation is required
32 for expenditures.

33 **Sec. 28.** RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each
34 amended to read as follows:

35 (1) Money in the treasurer's trust fund may be deposited,
36 invested, and reinvested by the state treasurer in accordance with
37 RCW 43.84.080 in the same manner and to the same extent as if the
38 money were in the state treasury, and may be commingled with moneys
39 in the state treasury for cash management and cash balance purposes.

1 (2) All income received from investment of the treasurer's trust
2 fund must be set aside in an account in the treasury trust fund to be
3 known as the investment income account.

4 (3) The investment income account may be utilized for the payment
5 of purchased banking services on behalf of treasurer's trust funds
6 including, but not limited to, depository, safekeeping, and
7 disbursement functions for the state treasurer or affected state
8 agencies. The investment income account is subject in all respects to
9 chapter 43.88 RCW, but no appropriation is required for payments to
10 financial institutions. Payments must occur prior to distribution of
11 earnings set forth in subsection (4) of this section.

12 (4)(a) Monthly, the state treasurer must distribute the earnings
13 credited to the investment income account to the state general fund
14 except under (b), (c), and (d) of this subsection.

15 (b) The following accounts and funds must receive their
16 proportionate share of earnings based upon each account's or fund's
17 average daily balance for the period: The 24/7 sobriety account, the
18 Washington promise scholarship account, the Gina Grant Bull memorial
19 legislative page scholarship account, the Washington advanced college
20 tuition payment program account, the Washington college savings
21 program account, the accessible communities account, the Washington
22 achieving a better life experience program account, the community and
23 technical college innovation account, the agricultural local fund,
24 the American Indian scholarship endowment fund, the foster care
25 scholarship endowment fund, the foster care endowed scholarship trust
26 fund, the contract harvesting revolving account, the Washington state
27 combined fund drive account, the commemorative works account, the
28 county enhanced 911 excise tax account, the toll collection account,
29 the developmental disabilities endowment trust fund, the energy
30 account, the fair fund, the family and medical leave insurance
31 account, the food animal veterinarian conditional scholarship
32 account, the forest health revolving account, the fruit and vegetable
33 inspection account, the future teachers conditional scholarship
34 account, the game farm alternative account, the GET ready for math
35 and science scholarship account, the Washington global health
36 technologies and product development account, the grain inspection
37 revolving fund, the industrial insurance rainy day fund, the juvenile
38 accountability incentive account, the law enforcement officers' and
39 firefighters' plan 2 expense fund, the local tourism promotion
40 account, the low-income home rehabilitation revolving loan program

1 account, the multiagency permitting team account, the northeast
2 Washington wolf-livestock management account, the pilotage account,
3 the produce railcar pool account, the regional transportation
4 investment district account, the rural rehabilitation account, the
5 Washington sexual assault kit account, the stadium and exhibition
6 center account, the youth athletic facility account, the self-
7 insurance revolving fund, the children's trust fund, the Washington
8 horse racing commission Washington bred owners' bonus fund and
9 breeder awards account, the Washington horse racing commission class
10 C purse fund account, the individual development account program
11 account, the Washington horse racing commission operating account,
12 the life sciences discovery fund, the Washington state heritage
13 center account, the reduced cigarette ignition propensity account,
14 the center for childhood deafness and hearing loss account, the
15 school for the blind account, the Millersylvania park trust fund, the
16 public employees' and retirees' insurance reserve fund, the school
17 employees' benefits board insurance reserve fund, public employees'
18 and retirees' insurance account, school employees' insurance account,
19 and the radiation perpetual maintenance fund.

20 (c) The following accounts and funds must receive eighty percent
21 of their proportionate share of earnings based upon each account's or
22 fund's average daily balance for the period: The advanced right-of-
23 way revolving fund, the advanced environmental mitigation revolving
24 account, the federal narcotics asset forfeitures account, the high
25 occupancy vehicle account, the local rail service assistance account,
26 and the miscellaneous transportation programs account.

27 (d) Any state agency that has independent authority over accounts
28 or funds not statutorily required to be held in the custody of the
29 state treasurer that deposits funds into a fund or account in the
30 custody of the state treasurer pursuant to an agreement with the
31 office of the state treasurer shall receive its proportionate share
32 of earnings based upon each account's or fund's average daily balance
33 for the period.

34 (5) In conformance with Article II, section 37 of the state
35 Constitution, no trust accounts or funds shall be allocated earnings
36 without the specific affirmative directive of this section.

37 **Sec. 29.** RCW 28A.400.280 and 2017 3rd sp.s. c 13 s 815 are each
38 amended to read as follows:

1 (1) Except as provided in subsection (2) of this section, school
2 districts may provide employer fringe benefit contributions after
3 October 1, 1990, only for basic benefits. However, school districts
4 may continue payments under contracts with employees or benefit
5 providers in effect on April 13, 1990, until the contract expires.

6 (2) School districts may provide employer contributions after
7 October 1, 1990, ~~((and until December 31, 2019,))~~ for optional
8 benefit plans, in addition to basic benefits. Beginning January 1,
9 2020, school district optional benefits must be outside the school
10 employees' benefits board's authority in RCW 41.05.740(6). Beginning
11 December 1, 2019, and each December 1st thereafter, school district
12 optional benefits must be reported to the school employees' benefits
13 board and health care authority. The school employees' benefits board
14 shall review the optional benefits offered by districts and: (a)
15 Determine if the optional benefits conflict with school employees'
16 benefits board's plans offering authority and, if not, (b) evaluate
17 whether to seek additional benefit offerings authority from the
18 legislature. Optional benefits may include direct agreements as
19 defined in chapter 48.150 RCW, and may include employee beneficiary
20 accounts that can be liquidated by the employee on termination of
21 employment. Optional benefit plans may be offered only if:

22 (a) Each full-time employee, regardless of the number of
23 dependents receiving basic coverage, receives the same additional
24 employer contribution for other coverage or optional benefits; and

25 (b) For part-time employees, participation in optional benefit
26 plans shall be governed by the same eligibility criteria and/or
27 proration of employer contributions used for allocations for basic
28 benefits.

29 (3) School districts are not intended to divert state basic
30 benefit allocations for other purposes~~((, and))~~. Beginning January 1,
31 2020, ~~((no basic or optional benefits may be provided by employer~~
32 contributions if they are not provided)) school districts must offer
33 all benefits offered by the school employees' benefits board
34 administered by the health care authority, and consistent with RCW
35 41.56.500(2).

36 (4) Any optional benefits offered by a school district under
37 subsection (2) of this section are considered an enhancement to the
38 state's definition of basic education.

1 **Sec. 30.** RCW 41.05.700 and 2017 c 219 s 2 are each amended to
2 read as follows:

3 (1) A health plan offered to employees, school employees, and
4 their covered dependents under this chapter issued or renewed on or
5 after January 1, 2017, shall reimburse a provider for a health care
6 service provided to a covered person through telemedicine or store
7 and forward technology if:

8 (a) The plan provides coverage of the health care service when
9 provided in person by the provider;

10 (b) The health care service is medically necessary;

11 (c) The health care service is a service recognized as an
12 essential health benefit under section 1302(b) of the federal patient
13 protection and affordable care act in effect on January 1, 2015; and

14 (d) The health care service is determined to be safely and
15 effectively provided through telemedicine or store and forward
16 technology according to generally accepted health care practices and
17 standards, and the technology used to provide the health care service
18 meets the standards required by state and federal laws governing the
19 privacy and security of protected health information.

20 (2)(a) If the service is provided through store and forward
21 technology there must be an associated office visit between the
22 covered person and the referring health care provider. Nothing in
23 this section prohibits the use of telemedicine for the associated
24 office visit.

25 (b) For purposes of this section, reimbursement of store and
26 forward technology is available only for those covered services
27 specified in the negotiated agreement between the health plan and
28 health care provider.

29 (3) An originating site for a telemedicine health care service
30 subject to subsection (1) of this section includes a:

31 (a) Hospital;

32 (b) Rural health clinic;

33 (c) Federally qualified health center;

34 (d) Physician's or other health care provider's office;

35 (e) Community mental health center;

36 (f) Skilled nursing facility;

37 (g) Home or any location determined by the individual receiving
38 the service; or

39 (h) Renal dialysis center, except an independent renal dialysis
40 center.

1 (4) Except for subsection (3)(g) of this section, any originating
2 site under subsection (3) of this section may charge a facility fee
3 for infrastructure and preparation of the patient. Reimbursement must
4 be subject to a negotiated agreement between the originating site and
5 the health plan. A distant site or any other site not identified in
6 subsection (3) of this section may not charge a facility fee.

7 (5) The plan may not distinguish between originating sites that
8 are rural and urban in providing the coverage required in subsection
9 (1) of this section.

10 (6) The plan may subject coverage of a telemedicine or store and
11 forward technology health service under subsection (1) of this
12 section to all terms and conditions of the plan including, but not
13 limited to, utilization review, prior authorization, deductible,
14 copayment, or coinsurance requirements that are applicable to
15 coverage of a comparable health care service provided in person.

16 (7) This section does not require the plan to reimburse:

17 (a) An originating site for professional fees;

18 (b) A provider for a health care service that is not a covered
19 benefit under the plan; or

20 (c) An originating site or health care provider when the site or
21 provider is not a contracted provider under the plan.

22 (8) For purposes of this section:

23 (a) "Distant site" means the site at which a physician or other
24 licensed provider, delivering a professional service, is physically
25 located at the time the service is provided through telemedicine;

26 (b) "Health care service" has the same meaning as in RCW
27 48.43.005;

28 (c) "Hospital" means a facility licensed under chapter 70.41,
29 71.12, or 72.23 RCW;

30 (d) "Originating site" means the physical location of a patient
31 receiving health care services through telemedicine;

32 (e) "Provider" has the same meaning as in RCW 48.43.005;

33 (f) "Store and forward technology" means use of an asynchronous
34 transmission of a covered person's medical information from an
35 originating site to the health care provider at a distant site which
36 results in medical diagnosis and management of the covered person,
37 and does not include the use of audio-only telephone, facsimile, or
38 email; and

39 (g) "Telemedicine" means the delivery of health care services
40 through the use of interactive audio and video technology, permitting

1 real-time communication between the patient at the originating site
2 and the provider, for the purpose of diagnosis, consultation, or
3 treatment. For purposes of this section only, "telemedicine" does not
4 include the use of audio-only telephone, facsimile, or email.

5 NEW SECTION. **Sec. 31.** A new section is added to chapter 41.05
6 RCW to read as follows:

7 (1) All health care and financial related data as required by
8 section 4, chapter 3, Laws of 2012 2nd sp. sess. that was sent by
9 school districts and their benefits providers to the office of the
10 insurance commissioner for plan years ending in 2012 through 2016 for
11 the purposes of studying health benefits provided to school employees
12 must be provided to the authority by March 15, 2018.

13 (2) All claims data, including health care and financial related
14 data received by the authority under subsection (1) of this section,
15 is the property of the state and is exempt from disclosure and not
16 subject to chapter 42.56 RCW.

17 **Sec. 32.** RCW 42.56.400 and 2017 3rd sp.s. c 30 s 2 and 2017 c
18 193 s 2 are each reenacted and amended to read as follows:

19 The following information relating to insurance and financial
20 institutions is exempt from disclosure under this chapter:

21 (1) Records maintained by the board of industrial insurance
22 appeals that are related to appeals of crime victims' compensation
23 claims filed with the board under RCW 7.68.110;

24 (2) Information obtained and exempted or withheld from public
25 inspection by the health care authority under RCW 41.05.026, whether
26 retained by the authority, transferred to another state purchased
27 health care program by the authority, or transferred by the authority
28 to a technical review committee created to facilitate the
29 development, acquisition, or implementation of state purchased health
30 care under chapter 41.05 RCW;

31 (3) The names and individual identification data of either all
32 owners or all insureds, or both, received by the insurance
33 commissioner under chapter 48.102 RCW;

34 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

35 (5) Information provided under RCW 48.05.510 through 48.05.535,
36 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
37 48.46.600 through 48.46.625;

1 (6) Examination reports and information obtained by the
2 department of financial institutions from banks under RCW 30A.04.075,
3 from savings banks under RCW 32.04.220, from savings and loan
4 associations under RCW 33.04.110, from credit unions under RCW
5 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and
6 from securities brokers and investment advisers under RCW 21.20.100,
7 all of which is confidential and privileged information;

8 (7) Information provided to the insurance commissioner under RCW
9 48.110.040(3);

10 (8) Documents, materials, or information obtained by the
11 insurance commissioner under RCW 48.02.065, all of which are
12 confidential and privileged;

13 (9) Documents, materials, or information obtained by the
14 insurance commissioner under RCW 48.31B.015(2) (l) and (m),
15 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential
16 and privileged;

17 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
18 7.70.140 that, alone or in combination with any other data, may
19 reveal the identity of a claimant, health care provider, health care
20 facility, insuring entity, or self-insurer involved in a particular
21 claim or a collection of claims. For the purposes of this subsection:

22 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).

23 (b) "Health care facility" has the same meaning as in RCW
24 48.140.010(6).

25 (c) "Health care provider" has the same meaning as in RCW
26 48.140.010(7).

27 (d) "Insuring entity" has the same meaning as in RCW
28 48.140.010(8).

29 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

30 (11) Documents, materials, or information obtained by the
31 insurance commissioner under RCW 48.135.060;

32 (12) Documents, materials, or information obtained by the
33 insurance commissioner under RCW 48.37.060;

34 (13) Confidential and privileged documents obtained or produced
35 by the insurance commissioner and identified in RCW 48.37.080;

36 (14) Documents, materials, or information obtained by the
37 insurance commissioner under RCW 48.37.140;

38 (15) Documents, materials, or information obtained by the
39 insurance commissioner under RCW 48.17.595;

1 (16) Documents, materials, or information obtained by the
2 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
3 (7)(a)(ii);

4 (17) Documents, materials, or information obtained by the
5 insurance commissioner in the commissioner's capacity as receiver
6 under RCW 48.31.025 and 48.99.017, which are records under the
7 jurisdiction and control of the receivership court. The commissioner
8 is not required to search for, log, produce, or otherwise comply with
9 the public records act for any records that the commissioner obtains
10 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
11 a receiver, except as directed by the receivership court;

12 (18) Documents, materials, or information obtained by the
13 insurance commissioner under RCW 48.13.151;

14 (19) Data, information, and documents provided by a carrier
15 pursuant to section 1, chapter 172, Laws of 2010;

16 (20) Information in a filing of usage-based insurance about the
17 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

18 (21) Data, information, and documents, other than those described
19 in RCW 48.02.210(2) as it existed prior to repeal by section 2,
20 chapter 7, Laws of 2017 3rd sp.s., that are submitted to the office
21 of the insurance commissioner by an entity providing health care
22 coverage pursuant to RCW 28A.400.275 as it existed on January 1,
23 2017, and 48.02.210 as it existed prior to repeal by section 2,
24 chapter 7, Laws of 2017 3rd sp.s.;

25 (22) Data, information, and documents obtained by the insurance
26 commissioner under RCW 48.29.017;

27 (23) Information not subject to public inspection or public
28 disclosure under RCW 48.43.730(5);

29 (24) Documents, materials, or information obtained by the
30 insurance commissioner under chapter 48.05A RCW;

31 (25) Documents, materials, or information obtained by the
32 insurance commissioner under RCW 48.74.025, 48.74.028, 48.74.100(6),
33 48.74.110(2) (b) and (c), and 48.74.120 to the extent such documents,
34 materials, or information independently qualify for exemption from
35 disclosure as documents, materials, or information in possession of
36 the commissioner pursuant to a financial conduct examination and
37 exempt from disclosure under RCW 48.02.065; ((and))

38 (26) Nonpublic personal health information obtained by, disclosed
39 to, or in the custody of the insurance commissioner, as provided in
40 RCW 48.02.068; ((and))

1 (27) Data, information, and documents obtained by the insurance
2 commissioner under RCW 48.02.230; and

3 (28) All claims data, including health care and financial related
4 data received under section 31 of this act, received and held by the
5 health care authority.

6 NEW SECTION. **Sec. 33.** Sections 14, 22, 23, 31, and 32 of this
7 act are necessary for the immediate preservation of the public peace,
8 health, or safety, or support of the state government and its
9 existing public institutions, and take effect immediately."

SSB 6241 - S AMD **521**

By Senator Hobbs

ADOPTED AS AMENDED 02/14/2018

10 On page 1, line 2 of the title, after "program;" strike the
11 remainder of the title and insert "amending RCW 41.05.740, 41.05.006,
12 41.05.009, 41.05.011, 41.05.021, 41.05.022, 41.05.023, 41.05.026,
13 41.05.050, 41.05.055, 41.05.065, 41.05.066, 41.05.075, 41.05.080,
14 41.05.085, 41.05.140, 41.05.225, 41.05.300, 41.05.320, 41.04.205,
15 28A.400.350, 41.05.120, 41.05.123, 41.05.143, 43.79A.040,
16 28A.400.280, and 41.05.700; reenacting and amending RCW 28A.400.275
17 and 42.56.400; adding new sections to chapter 41.05 RCW; adding a new
18 section to chapter 28A.710 RCW; and declaring an emergency."

EFFECT: Makes technical corrections related to new and existing
accounts. Removes provisions requiring the state to develop funding
assumptions that take into account the proportion of people that work
630 hours or more when allocating funding to school districts and to
provide funding to districts that is at the same or greater level
than what is provided for members of PEBB.

--- END ---