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**SENATE BILL 5086**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senator Robinson

AN ACT Relating to consolidating the public employees' benefits board and the school employees' benefits board; RCW 41.05.004, 41.05.008, 41.05.0091, 41.05.022, 41.05.023, 41.05.050, 41.05.075, 41.05.080, 41.05.083, 41.05.085, 41.05.095, 41.05.120, 41.05.123, 41.05.130, 41.05.140, 41.05.143, 41.05.183, 41.05.195, 41.05.197, 41.05.225, 41.05.300, 41.05.320, 41.05.405, 41.05.430, 41.05.525, 41.05.526, 41.05.528, 41.05.540, 41.05.670, 41.05.700, and 41.05.820; reenacting and amending RCW 41.05.011 and 41.05.021; adding new sections to chapter 41.05 RCW; and repealing RCW 41.05.055, 41.05.065, 41.05.068, 41.05.740, 41.05.742, 41.05.743, 41.05.744, 41.05.745, 41.05.890, 41.05.950, and 41.05.951.

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

**Sec.**  RCW 41.05.004 and 2018 c 260 s 5 are each amended to read as follows:

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

**Sec.**  RCW 41.05.008 and 2009 c 537 s 1 are each amended to read as follows:

(1) Every employing agency shall carry out all actions required by the authority under this chapter including, but not limited to, those necessary for the operation of benefit plans, education of employees, claims administration, and appeals process.

(2) Employing agencies shall report all data relating to public employees eligible to participate in benefits or plans administered by the authority in a format designed and communicated by the authority.

**Sec.**  RCW 41.05.0091 and 2009 c 537 s 10 are each amended to read as follows:

((~~An~~)) A state employee or employee of an employer group determined eligible for benefits prior to January 1, 2010, shall not have his or her eligibility terminated pursuant to the criteria established under chapter 537, Laws of 2009 unless the termination is the result of: (1) A voluntary reduction in work hours; or (2) the state employee((~~'s~~)) or employee of an employer group's employment with an agency other than the agency by which he or she was determined eligible prior to January 1, 2010.

**Sec.**  RCW 41.05.011 and 2023 c 164 s 1, 2023 c 51 s 3, and 2023 c 13 s 2 are each reenacted and amended to read as follows:

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

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

(2) "Board" means the ((~~public employees'~~)) Washington employees and retirees benefits board established under ((~~RCW 41.05.055 and the school employees' benefits board established under RCW 41.05.740~~)) section 34 of this act.

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

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

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

(6)((~~(a) "Employee"~~)) "State employee" for the ((~~public employees'~~)) Washington employees and retirees benefits board program includes ((~~all~~)):

(a) All employees of the state, whether or not covered by civil service; ((~~elected~~))

(b) Elected and appointed officials of the executive branch of government, including full-time members of boards, commissions, or committees; ((~~justices~~))

(c) Justices of the supreme court and judges of the court of appeals and the superior courts; and ((~~members~~))

(d) Members of the state legislature. ((~~Pursuant to contractual agreement with the authority, "employee" may also include: (i) Employees of a county, municipality, or other political subdivision of the state and members of the legislative authority of any county, city, or town who are elected to office after February 20, 1970, if the legislative authority of the county, municipality, or other political subdivision of the state submits application materials to the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of employee organizations representing state civil service employees, at the option of each such employee organization; (iii) through December 31, 2019, employees of a school district if the authority agrees to provide any of the school districts' insurance programs by contract with the authority as provided in RCW 28A.400.350; (iv) employees of a tribal government, if the governing body of the tribal government seeks and receives the approval of the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health benefit exchange if the governing board of the exchange established in RCW 43.71.020 seeks and receives approval of the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.05.021(1) (g) and (n); and (vi) through December 31, 2019, employees of a charter school established under chapter 28A.710 RCW. "Employee"~~)) "State employee" does not include: Adult family home providers; unpaid volunteers; patients of state hospitals; inmates; students of institutions of higher education as determined by their institution; and any others not expressly defined as state employees under this chapter or by the authority under this chapter.

((~~(b) Effective January 1, 2020, "school~~)) (7) "School employee" for the ((~~school employees'~~)) Washington employees and retirees benefits board program includes:

((~~(i)~~)) (a) All employees of school districts and charter schools established under chapter 28A.710 RCW; and

((~~(ii) Represented employees of educational service districts;~~

~~(iii) Effective January 1, 2024, all~~)) (b) All employees of educational service districts((~~; and~~

~~(iv) Effective January 1, 2024, pursuant to contractual agreement with the authority, "school employee" may also include: (A) Employees of employee organizations representing school employees, at the option of each such employee organization; and (B) employees of a tribal school as defined in RCW 28A.715.010, if the governing body of the tribal school seeks and receives the approval of the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.05.021(1) (f) and (g).~~

~~(7) "Employee group" means employees of a similar employment type, such as administrative, represented classified, nonrepresented classified excluding such employees in educational service districts until December 31, 2023, confidential, represented certificated, or nonrepresented certificated excluding such employees in educational service districts until December 31, 2023, within a school employees' benefits board organization~~)).

(8) "Employee of an employer group" for the Washington employees and retirees benefits board program includes pursuant to contractual agreement with the authority:

(a) Employees of a county, municipality, or other political subdivision of the state and members of the legislative authority of any county, city, or town who are elected to office after February 20, 1970, if the legislative authority of the county, municipality, or other political subdivision of the state submits application materials to the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.04.205 and 41.05.021(1)(h);

(b) Employees of employee organizations representing state civil service employees or school employees;

(c) Employees of a tribal government or a tribal school if the governing body of the tribal government or tribal school seeks and receives the approval of the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.05.021(1) (g) and (h); and

(d) Employees of the Washington health benefit exchange if the governing board of the exchange established in RCW 43.71.020 seeks and receives approval of the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.05.021(1) (f) and (h).

(9)(a) "Employer" for ((~~the public employees' benefits board program~~)) state employees means the state of Washington.

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

((~~(9)(a)~~)) (10) "Employer group" ((~~for the public employees' benefits board program~~)) means those counties, municipalities, political subdivisions, the Washington health benefit exchange, tribal governments, tribal schools, and employee organizations representing state civil service employees or school employees obtaining employee benefits through a contractual agreement with the authority to participate in benefit plans developed by the ((~~public employees'~~)) Washington employees and retirees benefits board.

((~~(b) "Employer group" for the school employees' benefits board program means an employee organization representing school employees and a tribal school as defined in RCW 28A.715.010, obtaining employee benefits through a contractual agreement with the authority to participate in benefit plans developed by the school employees' benefits board.~~

~~(10)(a)~~)) (11) "Employing agency" ((~~for the public employees' benefits board program~~)) means a division, department, or separate agency of state government, including an institution of higher education; a school district, educational service district, or charter school; a county, municipality, or other political subdivision; the Washington health benefit exchange; an employee organization representing state civil service employees or school employees; and a tribal government, or a tribal school, covered by this chapter.

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

~~(11)~~)) (12) "Faculty" means an academic state employee of an institution of higher education whose workload is not defined by work hours but whose appointment, workload, and duties directly serve the institution's academic mission, as determined under the authority of its enabling statutes, its governing body, and any applicable collective bargaining agreement.

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

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

((~~(14)~~)) (15) "Insuring entity" means an insurer as defined in chapter 48.01 RCW, a health care service contractor as defined in chapter 48.44 RCW, or a health maintenance organization as defined in chapter 48.46 RCW.

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

((~~(16)~~)) (17) "Plan year" means the time period established by the authority.

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

((~~(18)~~)) (19) "Public employee" has the same meaning as state employee ((~~and~~)), school employee, and employee of an employer group.

((~~(19)~~)) (20) "Retired or disabled ((~~school~~)) public employee" means:

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

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

~~(c) Persons who separate from employment with a school district, educational service district, or charter school due to a total and permanent disability, and are eligible to receive a deferred retirement allowance under chapter 41.32, 41.35, or 41.40 RCW~~)) or persons who separate from employment with the state of Washington or an employer group under contractual agreement with the authority:

(i) Who immediately upon separation receive a monthly retirement allowance under chapter 2.10, 2.12, 41.26, 41.32, 41.35, 41.37, 41.40, or 43.43 RCW; or

(ii) Are eligible to receive a deferred monthly retirement allowance due to a total and permanent disability under chapter 2.10, 2.12, 41.26, 41.32, 41.35, 41.37, 41.40, or 43.43 RCW;

(c) Persons who separate from employment from an institution of higher education, including due to a condition of health, who are members of a higher education retirement plan:

(i) Who immediately receive a monthly retirement allowance from an annuity or retirement income plan authorized under RCW 28B.10.400;

(ii) Meet their higher education retirement plan's retirement eligibility criteria; or

(iii) Are at least age 55 with 10 years of state service; or

(d) Persons who voluntarily or involuntarily leave state office:

(i) A member of the state legislature;

(ii) A statewide elected official of the executive branch;

(iii) Appointed members of the governor's cabinet; or

(iv) An official appointed directly by a state legislative committee as the head of the legislative branch agency or an official appointed to secretary of the senate or chief clerk of the house of representatives.

((~~(20)~~)) (21) "Salary" means a ((~~public~~)) state employee's or school employee's monthly salary or wages.

((~~(21)~~)) (22) "Salary reduction plan" means a benefit plan whereby ((~~public~~)) state employees or school employees may agree to a reduction of salary on a pretax basis to participate in the dependent care assistance program, flexible spending arrangement, or premium payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

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

(23) "School board member" means a member of the board of directors of a school district as governed by chapter 28A.343 RCW or the board of directors of an educational service district as governed by chapter 28A.310 RCW.

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

((~~(24)~~)) (25) "Seasonal employee" means a state employee hired to work during a recurring, annual season with a duration of three months or more, and anticipated to return each season to perform similar work.

((~~(25)~~)) (26) "Separated employees" means persons who separate from employment with an employer as defined in:

(a)(i) RCW 41.32.010(17) on or after July 1, 1996; or

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

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

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

(b) For the purposes of ((~~RCW 41.05.080~~)) section 36(5) of this act:

(i) RCW 41.32.010 on or after January 1, 2024; or

(ii) RCW 41.35.010 on or after January 1, 2024; or

(iii) RCW 41.40.010 on or after January 1, 2024; and who are at least age 55 and have at least 20 years of service under the teachers' retirement system plan 2 as defined in RCW 41.32.010, the Washington school employees' retirement system plan 2 as defined in RCW 41.35.010, or the public employees' retirement system plan 2 as defined in RCW 41.40.010.

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

((~~(27)~~)) (28) "Tribal government" means an Indian tribal government as defined in section 3(32) of the employee retirement income security act of 1974, as amended, or an agency or instrumentality of the tribal government, that has government offices principally located in this state.

(29) "Tribal school" has the meaning defined in RCW 28A.715.010.

**Sec.**  RCW 41.05.021 and 2023 c 51 s 6 and 2023 c 13 s 3 are each reenacted and amended to read as follows:

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

(a) To administer health care benefit programs for public employees, and retired or disabled ((~~state and school~~)) public employees((~~, and school employees~~)) as specifically authorized in ((~~RCW 41.05.065 and 41.05.740~~)) section 36 of this act and in accordance with the methods described in RCW 41.05.075, 41.05.140, and other provisions of this chapter;

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

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

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

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

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

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

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

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

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

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

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

(I) Facilitate diagnosis or treatment;

(II) Reduce unnecessary duplication of medical tests;

(III) Promote efficient electronic physician order entry;

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

(V) Improve health outcomes;

(C) Coordinate a strategy for the adoption of health information technology systems;

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

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

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

(f) To review and approve or deny the application from the governing board of the Washington health benefit exchange to provide the board state-sponsored insurance or self-insurance programs to employees of the exchange. The authority shall: (i) Establish the conditions for participation; (ii) have the sole right to reject an application; and (iii) set the premium contribution for approved groups as outlined in RCW 41.05.050;

(g) To review and approve or deny the application when the governing body of a tribal government or tribal school applies to transfer their employees to an insurance or self‑insurance program administered by the ((~~public employees' benefits board or by the school employees'~~)) Washington employees and retirees benefits board. In the event of an employee transfer pursuant to this subsection (1)((~~(f)~~)) (g), members of the governing body are eligible to be included in such a transfer if the members are authorized by the tribal government or tribal school to participate in the insurance program being transferred from and subject to payment by the members of all costs of insurance for the members. The authority shall: (i) Establish the conditions for participation; (ii) have the sole right to reject the application; and (iii) set the premium contribution for approved groups as outlined in RCW 41.05.050. Approval of the application by the authority transfers the employees and dependents involved to the insurance, self‑insurance, or health care program administered by the ((~~public employees' benefits board or the school employees' benefits~~)) board;

((~~(g)~~)) (h) To ensure the continued status of the public employee insurance or self-insurance programs administered under this chapter as a governmental plan under section 3(32) of the employee retirement income security act of 1974, as amended, the authority shall limit the participation of employer groups, including providing for the participation of those employees or employer groups whose services are substantially all in the performance of essential governmental functions, but not in the performance of commercial activities. Charter schools established under chapter 28A.710 RCW are employers and are ((~~school employees' benefits board organizations~~)) employing agencies unless:

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

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

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

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

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

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

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

(i) Setting forth the criteria established by the ((~~public employees' benefits~~)) board under ((~~RCW 41.05.065, and by the school employees' benefits board under RCW 41.05.740~~)) section 36(2) of this act, for determining whether a public employee is eligible for benefits;

(ii) Establishing an appeal process in accordance with chapter 34.05 RCW by which a public employee may appeal an eligibility determination;

(iii) Establishing a process to assure that the eligibility determinations of an employing agency comply with the criteria under this chapter, including the imposition of penalties as may be authorized by the board;

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

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

(iii) To enter into agreements with the department of social and health services for administration of medical care services programs under Titles XIX and XXI of the social security act and programs under chapters 71.05, 71.24, and 71.34 RCW. The agreements shall establish the division of responsibilities between the authority and the department with respect to mental health, substance use disorders, and long-term care services, including services for persons with developmental disabilities. The agreements shall be revised as necessary, to comply with the final implementation plan adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

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

(v) To appoint such advisory committees or councils as may be required by any federal statute or regulation as a condition to the receipt of federal funds by the authority. The director may appoint statewide committees or councils in the following subject areas: (A) Health facilities; (B) children and youth services; (C) blind services; (D) medical and health care; (E) drug abuse and alcoholism; (F) rehabilitative services; and (G) such other subject matters as are or come within the authority's responsibilities. The statewide councils shall have representation from both major political parties and shall have substantial consumer representation. Such committees or councils shall be constituted as required by federal law or as the director in his or her discretion may determine. The members of the committees or councils shall hold office for three years except in the case of a vacancy, in which event appointment shall be only for the remainder of the unexpired term for which the vacancy occurs. No member shall serve more than two consecutive terms. Members of such state advisory committees or councils may be paid their travel expenses in accordance with RCW 43.03.050 and 43.03.060 as now existing or hereafter amended((~~;~~

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

(2) The ((~~public employees' benefits board and the school employees' benefits~~)) board may implement strategies to promote managed competition among ((~~employee and school~~)) public employee health benefit plans. Strategies may include but are not limited to:

(a) Standardizing the benefit package;

(b) Soliciting competitive bids for the benefit package;

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

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

**Sec.**  RCW 41.05.022 and 2018 c 260 s 7 are each amended to read as follows:

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

(2) On and after January 1, ((~~1995~~)) 2027, at least the following state-purchased health services programs shall be merged into a single, community-rated risk pool:

(a) Health benefits for ((~~groups of~~)) eligible public employees ((~~of school districts and educational service districts that voluntarily purchase health benefits as provided in RCW 41.05.011 through December 31, 2019; health benefits for employees~~)); ((~~health~~))

(b) Health benefits for ((~~eligible retired or disabled school employees~~)) the following individuals not eligible for parts A and B of medicare((~~; and health benefits for eligible state retirees not eligible for parts A and B of medicare~~)):

(i) Retired or disabled public employees, or separated employees;

(ii) Surviving spouses, surviving state registered domestic partners, and surviving dependent children of public employees, separated employees, retired or disabled public employees, and emergency service personnel killed in the line of duty;

(iii) Individuals described in section 36(7) of this act; and

(iv) Eligible school board members.

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

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

~~(5)~~)) Rates charged to individuals described in this section, including spouses, state registered domestic partners, and dependent children, shall be based on the experience of this community-rated risk pool.

(4) The individuals described in subsection (2)(b) of this section shall be responsible for payment of premium rates developed by the authority which must include the cost to the authority of providing insurance coverage including any amounts necessary for reserves and administration in accordance with this chapter. These self-pay rates will be established based on a separate rate for the employee, the spouse, state registered domestic partners, and dependent children.

(5) When an individual described in subsection (2)(b)(i) or (ii) of this section dies, the authority shall waive the payment of the decedent's premiums for the medical, dental, or vision, and any applicable premium surcharges for the month in which the death occurred. The authority shall enroll any eligible surviving dependents in the same medical, dental, or vision plan that they had been enrolled in, which shall be made effective on the first day of the month in which the death occurred, and the eligible surviving dependent shall be responsible for the payment of premiums and any applicable premium surcharges for themselves and any other eligible dependents.

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

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

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

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

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

(e) Ensure the control of benefit costs under managed competition by adopting rules to prevent an employing agency from entering into an agreement with employees or employee organizations when the agreement would result in increased utilization in board plans or reduce the expected savings of managed competition.

**Sec.**  RCW 41.05.023 and 2018 c 260 s 8 are each amended to read as follows:

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

(2) For purposes of this section:

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

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

**Sec.**  RCW 41.05.050 and 2023 c 13 s 4 are each amended to read as follows:

(1)(a) Every employer and employer group as defined in RCW 41.05.011 shall provide contributions to insurance and health care plans for its employees and their dependents, the content of such plans to be determined by the authority.

(b) Contributions paid by employer groups for their employees((~~,~~)) shall include an amount determined by the authority to pay such administrative expenses of the authority as are necessary to administer the plans for employees of those employer groups.

(2) To account for any increased cost of benefit plans developed by the board, the authority may develop a rate surcharge applicable to participating employer groups as defined in RCW 41.05.011.

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

(4)((~~(a) For all groups of educational service district employees enrolling in plans developed by the public employees' benefits board after January 1, 2020, and until January 1, 2024, the authority shall collect from each participating educational service district an amount equal to the composite rate charged to state agencies, plus an amount equal to the employee premiums by plan and by family size as would be charged to employees, only if the authority determines that this method of billing the educational service districts will not result in a material difference between revenues from educational service districts and expenditures made by the authority on behalf of educational service districts and their employees. The authority may collect these amounts in accordance with the educational service district fiscal year, as described in RCW 28A.505.030.~~

~~(b)(i) Beginning January 1, 2020, all school districts, represented employees of educational service districts, and charter schools shall commence participation in the school employees' benefits board program established under RCW 41.05.740. All school districts, represented employees of educational service districts, charter schools, and all school district employee groups participating in the public employees' benefits board plans before January 1, 2020, shall thereafter participate in the school employees' benefits board program administered by the authority. All school districts, represented employees of educational service districts, and charter schools shall provide contributions to the authority for insurance and health care plans for school employees and their dependents. These contributions must be provided to the authority for all eligible school employees eligible for benefits under RCW 41.05.740(6)(d), including school employees who have waived their coverage; contributions to the authority are not required for individuals eligible for benefits under RCW 41.05.740(6)(e) who waive their coverage.~~

~~(ii) Beginning January 1, 2024, all educational service districts shall participate in the school employees' benefits board program.~~

~~(5)~~)) The authority shall transmit a recommendation for the amount of the employer contributions to the governor and the director of financial management for inclusion in the proposed budgets submitted to the legislature.

**Sec.**  RCW 41.05.075 and 2018 c 260 s 14 are each amended to read as follows:

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

(2) The director shall establish a contract bidding process that:

(a) Encourages competition among insuring entities;

(b) Maintains an equitable relationship between premiums charged for similar benefits and between the two risk pools ((~~including premiums charged for retired state and school district employees under the separate risk pools~~)) established by RCW 41.05.022 and 41.05.080 such that insuring entities may not avoid risk when establishing the premium rates for retirees eligible for medicare;

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

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

(3) ((~~The entities described in RCW 28A.400.275(2) shall provide the school employees' benefits board and authority specified data by April 1, 2018, in a format to be determined by the authority, to support an initial benefits plans procurement. At a minimum, the data must cover the period January 1, 2014, through December 31, 2017, and include:~~

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

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

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

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

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

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

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

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

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

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

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

(b) Subscriber or member demographic and claims data necessary to implement performance measures or financial incentives related to performance under subsection ((~~(8)~~)) (7) of this section.

((~~(7)~~)) (6) All contracts with insuring entities for the provision of health care benefits shall provide that the beneficiaries of such benefit plans may use on an equal participation basis the services of practitioners licensed pursuant to chapters 18.22, 18.25, 18.32, 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to registered nurses and advanced registered nurse practitioners. However, nothing in this subsection may preclude the director from establishing appropriate utilization controls approved pursuant to ((~~RCW 41.05.065(2) (a), (b), and (d)~~)) section 36(1)(a) (i) and (ii) of this act.

((~~(8)~~)) (7) The director shall, in collaboration with other state agencies that administer state purchased health care programs, private health care purchasers, health care facilities, providers, and carriers:

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

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

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

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

(i) Facilitate diagnosis or treatment;

(ii) Reduce unnecessary duplication of medical tests;

(iii) Promote efficient electronic physician order entry;

(iv) Increase access to health information for consumers and their providers; and

(v) Improve health outcomes;

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

((~~(9)~~)) (8) The director may permit the Washington state health insurance pool to contract to utilize any network maintained by the authority or any network under contract with the authority.

**Sec.**  RCW 41.05.080 and 2024 c 185 s 1 are each amended to read as follows:

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

~~(a)(i) Retired or disabled state employees, retired or disabled school employees, or retired or disabled employees of employer groups covered by this chapter may continue their participation in insurance plans and contracts after retirement or disablement.~~

~~(ii) The retired or disabled employees of employer groups whose contractual agreement with the authority terminates may continue their participation in insurance plans and contracts after the contractual agreement is terminated. The retired or disabled employees of employer groups whose contractual agreement with the authority terminates are not eligible for any subsidy provided under RCW 41.05.085;~~

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

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

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

~~(3) Rates charged to surviving spouses and surviving state registered domestic partners of emergency service personnel killed in the line of duty, retired or disabled employees, separated employees, spouses, or children who are eligible for parts A and B of medicare shall be calculated from a separate experience risk pool comprised only of individuals eligible for parts A and B of medicare; however, the premiums charged to medicare-eligible retirees and disabled employees shall be reduced by the amount of the subsidy provided under RCW 41.05.085, except as provided in subsection (1)(a)(ii) of this section.~~

~~(4) Surviving spouses, surviving state registered domestic partners, and dependent children of emergency service personnel killed in the line of duty and retired or disabled and separated employees~~)) On and after January 1, 2027, the following individuals who are eligible for parts A and B of medicare shall be calculated from a separate experience risk pool comprised only of individuals eligible for parts A and B of medicare:

(a) Retired or disabled public employees, or separated employees;

(b) Surviving spouses, surviving state registered domestic partners, and surviving dependent children of public employees, retired or disabled public employees, separated employees, or emergency service personnel killed in the line of duty;

(c) The individuals described in section 36(7) of this act; and

(d) Eligible school board members.

(2) Rates charged to individuals described in this section, including spouses, state registered domestic partners, and dependent children, shall be based on the experience of this risk pool comprised only of individuals eligible for parts A and B of medicare. However, the premiums charged to individuals described in this section shall be reduced by the amount of the subsidy provided under RCW 41.05.085 except for those described in subsection (1)(c) and (d) of this section.

(3) Individuals described in this section shall be responsible for payment of premium rates developed by the authority which shall include the cost to the authority of providing insurance coverage including any amounts necessary for reserves and administration in accordance with this chapter. These self pay rates will be established based on a separate rate for the employee, the spouse, state registered domestic partners, and ((~~the~~)) dependent children.

((~~(5)~~)) (4) When ((~~a person~~)) an individual described in subsection (1)(a)((~~(i), (b), or (c)~~)) or (b) of this section dies, the authority shall waive the payment of the decedent's premiums ((~~and any applicable premium surcharges~~)) for the medical, dental, or vision plan for the month in which the death occurred. The authority shall enroll any eligible surviving dependents in the same medical, dental, or vision plan that they had been enrolled in, which shall be made effective on the first day of the month in which the death occurred, and the eligible surviving dependent shall be responsible for the payment of premiums and any applicable premium surcharges for themselves and any other eligible dependents.

((~~(6) The term "retired state employees" for the purpose of this section shall include but not be limited to members of the legislature whether voluntarily or involuntarily leaving state office.~~))

**Sec.**  RCW 41.05.083 and 2023 c 312 s 2 are each amended to read as follows:

(1) Employer groups that enter into a contractual agreement with the authority after May 4, 2023, and whose contractual agreement with the authority is subsequently terminated, shall make a one-time payment as calculated in subsection (2) of this section to the authority for each of the ((~~employer group's retired or disabled employees~~)) individuals who continue their participation in insurance plans and contracts under ((~~RCW 41.05.080(1)(a)(ii)~~)) section 36(7) of this act.

(2) ((~~For each of the employer group's retired or disabled employees who will be continuing their participation, the~~)) The authority shall determine the one-time payment amount by calculating the difference in cost between the rate charged to ((~~retired or disabled employees under RCW 41.05.080(2)~~)) individuals described in RCW 41.05.022(2)(b)(i) and the actuarially determined value of the medical benefits for ((~~retired and disabled employees~~)) those individuals who are not eligible for parts A and B of medicare, and then multiplying that difference by the number of months until the ((~~retired or disabled employee~~)) individual would become eligible for medicare.

(3) Employer groups shall not be entitled to any refund of the amount paid to the authority under this section.

**Sec.**  RCW 41.05.085 and 2024 c 197 s 1 are each amended to read as follows:

(1) The legislature shall establish as part of ((~~both the state employees' and the school and educational service district~~)) the public employees' insurance benefit allocation the portion of the allocation to be used to provide a subsidy to reduce the medical and prescription drug insurance premium charged to ((~~retired or disabled school district and educational service district employees, or retired state employees, who are eligible for parts A and B of medicare~~)) the individuals described in RCW 41.05.080(1) (a) and (b).

(2) The amount of any premium reduction shall be established by the ((~~public employees'~~)) Washington employees and retirees benefits board. The amount established shall not result in a premium reduction of more than fifty percent((~~, except as provided in subsection (3) of this section~~)). The ((~~public employees' benefits~~)) board may also determine the amount of any subsidy to be available to spouses and dependents.

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

**Sec.**  RCW 41.05.095 and 2020 c 274 s 20 are each amended to read as follows:

(1) Any plan offered to public employees under this chapter must offer each public employee the option of covering any dependent of the public employee under the age of twenty-six.

(2) Coverage must terminate upon attainment of age twenty-six except in the case of a child who is and continues to be both (a) incapable of self-sustaining employment by reason of a developmental or physical disability and (b) chiefly dependent upon the public employee for support and maintenance, provided proof of such incapacity and dependency is furnished by the public employee within sixty days of the child's attainment of age twenty-six and subsequently as may be required by the authority, but not more frequently than annually after the two-year period following the child's attainment of age twenty-six.

**Sec.**  RCW 41.05.120 and 2023 c 435 s 10 are each amended to read as follows:

(1) The public employees' and retirees' insurance account is hereby established in the custody of the state treasurer, to be used by the director for the deposit of contributions, the remittance paid by school districts and educational service districts under RCW 28A.400.410, reserves, dividends, and refunds, for payment of premiums and claims for public employee and retiree insurance benefit contracts and subsidy amounts provided under RCW 41.05.085, and transfers from the flexible spending administrative account as authorized in RCW 41.05.123. Moneys from the account shall be disbursed by the state treasurer by warrants on vouchers duly authorized by the director. Moneys from the account may be transferred to the flexible spending administrative account to provide reserves and start-up costs for the operation of the flexible spending administrative account program.

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

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

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

~~(5) Moneys may be transferred between the public employees' and retirees' insurance account and the school employees' insurance account for short-term cash management and cash balance purposes.~~))

**Sec.**  RCW 41.05.123 and 2018 c 260 s 26 are each amended to read as follows:

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

((~~(a)~~)) (1) All receipts from the following must be deposited in the account:

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

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

((~~(b)~~)) (2) The salary reduction account is created in the custody of the state treasurer. ((~~Employee~~)) State employee and school employee salary reductions paid to reimburse participants or service providers for benefits provided by the ((~~medical~~)) flexible spending arrangement program and the dependent care assistance program provided through the salary reduction plan authorized under this chapter shall be paid from the salary reduction account. The funds held by the state to pay for benefits provided by the ((~~medical~~)) flexible spending arrangement program and the dependent care assistance program provided through the salary reduction plan authorized under this chapter shall be deposited in the salary reduction account. Unclaimed moneys remaining in the salary reduction account at the end of a plan year after all timely submitted claims for that plan year have been processed shall become a part of the flexible spending administrative account. Only the director or the director's designee may authorize expenditures from the account. The account is not subject to allotment procedures under chapter 43.88 RCW and an appropriation is not required for expenditures.

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

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

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

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

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

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

~~(b) The school employees' benefits board salary reduction account is created in the custody of the state treasurer. School employee salary reductions paid to reimburse participants or service providers for benefits provided by the school employees' benefits board medical flexible spending arrangement program and the school employees' benefits board dependent care assistance program provided through the salary reduction plan authorized under this chapter shall be paid from the school employees' benefits board salary reduction account. The funds held by the state to pay for benefits provided by the school employees' benefits board medical flexible spending arrangement program and the school employees' benefits board dependent care assistance program provided through the salary reduction plan authorized under this chapter shall be deposited in the school employees' benefits board salary reduction account. Unclaimed moneys remaining in the school employees' benefits board salary reduction account at the end of a plan year after all timely submitted claims for that plan year have been processed shall become a part of the school employees' benefits board flexible spending and dependent care administrative account. Only the director or the director's designee may authorize expenditures from the account. The account is not subject to allotment procedures under chapter 43.88 RCW and an appropriation is not required for expenditures.~~

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

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

**Sec.**  RCW 41.05.130 and 2023 c 51 s 13 are each amended to read as follows:

((~~(1) The state health care authority administrative account is hereby created in the state treasury. Moneys in the account, including unanticipated revenues under RCW 43.79.270, may be spent only after appropriation by statute, and may be used only for operating expenses of the authority.~~

~~(2)~~)) The ((~~school employees' insurance~~)) state health care authority administrative account is hereby created in the state treasury. Moneys in the account, including unanticipated revenues under RCW 43.79.270, may be used for operating, contracting, and other administrative expenses of the authority in administration of the ((~~school~~)) public employees insurance program((~~, including reimbursement of the state health care authority administrative account for initial operating expenses of the authority associated with chapter 13, Laws of 2017 3rd sp. sess~~)).

**Sec.**  RCW 41.05.140 and 2018 c 260 s 17 are each amended to read as follows:

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

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

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

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

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

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

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

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

**Sec.**  RCW 41.05.143 and 2022 c 157 s 11 are each amended to read as follows:

(1) The uniform medical plan benefits administration account is created in the custody of the state treasurer. Only the director or the director's designee may authorize expenditures from the account. Moneys in the account shall be used exclusively for contracted expenditures for uniform medical plan claims administration, data analysis, utilization management, preferred provider administration, and activities related to benefits administration where the level of services provided pursuant to a contract fluctuate as a direct result of changes in uniform medical plan enrollment. Receipts from amounts due from or on behalf of uniform medical plan enrollees for expenditures related to benefits administration, including moneys disbursed from the public employees' and retirees' insurance account, shall be deposited into the account. The account is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures. Moneys in the account may also be used for administrative activities required to respond to new and unforeseen conditions that impact the uniform medical plan, but only when the authority and the office of financial management jointly agree that such activities must be initiated prior to the next legislative session.

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

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

((~~(4) The school employees' benefits board medical benefits administrative account is created in the custody of the state treasurer. Only the director or the director's designee may authorize expenditures from the account. Moneys in the account shall be used exclusively for school employees' benefits board contracted expenditures related to claims administration, data analysis, utilization management, preferred provider administration, and other activities related to benefits administration for self-insured medical plans. Receipts from amounts due from or on behalf of enrollees for expenditures related to benefits administration, including moneys disbursed from the school employees' insurance account, shall be deposited into the account. The account is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures.~~

~~(5) The school employees' benefits board dental benefits administration account is created in the custody of the state treasurer. Only the director or the director's designee may authorize expenditures from the account. Moneys in the account shall be used exclusively for school employees' benefits board contracted expenditures related to benefits administration for the self-insured dental plan as established under RCW 41.05.140. Receipts from amounts due from or on behalf of the self-insured dental plan enrollees for expenditures related to benefits administration, including moneys disbursed from the school employees' insurance account, shall be deposited into the account. The account is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures.~~))

**Sec.**  RCW 41.05.183 and 2001 c 321 s 1 are each amended to read as follows:

(1) Each employee benefit plan offered to public employees that provides coverage for hospital, medical, or ambulatory surgery center services must cover general anesthesia services and related facility charges in conjunction with any dental procedure performed in a hospital or ambulatory surgical center if such anesthesia services and related facility charges are medically necessary because the covered person:

(a) Is under the age of seven, or ((~~physically or developmentally disabled~~)) is a person with a physical or developmental disability, with a dental condition that cannot be safely and effectively treated in a dental office; or

(b) Has a medical condition that the person's physician determines would place the person at undue risk if the dental procedure were performed in a dental office. The procedure must be approved by the person's physician.

(2) Each employee benefit plan offered to public employees that provides coverage for dental services must cover general anesthesia services in conjunction with any covered dental procedure performed in a dental office if the general anesthesia services are medically necessary because the covered person is under the age of seven or ((~~physically or developmentally disabled~~)) is a person with a physical or developmental disability.

(3) This section does not prohibit an employee benefit plan from:

(a) Applying cost-sharing requirements, maximum annual benefit limitations, and prior authorization requirements to the services required under this section; or

(b) Covering only those services performed by a health care provider, or in a health care facility, that is part of its provider network; nor does it limit the authority in negotiating rates and contracts with specific providers.

(4) This section does not apply to medicare supplement policies, or supplemental contracts covering a specified disease or other limited benefits.

(5) For the purpose of this section, "general anesthesia services" means services to induce a state of unconsciousness accompanied by a loss of protective reflexes, including the ability to maintain an airway independently and respond purposefully to physical stimulation or verbal command.

((~~(6) This section applies to employee benefit plans issued or renewed on or after January 1, 2002.~~))

**Sec.**  RCW 41.05.195 and 2023 c 13 s 6 are each amended to read as follows:

Notwithstanding any other provisions of this chapter or rules or procedures adopted by the authority, the authority shall make available to retired or disabled public employees who are enrolled in parts A and B of medicare one or more medicare supplemental insurance policies that conform to the requirements of chapter 48.66 RCW. The policies shall be chosen in consultation with the ((~~public employees'~~)) Washington employees and retirees benefits board. These policies shall be made available to retired or disabled ((~~state~~)) public employees; ((~~retired or disabled school district employees; retired employees of employer groups eligible for coverage available under the authority~~)) separated employees; survivors of public employees; survivors of retired or disabled public employees; survivors of separated employees; or surviving spouses or surviving state registered domestic partners of emergency service personnel killed in the line of duty; and those individuals described in section 36(7) of this act.

**Sec.**  RCW 41.05.197 and 2005 c 47 s 2 are each amended to read as follows:

The medicare supplemental insurance policies authorized under RCW 41.05.195 shall be made available to any resident of the state who:

(1) Is enrolled in parts A and B of medicare; and

(2) Is not eligible to purchase coverage as a retired or disabled public employee under RCW 41.05.195. State residents purchasing a medicare supplemental insurance policy under this section shall be required to pay the full cost of any such policy.

**Sec.**  RCW 41.05.225 and 2018 c 260 s 18 are each amended to read as follows:

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

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

(3) Money from the business enterprises program under the federal Randolph-Sheppard Act may not be used for family participation in the health insurance benefits provided under this section. Family insurance benefits are the sole responsibility of the individual blind vendors.

**Sec.**  RCW 41.05.300 and 2018 c 260 s 19 are each amended to read as follows:

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

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

**Sec.**  RCW 41.05.320 and 2023 c 51 s 17 are each amended to read as follows:

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

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

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

(b) Once an eligible person elects to participate in the salary reduction plan and determines the amount his or her gross salary shall be reduced and the benefit plan for which the funds are to be used during the plan year, the agreement shall be irrevocable and may not be amended during the plan year except as provided in (c) of this subsection. Prior to making an election to participate in the salary reduction plan, the eligible person shall be informed in writing of all the benefits and reductions that will occur as a result of such election.

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

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

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

**Sec.**  RCW 41.05.405 and 2021 c 246 s 5 are each amended to read as follows:

(1) If a public option plan is not available in each county in the state during plan year 2022 or later, the following requirements apply for all subsequent plan years:

(a) Upon an offer from a public option plan, a hospital licensed under chapter 70.41 RCW that receives payment for services provided to enrollees in the ((~~public employees' benefits program or school employees'~~)) Washington employees and retirees benefits board program, or through a medical assistance program under chapter 74.09 RCW, must contract with at least one public option plan to provide in-network services to enrollees of that plan. This subsection (1)(a) does not apply to a hospital owned and operated by a health maintenance organization licensed under chapter 48.46 RCW; and

(b) The authority shall contract, under RCW 41.05.410, with one or more health carriers to offer at least one standardized bronze, one standardized silver, and one standardized gold qualified health plan in every county in the state or in each county within a region of the state.

(2) Health carriers and hospitals may not condition negotiations or participation of a hospital licensed under chapter 70.41 RCW in any health plan offered by the health carrier on the hospital's negotiations or participation in a public option plan.

(3) By December 1st of the plan year during which enrollment in public option plans statewide is greater than 10,000 covered lives:

(a) The health benefit exchange, in consultation with the insurance commissioner and the authority, shall analyze public option plan rates paid to hospitals for in-network services and whether they have impacted hospital financial sustainability. The analysis must include any impact on hospitals' operating margins during the years public option health plans have been offered in the state and the estimated impact on operating margins in future years if enrollment in public option plans increases. It must also examine the income levels of public option plan enrollees over time. The analysis may examine a sample of hospitals of various sizes and located in various counties. In conducting its analysis, the exchange must give substantial weight to any available reporting of health care provider and health system costs under RCW 70.390.050;

(b) The health care cost transparency board established under chapter 70.390 RCW shall analyze the effect that enrollment in public option plans has had on consumers, including an analysis of the benefits provided to, and premiums and cost-sharing amounts paid by, consumers enrolled in public option plans compared to other standardized and nonstandardized qualified health plans; and

(c) The health benefit exchange, in consultation with the insurance commissioner, the authority, and interested stakeholders, including, but not limited to, statewide associations representing hospitals, health insurers, and physicians, shall review the analyses completed under (a) and (b) of this subsection and develop recommendations to the legislature to address financial or other issues identified in the analyses.

(4) The authority may adopt program rules, in consultation with the office of the insurance commissioner, to ensure compliance with this section, including levying fines and taking other contract actions it deems necessary to enforce compliance with this section.

(5) For the purposes of this section, "public option plan" means a qualified health plan contracted by the authority under RCW 41.05.410.

**Sec.**  RCW 41.05.430 and 2022 c 122 s 2 are each amended to read as follows:

(1) For births taking place in a licensed hospital or birthing center, a health plan offered to public employees and their covered dependents must allow a provider to separately bill for devices, implants, professional services, or a combination thereof, associated with immediate postpartum contraception and may not consider such devices, implants, services, or combinations thereof to be part of any payments for general obstetric procedures.

(2) For purposes of this section, "immediate postpartum contraception" means the postpartum insertion of intrauterine devices or contraceptive implants performed before the patient is discharged from the hospital or birthing center and includes the devices or implants themselves.

(3) This section does not apply to facility services associated with immediate postpartum contraception.

(4) Nothing in this section affects an enrollee's right to directly access women's health care services, including contraceptive services.

(5) This section applies to health plans issued or renewed on or after January 1, 2023.

**Sec.**  RCW 41.05.525 and 2019 c 314 s 36 are each amended to read as follows:

A health plan offered to public employees((~~, school employees,~~)) and their covered dependents under this chapter issued or renewed on or after January 1, 2020, shall provide coverage without prior authorization of at least one federal food and drug administration approved product for the treatment of opioid use disorder in the drug classes opioid agonists, opioid antagonists, and opioid partial agonists.

**Sec.**  RCW 41.05.526 and 2024 c 366 s 6 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, a health plan offered to public employees and their covered dependents under this chapter issued or renewed on or after January 1, 2021, may not require an enrollee to obtain prior authorization for withdrawal management services or inpatient or residential substance use disorder treatment services in a behavioral health agency licensed or certified under RCW 71.24.037.

(2)(a) A health plan offered to public employees and their covered dependents under this chapter issued or renewed on or after January 1, 2021, must:

(i) Provide coverage for no less than two business days, excluding weekends and holidays, in a behavioral health agency that provides inpatient or residential substance use disorder treatment prior to conducting a utilization review; and

(ii) Provide coverage for no less than three days in a behavioral health agency that provides withdrawal management services prior to conducting a utilization review.

(b)(i) The health plan may not require an enrollee to obtain prior authorization for the services specified in (a) of this subsection as a condition for payment of services prior to the times specified in (a) of this subsection.

(ii) Once the times specified in (a) of this subsection have passed, the health plan may initiate utilization management review procedures if the behavioral health agency continues to provide services or is in the process of arranging for a seamless transfer to an appropriate facility or lower level of care under subsection (6) of this section. For a health plan issued or renewed on or after January 1, 2025, if a health plan authorizes inpatient or residential substance use disorder treatment services pursuant to (a)(i) of this subsection following the initial medical necessity review process under (c)(iii) of this subsection, the length of the initial authorization may not be less than 14 days from the date that the patient was admitted to the behavioral health agency. Any subsequent reauthorization that the health plan approves after the first 14 days must continue for no less than seven days prior to requiring further reauthorization. Nothing prohibits a health plan from requesting information to assist with a seamless transfer under this subsection.

(c)(i) The behavioral health agency under (a) of this subsection must notify an enrollee's health plan as soon as practicable after admitting the enrollee, but not later than twenty-four hours after admitting the enrollee. The time of notification does not reduce the requirements established in (a) of this subsection.

(ii) The behavioral health agency under (a) of this subsection must provide the health plan with its initial assessment and initial treatment plan for the enrollee within two business days of admission, excluding weekends and holidays, or within three days in the case of a behavioral health agency that provides withdrawal management services.

(iii) After the time period in (a) of this subsection and receipt of the material provided under (c)(ii) of this subsection, the plan may initiate a medical necessity review process. Medical necessity review must be based on the standard set of criteria established under RCW 41.05.528. In a review for inpatient or residential substance use disorder treatment services, a health plan may not make a determination that a patient does not meet medical necessity criteria based primarily on the patient's length of abstinence. If the patient's abstinence from substance use was due to incarceration, hospitalization, or inpatient treatment, a health plan may not consider the patient's length of abstinence in determining medical necessity. If the health plan determines within one business day from the start of the medical necessity review period and receipt of the material provided under (c)(ii) of this subsection that the admission to the facility was not medically necessary and advises the agency of the decision in writing, the health plan is not required to pay the facility for services delivered after the start of the medical necessity review period, subject to the conclusion of a filed appeal of the adverse benefit determination. If the health plan's medical necessity review is completed more than one business day after the start of the medical necessity review period and receipt of the material provided under (c)(ii) of this subsection, the health plan must pay for the services delivered from the time of admission until the time at which the medical necessity review is completed and the agency is advised of the decision in writing.

(3)(a) The behavioral health agency shall document to the health plan the patient's need for continuing care and justification for level of care placement following the current treatment period, based on the standard set of criteria established under RCW 41.05.528, with documentation recorded in the patient's medical record.

(b) For a health plan issued or renewed on or after January 1, 2025, for inpatient or residential substance use disorder treatment services, the health plan may not consider the patient's length of stay at the behavioral health agency when making decisions regarding the authorization to continue care at the behavioral health agency.

(4) Nothing in this section prevents a health carrier from denying coverage based on insurance fraud.

(5) If the behavioral health agency under subsection (2)(a) of this section is not in the enrollee's network:

(a) The health plan is not responsible for reimbursing the behavioral health agency at a greater rate than would be paid had the agency been in the enrollee's network; and

(b) The behavioral health agency may not balance bill, as defined in RCW 48.43.005.

(6) When the treatment plan approved by the health plan involves transfer of the enrollee to a different facility or to a lower level of care, the care coordination unit of the health plan shall work with the current agency to make arrangements for a seamless transfer as soon as possible to an appropriate and available facility or level of care. The health plan shall pay the agency for the cost of care at the current facility until the seamless transfer to the different facility or lower level of care is complete. A seamless transfer to a lower level of care may include same day or next day appointments for outpatient care, and does not include payment for nontreatment services, such as housing services. If placement with an agency in the health plan's network is not available, the health plan shall pay the current agency until a seamless transfer arrangement is made.

(7) The requirements of this section do not apply to treatment provided in out-of-state facilities.

(8) For the purposes of this section "withdrawal management services" means twenty-four hour medically managed or medically monitored detoxification and assessment and treatment referral for adults or adolescents withdrawing from alcohol or drugs, which may include induction on medications for addiction recovery.

**Sec.**  RCW 41.05.528 and 2020 c 345 s 6 are each amended to read as follows:

For the purposes of promoting standardized training for behavioral health professionals and facilitating communications between behavioral health agencies, executive agencies, managed care organizations, private health plans, and plans offered through the ((~~public employees'~~)) Washington employees and retirees benefits board, it is the policy of the state to adopt a single standard set of criteria to define medical necessity for substance use disorder treatment and to define substance use disorder levels of care in Washington. The criteria selected must be comprehensive, widely understood and accepted in the field, and based on continuously updated research and evidence. The health care authority and the office of the insurance commissioner must independently review their regulations and practices by January 1, 2021. The health care authority may make rules if necessary to promulgate the selected standard set of criteria.

**Sec.**  RCW 41.05.540 and 2023 c 51 s 21 are each amended to read as follows:

(1) The health care authority, in coordination with the department of health, health plans participating in ((~~public employees'~~)) Washington employees and retirees benefits board programs, and the University of Washington's center for health promotion, shall establish and maintain a state employee health program focused on reducing the health risks and improving the health status of state employees, dependents, and retirees enrolled in the ((~~public employees' benefits board~~)) board's benefits. The program shall use public and private sector best practices to achieve goals of measurable health outcomes, measurable productivity improvements, positive impact on the cost of medical care, and positive return on investment. The program shall establish standards for health promotion and disease prevention activities, and develop a mechanism to update standards as evidence-based research brings new information and best practices forward.

(2) The state employee health program shall:

(a) Provide technical assistance and other services as needed to wellness staff in all state agencies and institutions of higher education;

(b) Develop effective communication tools and ongoing training for wellness staff;

(c) Contract with outside vendors for evaluation of program goals;

(d) Strongly encourage the widespread completion of online health assessment tools for all state employees, dependents, and retirees. The health assessment tool must be voluntary and confidential. Health assessment data and claims data shall be used to:

(i) Engage state agencies and institutions of higher education in providing evidence-based programs targeted at reducing identified health risks;

(ii) Guide contracting with third-party vendors to implement behavior change tools for targeted high-risk populations; and

(iii) Guide the benefit structure for state employees, dependents, and retirees to include covered services and medications known to manage and reduce health risks.

**Sec.**  RCW 41.05.670 and 2017 3rd sp.s. c 13 s 812 are each amended to read as follows:

(1) Effective January 1, ((~~2013~~)) 2027, the authority must contract with all of the ((~~public employees'~~)) Washington employees and retirees benefits board managed care plans and the self-insured plan or plans to include provider reimbursement methods that incentivize chronic care management within health homes resulting in reduced emergency department and inpatient use.

(2) Health home services contracted for under this section may be prioritized to enrollees with complex, high cost, or multiple chronic conditions.

(3) For the purposes of this section, "chronic care management" and "health home" have the same meaning as in RCW 74.09.010.

(4) Contracts with fully insured plans and with any third-party administrator for the self-funded plan that include the items in subsection (1) of this section must be funded within the resources provided by employer funding rates provided for public employee health benefits in the omnibus appropriations act.

(5) Nothing in this section shall require contracted third-party health plans administering the self-insured contract to expend resources to implement items in subsection (1) of this section beyond the resources provided by employer funding rates provided for public employee health benefits in the omnibus appropriations act or from other sources in the absence of these provisions.

((~~(6) The school employees' benefits board, under RCW 41.05.740, shall implement the provisions of this section, effective January 1, 2020.~~))

**Sec.**  RCW 41.05.700 and 2024 c 215 s 1 are each amended to read as follows:

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

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

(ii) The health care service is medically necessary;

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

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

(v) Beginning January 1, 2023, for audio-only telemedicine, the covered person has an established relationship with the provider.

(b)(i) Except as provided in (b)(ii) of this subsection, a health plan offered to public employees((~~, school employees,~~)) and their covered dependents under this chapter issued or renewed on or after January 1, 2021, shall reimburse a provider for a health care service provided to a covered person through telemedicine the same amount of compensation the carrier would pay the provider if the health care service was provided in person by the provider.

(ii) Hospitals, hospital systems, telemedicine companies, and provider groups consisting of eleven or more providers may elect to negotiate an amount of compensation for telemedicine services that differs from the amount of compensation for in-person services.

(iii) For purposes of this subsection (1)(b), the number of providers in a provider group refers to all providers within the group, regardless of a provider's location.

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

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

(a) Hospital;

(b) Rural health clinic;

(c) Federally qualified health center;

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

(e) Licensed or certified behavioral health agency;

(f) Skilled nursing facility;

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

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

(4) Except for subsection (3)(g) of this section, any originating site under subsection (3) of this section may charge a facility fee for infrastructure and preparation of the patient. Reimbursement for a facility fee must be subject to a negotiated agreement between the originating site and the health plan. A distant site, a hospital that is an originating site for audio-only telemedicine, or any other site not identified in subsection (3) of this section may not charge a facility fee.

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

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

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

(a) An originating site for professional fees;

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

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

(8)(a) If a provider intends to bill a patient or the patient's health plan for an audio-only telemedicine service, the provider must obtain patient consent for the billing in advance of the service being delivered.

(b) If the health care authority has cause to believe that a provider has engaged in a pattern of unresolved violations of this subsection (8), the health care authority may submit information to the appropriate disciplining authority, as defined in RCW 18.130.020, for action. Prior to submitting information to the appropriate disciplining authority, the health care authority may provide the provider with an opportunity to cure the alleged violations or explain why the actions in question did not violate this subsection (8).

(c) If the provider has engaged in a pattern of unresolved violations of this subsection (8), the appropriate disciplining authority may levy a fine or cost recovery upon the provider in an amount not to exceed the applicable statutory amount per violation and take other action as permitted under the authority of the disciplining authority. Upon completion of its review of any potential violation submitted by the health care authority or initiated directly by an enrollee, the disciplining authority shall notify the health care authority of the results of the review, including whether the violation was substantiated and any enforcement action taken as a result of a finding of a substantiated violation.

(9) For purposes of this section:

(a)(i) "Audio-only telemedicine" means the delivery of health care services through the use of audio-only technology, permitting real-time communication between the patient at the originating site and the provider, for the purpose of diagnosis, consultation, or treatment.

(ii) For purposes of this section only, "audio-only telemedicine" does not include:

(A) The use of facsimile or email; or

(B) The delivery of health care services that are customarily delivered by audio-only technology and customarily not billed as separate services by the provider, such as the sharing of laboratory results;

(b) "Disciplining authority" has the same meaning as in RCW 18.130.020;

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

(d) "Established relationship" means the provider providing audio-only telemedicine has access to sufficient health records to ensure safe, effective, and appropriate care services and:

(i) The covered person has had, within the past three years, at least one in-person appointment, or at least one real-time interactive appointment using both audio and video technology, with the provider providing audio-only telemedicine or with a provider employed at the same medical group, at the same clinic, or by the same integrated delivery system operated by a carrier licensed under chapter 48.44 or 48.46 RCW as the provider providing audio-only telemedicine; or

(ii) The covered person was referred to the provider providing audio-only telemedicine by another provider who has had, within the past three years, at least one in-person appointment, or at least one real-time interactive appointment using both audio and video technology, with the covered person and has provided relevant medical information to the provider providing audio-only telemedicine;

(e) "Health care service" has the same meaning as in RCW 48.43.005;

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

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

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

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

(j) "Telemedicine" means the delivery of health care services through the use of interactive audio and video technology, permitting real-time communication between the patient at the originating site and the provider, for the purpose of diagnosis, consultation, or treatment. For purposes of this section only, "telemedicine" includes audio-only telemedicine, but does not include facsimile or email.

**Sec.**  RCW 41.05.820 and 2018 c 219 s 2 are each amended to read as follows:

(1) For plan years beginning January 1, 2020, at least one health carrier in an insurance holding company system must offer in the exchange at least one silver and one gold qualified health plan in any county in which any health carrier in that insurance holding company system offers a fully insured health plan that was approved, on or after June 7, 2018, by the school employees' benefits board or the public employees' benefits board to be offered to employees and their covered dependents under this chapter.

(2) The rates for a health plan approved by the school employees' benefits board or the public employees' benefits board may not include the administrative costs or actuarial risks associated with a qualified health plan offered under subsection (1) of this section.

(3) The authority shall perform an actuarial review during the annual rate setting process for plans approved by the school employees' benefits board or the public employees' benefits board to ensure compliance with subsection (2) of this section.

(4) For plan years beginning January 1, 2027, the Washington employees and retirees benefits board will approve plans as described in this section.

(5) For purposes of this section, "exchange" and "health carrier" have the same meaning as in RCW 48.43.005.

((~~(5)~~)) (6) For purposes of this section, "insurance holding company system" has the same meaning as in RCW 48.31B.005.

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

(1) The Washington employees and retirees benefits board is created within the authority. The function of the Washington employees and retirees benefits board is to design and approve insurance benefit plans for public employees and to establish eligibility criteria for participation in insurance benefit plans.

(2) By September 30, 2025, the governor shall appoint the following voting members to the Washington employees and retirees benefits boards:

(a) Two representatives of state employees, one of whom shall represent an employee union certified as exclusive representative of at least one bargaining unit of classified employees, and one of whom shall represent employees of institutions of higher education and community and technical colleges;

(b) Two representatives of retired state employees or school employees, who are covered by a program under the jurisdiction of the Washington employees and retirees benefits board, one of whom shall represent an organized group of retired state employees, and one of whom shall represent an organized group of retired school employees;

(c) One member from an association representing certificated school employees;

(d) One member from an association representing classified school employees;

(e) Six members with expertise in employee health benefits, policy, and cost containment:

(i) One of which is nominated by an association representing school business officials;

(ii) One of which is the director of state human resources or his or her designee;

(iii) One of which is the director of the department of retirement systems or his or her designee; and

(iv) One of which with expertise in health equity; and

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

(3) Initial members of the Washington employees and retirees benefits board shall serve staggered terms not to exceed four years. Members appointed thereafter shall serve two-year terms.

(4) Compensation and reimbursement related to Washington employees and retirees benefits board member service are as follows:

(a) Members of the Washington employees and retirees benefits board must be compensated in accordance with RCW 43.03.250 and must be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060; and

(b) While Washington employees and retirees benefits board members are carrying out their powers and duties under this chapter, if the service of any certificated or classified employee results in a need for an employing agency to employ a substitute for such certificated or classified employee during such service, payment for such a substitute may be made by the authority from funds appropriated by the legislature for the Washington employees and retirees benefits board program. If such substitute is paid by the authority, no deduction shall be made from the salary of the certificated or classified employee. In no event shall an employing agency deduct from the salary of a certificated or classified employee serving on the Washington employees and retirees benefits board more than the amount paid the substitute employed by the employing agency.

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

(1) The Washington employees and retirees benefits board shall:

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

(b) Develop benefit plans that include comprehensive, evidence-based health care benefits for public employees. In developing these plans, the Washington employees and retirees benefits board shall consider the following elements:

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

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

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

(iv) Utilization review procedures to support cost-effective benefits delivery including, but not limited to, prior authorization of services, hospital inpatient length of stay review, requirements for use of outpatient surgeries and second opinions for surgeries, review of invoices or claims submitted by service providers, and performance audit of providers;

(v) Effective coordination of benefits; and

(vi) Minimum standards for insuring entities;

(c) Authorize premium contributions for a public employee and the public employee's dependents in a manner that encourages the use of cost-efficient health care systems. For participating public employees, the required public employee share of the cost for family coverage premiums may not exceed three times the premiums for a public employee purchasing single coverage for the same coverage plan;

(d) Determine the terms and conditions of participation and coverage for state employees, school employees, retired or disabled public employees, separated employees, and their survivors; or employer groups, and school board members, including:

(i) Dependent eligibility criteria and coverage, that provides at a minimum, coverage for dependents, including criteria for legal spouses; children up to age 26; children of any age with disabilities, mental illness, or intellectual or other developmental disabilities; and state registered domestic partners, as defined in RCW 26.60.020, and others authorized by the legislature;

(ii) Enrollment policies including the effective date of coverage, except as limited by section 36 of this act;

(iii) Scope of coverage, except if bargained for under chapter 41.80 RCW; and

(iv) That public employees shall choose participation in one of the health care benefit plans developed by the board. Public employees eligible for benefits under section 36 of this act may be permitted to waive coverage under terms and conditions established by the board;

(e) Offer a health savings account option for state employees and school employees that conforms to section 223, Part VII of subchapter B of chapter 1 of the internal revenue code of 1986. The board shall comply with all applicable federal standards related to the establishment of health savings accounts;

(f) Offer at least one high deductible health plan in conjunction with a health savings account developed under (e) of this subsection; and

(g) Participate with the authority in the preparation of specifications and selection of carriers contracted for public employee benefit plan coverage of eligible public employees in accordance with the criteria set forth in rules.

(2) In addition to the benefits offering authority under this chapter and subject to the availability of funding, the board may study, and establish evaluation criteria to offer the following voluntary benefits, to be paid for by the individual who elects to enroll in the benefit:

(a) Emergency transportation;

(b) Identity protection;

(c) Legal aid;

(d) Long-term care insurance;

(e) Noncommercial personal automobile insurance;

(f) Personal homeowner's or renter's insurance;

(g) Pet insurance;

(h) Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit regulated by the office of the insurance commissioner. This benefit is not a health plan as defined in RCW 48.43.005; and

(i) Travel insurance.

(3) The health care authority, in consultation with the board, shall review the optional benefits reported as required in RCW 28A.400.280 and determine if the optional benefits are in competition with benefits currently offered under either the authority's or the board's authorities. If a benefit offering is determined to be in competition with the benefits offered under either the authority's or the board's authorities, the health care authority must inform the employer of the benefits conflict and work with the employer, and the applicable carrier, to either modify and remove competing components of the employer-based benefit or end the benefit offering. If a carrier is in the process of modifying benefits, including seeking any required regulatory approval, an employer may continue to offer the original benefit.

(4) The board may establish penalties to be imposed by the authority when the eligibility determinations of an employing agency fail to comply with the criteria under this chapter.

(5) The terms and conditions adopted by the public employees' benefits board or school employees' benefits board before January 1, 2027, remain in effect until the Washington employees and retirees benefits board establishes new terms and conditions.

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

(1) At a minimum, the eligibility criteria established by the Washington employees and retirees benefits board for state employees shall be no more restrictive than the following:

(a) Except as provided in (b) through (e) of this subsection, a state employee is eligible for benefits from the date of employment if the employing agency anticipates he or she will work an average of at least 80 hours per month and for at least eight hours in each month for more than six consecutive months. A state employee determined ineligible for benefits at the beginning of his or her employment shall become eligible in the following circumstances:

(i) A state employee who works an average of at least 80 hours per month and for at least eight hours in each month and whose anticipated duration of employment is revised from less than or equal to six consecutive months to more than six consecutive months becomes eligible when the revision is made; or

(ii) A state employee who works an average of at least 80 hours per month over a period of six consecutive months and for at least eight hours in each of those six consecutive months becomes eligible at the first of the month following the six-month averaging period;

(b) A seasonal employee is eligible for benefits from the date of employment if the employing agency anticipates that he or she will work an average of at least 80 hours per month and for at least eight hours in each month of the season. A seasonal employee determined ineligible at the beginning of his or her employment who works an average of at least 80 hours per month over a period of six consecutive months and at least eight hours in each of those six consecutive months becomes eligible at the first of the month following the six-month averaging period. A benefits-eligible seasonal employee who works a season of less than nine months shall not be eligible for the employer contribution during the off season, but may continue enrollment in benefits during the off season by self-paying for the benefits. A benefits-eligible seasonal employee who works a season of nine months or more is eligible for the employer contribution through the off season following each season worked;

(c) Faculty are eligible as follows:

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

(ii) Faculty who the employing agency anticipates will not work for the entire instructional year or equivalent nine-month period are eligible for benefits at the beginning of the second consecutive quarter or semester of employment in which he or she is anticipated to work, or has actually worked, half-time or more. Such an employee shall continue to receive uninterrupted employer contributions for benefits if the employee works at least half-time in a quarter or semester. Faculty who the employing agency anticipates will not work for the entire instructional year or equivalent nine-month period, but who actually work half-time or more throughout the entire instructional year, are eligible for summer or off-quarter or off-semester coverage. Faculty who have met the criteria of this subsection (1)(c)(ii), who work at least two quarters or two semesters of the academic year with an average academic year workload of half-time or more for three quarters or two semesters of the academic year, and who have worked an average of half-time or more in each of the two preceding academic years shall continue to receive uninterrupted employer contributions for benefits if he or she works at least half-time in a quarter or semester or works two quarters or two semesters of the academic year with an average academic workload each academic year of half-time or more for three quarters or two semesters. Eligibility under this section ceases immediately if this criteria is not met;

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

(iv) The employing agency must provide written notice to faculty who are potentially eligible for benefits under this subsection (1)(c) of their potential eligibility;

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

(vi) For the purposes of this subsection (1)(c):

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

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

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

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

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

(g) In determining eligibility for state employees, the employing agency may disregard training hours, standby hours, or temporary changes in work hours as determined by the authority under this section;

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

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

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

(k) For the purposes of this subsection, the Washington employees and retirees benefits board shall define "benefits-eligible position."

(2) At a minimum, the eligibility criteria established by the board for school employees shall be no more restrictive than the following:

(a) Requiring that a school employee be anticipated to work at least 630 hours per school year to be benefits eligible; and

(b) Establishing terms and conditions for an employing agency as defined in RCW 41.05.011 to have the ability to locally negotiate eligibility criteria for a school employee who is anticipated to work less than 630 hours in a school year. An employing agency that elects to use a lower threshold of hours for benefits eligibility must use benefits authorized by the board and shall do so as an enrichment to the state's definition of basic education.

(3) Employer groups obtaining benefits through contractual agreement with the authority for employees of an employer groups, as defined in RCW 41.05.011 may contractually agree with the authority to benefits eligibility criteria which differs from that determined by the Washington employees and retirees benefits board.

(4) A school board member may participate in the benefit plans offered by the board.

(a) A school board member must enroll in medical, dental, and vision benefits. A school board member shall be responsible for submitting the full self-pay premium amount developed by the authority for each month the member is covered.

(b) A school board member may participate in the Washington employees and retirees benefits board program for the duration of the member's elected term as a school board member and may renew the member's participation at the start of each subsequent term as a school board member.

(c) If a school board member voluntarily ends the member's enrollment in the board program prior to the end of their elected term, the member is no longer eligible under this subsection to participate in the board program for the remainder of the member's elected term.

(d) This subsection does not create any eligibility for school board members to participate in retiree benefits provided by the board program.

(5) A retired or disabled public employee, or separated employee, may participate in insurance plans and contracts set by the board.

(a) Retired or disabled public employees covered by this chapter may continue their participation in insurance plans and contracts after retirement or disablement.

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

(6) A surviving spouse, surviving state registered domestic partner, or surviving dependent children of the following may participate in insurance plans and contracts set by the board:

(a) Surviving spouses, surviving state registered domestic partners, and surviving dependent children of a public employee, a retired or disabled public employee, or separated employee;

(b) Surviving spouses, surviving state registered domestic partners, and surviving dependent children of emergency service personnel killed in the line of duty.

(7) When an employer group whose contractual agreement with the authority was terminated the following individuals may continue their participation in insurance plans and contracts set by the board:

(a) Retired or disabled employees of an employer group;

(b) Separated employees of an employer group; and

(c) Surviving spouses, surviving state registered domestic partners, or surviving dependent children of a retired or disabled employee, or a separated employee of an employer group.

(8) Rates charged to individuals described under subsections (4) through (7) of this section are described under RCW 41.05.022 or 41.05.080.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1) RCW 41.05.055 (Public employees' benefits board—Members) and 2018 c 260 s 11, 2017 3rd sp.s. c 13 s 807, 2009 c 537 s 6, 1995 1st sp.s. c 6 s 4, 1994 c 36 s 1, 1993 c 492 s 217, 1989 c 324 s 1, & 1988 c 107 s 7;

(2) RCW 41.05.065 (Public employees' benefits board—Duties—Eligibility—Definitions—Penalties) and 2018 c 260 s 12, 2015 c 116 s 3, 2011 1st sp.s. c 8 s 1, & 2009 c 537 s 7;

(3) RCW 41.05.068 (Federal employer incentive program—Authority to participate) and 2023 c 51 s 12, 2009 c 479 s 25, & 2005 c 195 s 2;

(4) RCW 41.05.740 (School employees' benefits board) and 2023 c 13 s 7, 2018 c 260 s 1, & 2017 3rd sp.s. c 13 s 801;

(5) RCW 41.05.742 (Single enrollment requirement) and 2021 c 18 s 1 & 2020 c 8 s 4;

(6) RCW 41.05.743 (School board members—Eligibility for health benefits) and 2023 c 13 s 8;

(7) RCW 41.05.744 (School employee eligibility during COVID-19 state of emergency) and 2020 c 8 s 5;

(8) RCW 41.05.745 (School employees' benefits board—Employee-paid, voluntary benefits—Optional benefits) and 2020 c 231 s 3;

(9) RCW 41.05.890 (Certain health care and financial related data provided to authority—Exempt from disclosure) and 2018 c 260 s 31;

(10) RCW 41.05.950 (Retired or disabled public employees—Special health coverage enrollment opportunity) and 2023 c 15 s 1; and

(11) RCW 41.05.951 (Retired or disabled employees of employer groups—Return following termination of employer's agreement—2023 c 312) and 2023 c 312 s 3.

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