
HOUSE BILL 1330

State of Washington

69th Legislature

2025 Regular Session

By Representatives Lekanoff, Macri, and Nance

Read first time 01/16/25. Referred to Committee on Appropriations.

1 AN ACT Relating to consolidating the public employees' benefits
2 board and the school employees' benefits board; RCW 41.05.004,
3 41.05.008, 41.05.0091, 41.05.022, 41.05.023, 41.05.050, 41.05.075,
4 41.05.080, 41.05.083, 41.05.085, 41.05.095, 41.05.120, 41.05.123,
5 41.05.130, 41.05.140, 41.05.143, 41.05.183, 41.05.195, 41.05.197,
6 41.05.225, 41.05.300, 41.05.320, 41.05.405, 41.05.430, 41.05.525,
7 41.05.526, 41.05.528, 41.05.540, 41.05.670, 41.05.700, and 41.05.820;
8 reenacting and amending RCW 41.05.011 and 41.05.021; adding new
9 sections to chapter 41.05 RCW; and repealing RCW 41.05.055,
10 41.05.065, 41.05.068, 41.05.740, 41.05.742, 41.05.743, 41.05.744,
11 41.05.745, 41.05.890, 41.05.950, and 41.05.951.

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

13 **Sec. 1.** RCW 41.05.004 and 2018 c 260 s 5 are each amended to
14 read as follows:

15 It is the intent of the legislature that the word "board" be read
16 to mean (~~both~~) the (~~school employees' benefits board and the~~
17 ~~public employees'~~) Washington employees and retirees benefits board
18 throughout this chapter. The use of "board" should be liberally
19 construed to mean (~~both boards~~) this board, to the extent not in
20 conflict with state or federal law. In no case shall (~~either~~) the

1 board be limited from exercising its (~~individual~~) authority as
2 authorized within this chapter.

3 **Sec. 2.** RCW 41.05.008 and 2009 c 537 s 1 are each amended to
4 read as follows:

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

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

13 **Sec. 3.** RCW 41.05.0091 and 2009 c 537 s 10 are each amended to
14 read as follows:

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

23 **Sec. 4.** RCW 41.05.011 and 2023 c 164 s 1, 2023 c 51 s 3, and
24 2023 c 13 s 2 are each reenacted and amended to read as follows:

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

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

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

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

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

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

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

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

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

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

18 (d) Members of the state legislature. ~~((Pursuant to contractual~~
19 ~~agreement with the authority, "employee" may also include: (i)~~
20 ~~Employees of a county, municipality, or other political subdivision~~
21 ~~of the state and members of the legislative authority of any county,~~
22 ~~city, or town who are elected to office after February 20, 1970, if~~
23 ~~the legislative authority of the county, municipality, or other~~
24 ~~political subdivision of the state submits application materials to~~
25 ~~the authority to provide any of its insurance programs by contract~~
26 ~~with the authority, as provided in RCW 41.04.205 and 41.05.021(1)(g);~~
27 ~~(ii) employees of employee organizations representing state civil~~
28 ~~service employees, at the option of each such employee organization;~~
29 ~~(iii) through December 31, 2019, employees of a school district if~~
30 ~~the authority agrees to provide any of the school districts'~~
31 ~~insurance programs by contract with the authority as provided in RCW~~
32 ~~28A.400.350; (iv) employees of a tribal government, if the governing~~
33 ~~body of the tribal government seeks and receives the approval of the~~
34 ~~authority to provide any of its insurance programs by contract with~~
35 ~~the authority, as provided in RCW 41.05.021(1) (f) and (g); (v)~~
36 ~~employees of the Washington health benefit exchange if the governing~~
37 ~~board of the exchange established in RCW 43.71.020 seeks and receives~~
38 ~~approval of the authority to provide any of its insurance programs by~~
39 ~~contract with the authority, as provided in RCW 41.05.021(1) (g) and~~
40 ~~(n); and (vi) through December 31, 2019, employees of a charter~~

1 ~~school established under chapter 28A.710 RCW. "Employee"))~~ "State
2 employee" does not include: Adult family home providers; unpaid
3 volunteers; patients of state hospitals; inmates; students of
4 institutions of higher education as determined by their institution;
5 and any others not expressly defined as state employees under this
6 chapter or by the authority under this chapter.

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

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

12 ~~((ii) Represented employees of educational service districts;~~
13 ~~(iii) Effective January 1, 2024, all))~~ (b) All employees of
14 educational service districts ~~(; and~~

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

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

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

33 (a) Employees of a county, municipality, or other political
34 subdivision of the state and members of the legislative authority of
35 any county, city, or town who are elected to office after February
36 20, 1970, if the legislative authority of the county, municipality,
37 or other political subdivision of the state submits application
38 materials to the authority to provide any of its insurance programs
39 by contract with the authority, as provided in RCW 41.04.205 and
40 41.05.021(1) (h);

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

3 (c) Employees of a tribal government or a tribal school if the
4 governing body of the tribal government or tribal school seeks and
5 receives the approval of the authority to provide any of its
6 insurance programs by contract with the authority, as provided in RCW
7 41.05.021(1) (g) and (h); and

8 (d) Employees of the Washington health benefit exchange if the
9 governing board of the exchange established in RCW 43.71.020 seeks
10 and receives approval of the authority to provide any of its
11 insurance programs by contract with the authority, as provided in RCW
12 41.05.021(1) (f) and (h).

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

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

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

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

33 ~~(10)(a))~~ (11) "Employing agency" ((for the public employees'
34 ~~benefits board program))~~ means a division, department, or separate
35 agency of state government, including an institution of higher
36 education; a school district, educational service district, or
37 charter school; a county, municipality, or other political
38 subdivision; the Washington health benefit exchange; an employee
39 organization representing state civil service employees or school

1 employees; and a tribal government, or a tribal school, covered by
2 this chapter.

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

6 ~~(11))~~ (12) "Faculty" means an academic state employee of an
7 institution of higher education whose workload is not defined by work
8 hours but whose appointment, workload, and duties directly serve the
9 institution's academic mission, as determined under the authority of
10 its enabling statutes, its governing body, and any applicable
11 collective bargaining agreement.

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

17 ~~((13))~~ (14) "Flexible spending arrangement" means a benefit
18 plan whereby ~~((public))~~ state employees and school employees may
19 reduce their salary before taxes to pay for medical expenses not
20 reimbursed by insurance as provided in the salary reduction plan
21 under this chapter pursuant to 26 U.S.C. Sec. 125 or other sections
22 of the internal revenue code.

23 ~~((14))~~ (15) "Insuring entity" means an insurer as defined in
24 chapter 48.01 RCW, a health care service contractor as defined in
25 chapter 48.44 RCW, or a health maintenance organization as defined in
26 chapter 48.46 RCW.

27 ~~((15))~~ (16) "Participant" means an individual who fulfills the
28 eligibility and enrollment requirements under the salary reduction
29 plan.

30 ~~((16))~~ (17) "Plan year" means the time period established by
31 the authority.

32 ~~((17))~~ (18) "Premium payment plan" means a benefit plan whereby
33 ~~((public))~~ state employees and school employees may pay their share
34 of group health plan premiums with pretax dollars as provided in the
35 salary reduction plan under this chapter pursuant to 26 U.S.C. Sec.
36 125 or other sections of the internal revenue code.

37 ~~((18))~~ (19) "Public employee" has the same meaning as state
38 employee ~~((and)),~~ school employee, and employee of an employer group.

39 ~~((19))~~ (20) "Retired or disabled ~~((school))~~ public employee"
40 means:

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

4 (b) Persons who separate from employment with a school district,
5 educational service district, or charter school on or after October
6 1, 1993, ~~((and immediately upon separation receive a retirement
7 allowance under chapter 41.32, 41.35, or 41.40 RCW;~~

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

14 (i) Who immediately upon separation receive a monthly retirement
15 allowance under chapter 2.10, 2.12, 41.26, 41.32, 41.35, 41.37,
16 41.40, or 43.43 RCW; or

17 (ii) Are eligible to receive a deferred monthly retirement
18 allowance due to a total and permanent disability under chapter 2.10,
19 2.12, 41.26, 41.32, 41.35, 41.37, 41.40, or 43.43 RCW;

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

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

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

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

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

29 (i) A member of the state legislature;

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

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

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

36 ~~((20))~~ (21) "Salary" means a ((public)) state employee's or
37 school employee's monthly salary or wages.

38 ~~((21))~~ (22) "Salary reduction plan" means a benefit plan
39 whereby ((public)) state employees or school employees may agree to a
40 reduction of salary on a pretax basis to participate in the dependent

1 care assistance program, flexible spending arrangement, or premium
2 payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections
3 of the internal revenue code.

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

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

13 (24) "School year" means school year as defined in RCW
14 28A.150.203(11).

15 ~~((24))~~ (25) "Seasonal employee" means a state employee hired to
16 work during a recurring, annual season with a duration of three
17 months or more, and anticipated to return each season to perform
18 similar work.

19 ~~((25))~~ (26) "Separated employees" means persons who separate
20 from employment with an employer as defined in:

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

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

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

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

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

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

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

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

39 ~~((26))~~ (27) "State purchased health care" or "health care"
40 means medical and behavioral health care, pharmaceuticals, and

1 medical equipment purchased with state and federal funds by the
2 department of social and health services, the department of health,
3 the basic health plan, the state health care authority, the
4 department of labor and industries, the department of corrections,
5 the department of veterans affairs, and local school districts.

6 ~~((27))~~ (28) "Tribal government" means an Indian tribal
7 government as defined in section 3(32) of the employee retirement
8 income security act of 1974, as amended, or an agency or
9 instrumentality of the tribal government, that has government offices
10 principally located in this state.

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

12 **Sec. 5.** RCW 41.05.021 and 2023 c 51 s 6 and 2023 c 13 s 3 are
13 each reenacted and amended to read as follows:

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

37 (a) To administer health care benefit programs for public
38 employees, and retired or disabled ~~((state and school))~~ public
39 employees~~((, and school employees))~~ as specifically authorized in

1 ((~~RCW 41.05.065 and 41.05.740~~)) section 36 of this act and in
2 accordance with the methods described in RCW 41.05.075, 41.05.140,
3 and other provisions of this chapter;

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

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

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

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

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

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

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

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

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

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

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

6 (I) Facilitate diagnosis or treatment;

7 (II) Reduce unnecessary duplication of medical tests;

8 (III) Promote efficient electronic physician order entry;

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

11 (V) Improve health outcomes;

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

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

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

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

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

31 (g) To review and approve or deny the application when the
32 governing body of a tribal government or tribal school applies to
33 transfer their employees to an insurance or self-insurance program
34 administered by the ~~((public employees' benefits board or by the~~
35 ~~school employees')) Washington employees and retirees benefits board.~~
36 In the event of an employee transfer pursuant to this subsection (1)
37 ~~((f))~~ (g), members of the governing body are eligible to be
38 included in such a transfer if the members are authorized by the
39 tribal government or tribal school to participate in the insurance
40 program being transferred from and subject to payment by the members

1 of all costs of insurance for the members. The authority shall: (i)
2 Establish the conditions for participation; (ii) have the sole right
3 to reject the application; and (iii) set the premium contribution for
4 approved groups as outlined in RCW 41.05.050. Approval of the
5 application by the authority transfers the employees and dependents
6 involved to the insurance, self-insurance, or health care program
7 administered by the (~~public employees' benefits board or the school~~
8 ~~employees' benefits~~) board;

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

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

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

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

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

39 (j) To apply for, receive, and accept grants, gifts, and other
40 payments, including property and service, from any governmental or

1 other public or private entity or person, and make arrangements as to
2 the use of these receipts to implement initiatives and strategies
3 developed under this section;

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

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

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

13 (ii) Establishing an appeal process in accordance with chapter
14 34.05 RCW by which a public employee may appeal an eligibility
15 determination;

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

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

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

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

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

38 (v) To appoint such advisory committees or councils as may be
39 required by any federal statute or regulation as a condition to the
40 receipt of federal funds by the authority. The director may appoint

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

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

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

- 28 (a) Standardizing the benefit package;
29 (b) Soliciting competitive bids for the benefit package;
30 (c) Limiting the state's contribution to a percent of the lowest
31 priced qualified plan within a geographical area;
32 (d) Monitoring the impact of the approach under this subsection
33 with regards to: Efficiencies in health service delivery, cost shifts
34 to subscribers, access to and choice of managed care plans statewide,
35 and quality of health services. The health care authority shall also
36 advise on the value of administering a benchmark employer-managed
37 plan to promote competition among managed care plans.

38 **Sec. 6.** RCW 41.05.022 and 2018 c 260 s 7 are each amended to
39 read as follows:

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

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

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

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

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

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

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

21 (iv) Eligible school board members.

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

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

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

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

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

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

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

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

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

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

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

1 an agreement with employees or employee organizations when the
2 agreement would result in increased utilization in board plans or
3 reduce the expected savings of managed competition.

4 **Sec. 7.** RCW 41.05.023 and 2018 c 260 s 8 are each amended to
5 read as follows:

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

19 (2) For purposes of this section:

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

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

30 **Sec. 8.** RCW 41.05.050 and 2023 c 13 s 4 are each amended to read
31 as follows:

32 (1)(a) Every employer and employer group as defined in RCW
33 41.05.011 shall provide contributions to insurance and health care
34 plans for its employees and their dependents, the content of such
35 plans to be determined by the authority.

36 (b) Contributions paid by employer groups for their
37 employees(~~r~~) shall include an amount determined by the authority to

1 pay such administrative expenses of the authority as are necessary to
2 administer the plans for employees of those employer groups.

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

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

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

29 ~~(b) (i) Beginning January 1, 2020, all school districts,~~
30 ~~represented employees of educational service districts, and charter~~
31 ~~schools shall commence participation in the school employees'~~
32 ~~benefits board program established under RCW 41.05.740. All school~~
33 ~~districts, represented employees of educational service districts,~~
34 ~~charter schools, and all school district employee groups~~
35 ~~participating in the public employees' benefits board plans before~~
36 ~~January 1, 2020, shall thereafter participate in the school~~
37 ~~employees' benefits board program administered by the authority. All~~
38 ~~school districts, represented employees of educational service~~
39 ~~districts, and charter schools shall provide contributions to the~~
40 ~~authority for insurance and health care plans for school employees~~

1 ~~and their dependents. These contributions must be provided to the~~
2 ~~authority for all eligible school employees eligible for benefits~~
3 ~~under RCW 41.05.740(6)(d), including school employees who have waived~~
4 ~~their coverage; contributions to the authority are not required for~~
5 ~~individuals eligible for benefits under RCW 41.05.740(6)(e) who waive~~
6 ~~their coverage.~~

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

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

13 **Sec. 9.** RCW 41.05.075 and 2018 c 260 s 14 are each amended to
14 read as follows:

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

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

23 (a) Encourages competition among insuring entities;

24 (b) Maintains an equitable relationship between premiums charged
25 for similar benefits and between the two risk pools ~~((including~~
26 ~~premiums charged for retired state and school district employees~~
27 ~~under the separate risk pools))~~ established by RCW 41.05.022 and
28 41.05.080 such that insuring entities may not avoid risk when
29 establishing the premium rates for retirees eligible for medicare;

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

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

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

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

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

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

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

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

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

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

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

25 ~~((5))~~ (4) The director shall centralize the enrollment files
26 for all public employee(~~(, school employee,)~~) and retired or disabled
27 ~~(school)~~ public employee health plans offered under this chapter
28 ~~((41.05 RCW))~~ and develop enrollment demographics on a plan-specific
29 basis.

30 ~~((6))~~ (5) All claims data shall be the property of the state.
31 The director may require of any insuring entity that submits a bid to
32 contract for coverage all information deemed necessary including:

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

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

39 ~~((7))~~ (6) All contracts with insuring entities for the
40 provision of health care benefits shall provide that the

1 beneficiaries of such benefit plans may use on an equal participation
2 basis the services of practitioners licensed pursuant to chapters
3 18.22, 18.25, 18.32, 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79
4 RCW, as it applies to registered nurses and advanced registered nurse
5 practitioners. However, nothing in this subsection may preclude the
6 director from establishing appropriate utilization controls approved
7 pursuant to (~~RCW 41.05.065(2) (a), (b), and (d)~~) section 36(1)(a)
8 (i) and (ii) of this act.

9 (~~(8)~~) (7) The director shall, in collaboration with other state
10 agencies that administer state purchased health care programs,
11 private health care purchasers, health care facilities, providers,
12 and carriers:

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

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

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

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

28 (i) Facilitate diagnosis or treatment;

29 (ii) Reduce unnecessary duplication of medical tests;

30 (iii) Promote efficient electronic physician order entry;

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

33 (v) Improve health outcomes;

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

37 (~~(9)~~) (8) The director may permit the Washington state health
38 insurance pool to contract to utilize any network maintained by the
39 authority or any network under contract with the authority.

1 **Sec. 10.** RCW 41.05.080 and 2024 c 185 s 1 are each amended to
2 read as follows:

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

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

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

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

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

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

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

39 ~~(4) Surviving spouses, surviving state registered domestic~~
40 ~~partners, and dependent children of emergency service personnel~~

1 ~~killed in the line of duty and retired or disabled and separated~~
2 ~~employees))~~ On and after January 1, 2027, the following individuals
3 who are eligible for parts A and B of medicare shall be calculated
4 from a separate experience risk pool comprised only of individuals
5 eligible for parts A and B of medicare:

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

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

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

12 (d) Eligible school board members.

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

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

28 ~~((5))~~ (4) When ((a person)) an individual described in
29 subsection (1)(a) ((i), (b), or (c)) or (b) of this section dies,
30 the authority shall waive the payment of the decedent's premiums
31 ~~((and any applicable premium surcharges))~~ for the medical, dental, or
32 vision plan for the month in which the death occurred. The authority
33 shall enroll any eligible surviving dependents in the same medical,
34 dental, or vision plan that they had been enrolled in, which shall be
35 made effective on the first day of the month in which the death
36 occurred, and the eligible surviving dependent shall be responsible
37 for the payment of premiums and any applicable premium surcharges for
38 themselves and any other eligible dependents.

39 ~~((6) The term "retired state employees" for the purpose of this~~
40 ~~section shall include but not be limited to members of the~~

1 legislature whether voluntarily or involuntarily leaving state
2 office.))

3 **Sec. 11.** RCW 41.05.083 and 2023 c 312 s 2 are each amended to
4 read as follows:

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

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

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

26 **Sec. 12.** RCW 41.05.085 and 2024 c 197 s 1 are each amended to
27 read as follows:

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

36 (2) The amount of any premium reduction shall be established by
37 the ~~((public employees'))~~ Washington employees and retirees benefits
38 board. The amount established shall not result in a premium reduction

1 of more than fifty percent (~~(, except as provided in subsection (3) of~~
2 ~~this section)~~). The (~~(public employees' benefits)~~) board may also
3 determine the amount of any subsidy to be available to spouses and
4 dependents.

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

11 **Sec. 13.** RCW 41.05.095 and 2020 c 274 s 20 are each amended to
12 read as follows:

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

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

26 **Sec. 14.** RCW 41.05.120 and 2023 c 435 s 10 are each amended to
27 read as follows:

28 (1) The public employees' and retirees' insurance account is
29 hereby established in the custody of the state treasurer, to be used
30 by the director for the deposit of contributions, the remittance paid
31 by school districts and educational service districts under RCW
32 28A.400.410, reserves, dividends, and refunds, for payment of
33 premiums and claims for public employee and retiree insurance benefit
34 contracts and subsidy amounts provided under RCW 41.05.085, and
35 transfers from the flexible spending administrative account as
36 authorized in RCW 41.05.123. Moneys from the account shall be
37 disbursed by the state treasurer by warrants on vouchers duly
38 authorized by the director. Moneys from the account may be

1 transferred to the flexible spending administrative account to
2 provide reserves and start-up costs for the operation of the flexible
3 spending administrative account program.

4 (2) The state treasurer and the state investment board may invest
5 moneys in the public employees' and retirees' insurance account. All
6 such investments shall be in accordance with RCW 43.84.080 or
7 43.84.150, whichever is applicable. The director shall determine
8 whether the state treasurer or the state investment board or both
9 shall invest moneys in the public employees' and retirees' insurance
10 account.

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

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

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

34 **Sec. 15.** RCW 41.05.123 and 2018 c 260 s 26 are each amended to
35 read as follows:

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

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

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

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

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

35 ~~((e))~~ (3) Program claims reserves and money necessary for
36 start-up costs transferred from the public employees' and retirees'
37 insurance account established in RCW 41.05.120 may be deposited in
38 the flexible spending administrative account. Moneys in excess of the
39 amount necessary for administrative and operating expenses of the

1 ~~((medical))~~ flexible spending arrangement program may be transferred
2 to the public employees' and retirees' insurance account.

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

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

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

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

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

30 ~~(b) The school employees' benefits board salary reduction account
31 is created in the custody of the state treasurer. School employee
32 salary reductions paid to reimburse participants or service providers
33 for benefits provided by the school employees' benefits board medical
34 flexible spending arrangement program and the school employees'
35 benefits board dependent care assistance program provided through the
36 salary reduction plan authorized under this chapter shall be paid
37 from the school employees' benefits board salary reduction account.
38 The funds held by the state to pay for benefits provided by the
39 school employees' benefits board medical flexible spending
40 arrangement program and the school employees' benefits board~~

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

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

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

27 **Sec. 16.** RCW 41.05.130 and 2023 c 51 s 13 are each amended to
28 read as follows:

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

34 (2)) The ((school employees' insurance)) state health care
35 authority administrative account is hereby created in the state
36 treasury. Moneys in the account, including unanticipated revenues
37 under RCW 43.79.270, may be used for operating, contracting, and
38 other administrative expenses of the authority in administration of
39 the ((school)) public employees insurance program((, including

1 reimbursement of the state health care authority administrative
2 account for initial operating expenses of the authority associated
3 with chapter 13, Laws of 2017 3rd sp. sess)).

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

6 (1) (~~Except for property and casualty insurance, the~~) The
7 authority may self-fund, self-insure, or enter into other methods of
8 providing insurance coverage for insurance programs under its
9 jurisdiction, including the basic health plan as provided in chapter
10 70.47 RCW. The authority shall contract for payment of claims or
11 other administrative services for programs under its jurisdiction. If
12 a program does not require the prepayment of reserves, the authority
13 shall establish such reserves within a reasonable period of time for
14 the payment of claims as are normally required for that type of
15 insurance under an insured program. The authority shall endeavor to
16 reimburse basic health plan health care providers under this section
17 at rates similar to the average reimbursement rates offered by the
18 statewide benchmark plan determined through the request for proposal
19 process.

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

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

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

34 (~~(5))~~ (4) Any program created under this section shall be
35 subject to the examination requirements of chapter 48.03 RCW as if
36 the program were a domestic insurer. In conducting an examination,
37 the commissioner shall determine the adequacy of the reserves
38 established for the program.

1 ~~((6))~~ (5) The authority shall keep full and adequate accounts
2 and records of the assets, obligations, transactions, and affairs of
3 any program created under this section.

4 ~~((7))~~ (6) The authority shall file a quarterly statement of the
5 financial condition, transactions, and affairs of any program created
6 under this section in a form and manner prescribed by the insurance
7 commissioner. The statement shall contain information as required by
8 the commissioner for the type of insurance being offered under the
9 program. A copy of the annual statement shall be filed with the
10 speaker of the house of representatives and the president of the
11 senate.

12 ~~((8))~~ (7) The provisions of this section do not apply to the
13 administration of chapter 74.09 RCW.

14 **Sec. 18.** RCW 41.05.143 and 2022 c 157 s 11 are each amended to
15 read as follows:

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

36 (2) ~~((Receipts from amounts due from or on behalf of uniform~~
37 ~~medical plan enrollees for expenditures related to benefits~~
38 ~~administration, including moneys disbursed from the public employees'~~
39 ~~and retirees' insurance account, shall be deposited into the account.~~

1 ~~The account is subject to allotment procedures under chapter 43.88~~
2 ~~RCW, but no appropriation is required for expenditures. All proposals~~
3 ~~for allotment increases shall be provided to the house of~~
4 ~~representatives appropriations committee and to the senate ways and~~
5 ~~means committee at the same time as they are provided to the office~~
6 ~~of financial management.~~

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

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

33 ~~(5) The school employees' benefits board dental benefits~~
34 ~~administration account is created in the custody of the state~~
35 ~~treasurer. Only the director or the director's designee may authorize~~
36 ~~expenditures from the account. Moneys in the account shall be used~~
37 ~~exclusively for school employees' benefits board contracted~~
38 ~~expenditures related to benefits administration for the self-insured~~
39 ~~dental plan as established under RCW 41.05.140. Receipts from amounts~~
40 ~~due from or on behalf of the self-insured dental plan enrollees for~~

1 ~~expenditures related to benefits administration, including moneys~~
2 ~~disbursed from the school employees' insurance account, shall be~~
3 ~~deposited into the account. The account is subject to allotment~~
4 ~~procedures under chapter 43.88 RCW, but no appropriation is required~~
5 ~~for expenditures.)~~)

6 **Sec. 19.** RCW 41.05.183 and 2001 c 321 s 1 are each amended to
7 read as follows:

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

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

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

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

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

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

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

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

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

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

11 **Sec. 20.** RCW 41.05.195 and 2023 c 13 s 6 are each amended to
12 read as follows:

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

29 **Sec. 21.** RCW 41.05.197 and 2005 c 47 s 2 are each amended to
30 read as follows:

31 The medicare supplemental insurance policies authorized under RCW
32 41.05.195 shall be made available to any resident of the state who:

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

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

1 **Sec. 22.** RCW 41.05.225 and 2018 c 260 s 18 are each amended to
2 read as follows:

3 (1) The (~~(public employees')~~) Washington employees and retirees
4 benefits board shall offer a plan of health insurance to blind
5 licensees who are actively operating facilities and participating in
6 the business enterprises program established in RCW 74.18.200 through
7 74.18.230, and maintained by the department of services for the
8 blind. The plan of health insurance benefits must be the same or
9 substantially similar to the plan of health insurance benefits
10 offered to state employees under this chapter. Enrollment will be at
11 the option of each individual licensee or vendor, under rules
12 established by the (~~(public employees' benefits)~~) board.

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

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

23 **Sec. 23.** RCW 41.05.300 and 2018 c 260 s 19 are each amended to
24 read as follows:

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

35 (2) Nothing in the salary reduction plan constitutes an
36 employment agreement between the participant and the state, and
37 nothing contained in the participant's salary reduction agreement,
38 the plan, this section, or RCW 41.05.123, 41.05.310 through

1 41.05.360, and 41.05.295 gives a participant any right to be retained
2 in state employment.

3 **Sec. 24.** RCW 41.05.320 and 2023 c 51 s 17 are each amended to
4 read as follows:

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

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

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

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

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

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

37 (5) Any reduction of salary under the salary reduction plan shall
38 not reduce the reportable compensation for the purpose of computing
39 the state retirement and pension benefits earned by the ((public))

1 state employee and school employee pursuant to chapters 41.26, 41.32,
2 41.35, 41.37, 41.40, and 43.43 RCW.

3 **Sec. 25.** RCW 41.05.405 and 2021 c 246 s 5 are each amended to
4 read as follows:

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

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

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

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

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

28 (a) The health benefit exchange, in consultation with the
29 insurance commissioner and the authority, shall analyze public option
30 plan rates paid to hospitals for in-network services and whether they
31 have impacted hospital financial sustainability. The analysis must
32 include any impact on hospitals' operating margins during the years
33 public option health plans have been offered in the state and the
34 estimated impact on operating margins in future years if enrollment
35 in public option plans increases. It must also examine the income
36 levels of public option plan enrollees over time. The analysis may
37 examine a sample of hospitals of various sizes and located in various
38 counties. In conducting its analysis, the exchange must give

1 substantial weight to any available reporting of health care provider
2 and health system costs under RCW 70.390.050;

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

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

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

20 (5) For the purposes of this section, "public option plan" means
21 a qualified health plan contracted by the authority under RCW
22 41.05.410.

23 **Sec. 26.** RCW 41.05.430 and 2022 c 122 s 2 are each amended to
24 read as follows:

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

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

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

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

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

6 **Sec. 27.** RCW 41.05.525 and 2019 c 314 s 36 are each amended to
7 read as follows:

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

15 **Sec. 28.** RCW 41.05.526 and 2024 c 366 s 6 are each amended to
16 read as follows:

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

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

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

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

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

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

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

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

28 (iii) After the time period in (a) of this subsection and receipt
29 of the material provided under (c)(ii) of this subsection, the plan
30 may initiate a medical necessity review process. Medical necessity
31 review must be based on the standard set of criteria established
32 under RCW 41.05.528. In a review for inpatient or residential
33 substance use disorder treatment services, a health plan may not make
34 a determination that a patient does not meet medical necessity
35 criteria based primarily on the patient's length of abstinence. If
36 the patient's abstinence from substance use was due to incarceration,
37 hospitalization, or inpatient treatment, a health plan may not
38 consider the patient's length of abstinence in determining medical
39 necessity. If the health plan determines within one business day from
40 the start of the medical necessity review period and receipt of the

1 material provided under (c)(ii) of this subsection that the admission
2 to the facility was not medically necessary and advises the agency of
3 the decision in writing, the health plan is not required to pay the
4 facility for services delivered after the start of the medical
5 necessity review period, subject to the conclusion of a filed appeal
6 of the adverse benefit determination. If the health plan's medical
7 necessity review is completed more than one business day after the
8 start of the medical necessity review period and receipt of the
9 material provided under (c)(ii) of this subsection, the health plan
10 must pay for the services delivered from the time of admission until
11 the time at which the medical necessity review is completed and the
12 agency is advised of the decision in writing.

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

18 (b) For a health plan issued or renewed on or after January 1,
19 2025, for inpatient or residential substance use disorder treatment
20 services, the health plan may not consider the patient's length of
21 stay at the behavioral health agency when making decisions regarding
22 the authorization to continue care at the behavioral health agency.

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

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

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

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

32 (6) When the treatment plan approved by the health plan involves
33 transfer of the enrollee to a different facility or to a lower level
34 of care, the care coordination unit of the health plan shall work
35 with the current agency to make arrangements for a seamless transfer
36 as soon as possible to an appropriate and available facility or level
37 of care. The health plan shall pay the agency for the cost of care at
38 the current facility until the seamless transfer to the different
39 facility or lower level of care is complete. A seamless transfer to a
40 lower level of care may include same day or next day appointments for

1 outpatient care, and does not include payment for nontreatment
2 services, such as housing services. If placement with an agency in
3 the health plan's network is not available, the health plan shall pay
4 the current agency until a seamless transfer arrangement is made.

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

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

12 **Sec. 29.** RCW 41.05.528 and 2020 c 345 s 6 are each amended to
13 read as follows:

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

29 **Sec. 30.** RCW 41.05.540 and 2023 c 51 s 21 are each amended to
30 read as follows:

31 (1) The health care authority, in coordination with the
32 department of health, health plans participating in (~~public
33 employees'~~) Washington employees and retirees benefits board
34 programs, and the University of Washington's center for health
35 promotion, shall establish and maintain a state employee health
36 program focused on reducing the health risks and improving the health
37 status of state employees, dependents, and retirees enrolled in the
38 (~~public employees' benefits board~~) board's benefits. The program

1 shall use public and private sector best practices to achieve goals
2 of measurable health outcomes, measurable productivity improvements,
3 positive impact on the cost of medical care, and positive return on
4 investment. The program shall establish standards for health
5 promotion and disease prevention activities, and develop a mechanism
6 to update standards as evidence-based research brings new information
7 and best practices forward.

8 (2) The state employee health program shall:

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

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

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

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

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

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

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

28 **Sec. 31.** RCW 41.05.670 and 2017 3rd sp.s. c 13 s 812 are each
29 amended to read as follows:

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

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

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

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

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

14 (~~(6) The school employees' benefits board, under RCW 41.05.740,~~
15 ~~shall implement the provisions of this section, effective January 1,~~
16 ~~2020.~~)

17 **Sec. 32.** RCW 41.05.700 and 2024 c 215 s 1 are each amended to
18 read as follows:

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

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

26 (ii) The health care service is medically necessary;

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

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

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

38 (b)(i) Except as provided in (b)(ii) of this subsection, a health
39 plan offered to public employees(~~(,—school employees,)~~) and their

1 covered dependents under this chapter issued or renewed on or after
2 January 1, 2021, shall reimburse a provider for a health care service
3 provided to a covered person through telemedicine the same amount of
4 compensation the carrier would pay the provider if the health care
5 service was provided in person by the provider.

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

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

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

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

19 (a) Hospital;

20 (b) Rural health clinic;

21 (c) Federally qualified health center;

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

23 (e) Licensed or certified behavioral health agency;

24 (f) Skilled nursing facility;

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

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

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

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

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

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

8 (a) An originating site for professional fees;

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

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

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

17 (b) If the health care authority has cause to believe that a
18 provider has engaged in a pattern of unresolved violations of this
19 subsection (8), the health care authority may submit information to
20 the appropriate disciplining authority, as defined in RCW 18.130.020,
21 for action. Prior to submitting information to the appropriate
22 disciplining authority, the health care authority may provide the
23 provider with an opportunity to cure the alleged violations or
24 explain why the actions in question did not violate this subsection
25 (8).

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

37 (9) For purposes of this section:

38 (a)(i) "Audio-only telemedicine" means the delivery of health
39 care services through the use of audio-only technology, permitting
40 real-time communication between the patient at the originating site

1 and the provider, for the purpose of diagnosis, consultation, or
2 treatment.

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

5 (A) The use of facsimile or email; or

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

10 (b) "Disciplining authority" has the same meaning as in RCW
11 18.130.020;

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

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

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

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

32 (e) "Health care service" has the same meaning as in RCW
33 48.43.005;

34 (f) "Hospital" means a facility licensed under chapter 70.41,
35 71.12, or 72.23 RCW;

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

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

39 (i) "Store and forward technology" means use of an asynchronous
40 transmission of a covered person's medical information from an

1 originating site to the health care provider at a distant site which
2 results in medical diagnosis and management of the covered person,
3 and does not include the use of audio-only telephone, facsimile, or
4 email; and

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

11 **Sec. 33.** RCW 41.05.820 and 2018 c 219 s 2 are each amended to
12 read as follows:

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

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

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

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

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

34 ((+5)) (6) For purposes of this section, "insurance holding
35 company system" has the same meaning as in RCW 48.31B.005.

36 NEW SECTION. **Sec. 34.** A new section is added to chapter 41.05
37 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (a) Members of the Washington employees and retirees benefits
39 board must be compensated in accordance with RCW 43.03.250 and must

1 be reimbursed for their travel expenses while on official business in
2 accordance with RCW 43.03.050 and 43.03.060; and

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

17 NEW SECTION. **Sec. 35.** A new section is added to chapter 41.05
18 RCW to read as follows:

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

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

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

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

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

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

38 (iv) Utilization review procedures to support cost-effective
39 benefits delivery including, but not limited to, prior authorization

1 of services, hospital inpatient length of stay review, requirements
2 for use of outpatient surgeries and second opinions for surgeries,
3 review of invoices or claims submitted by service providers, and
4 performance audit of providers;

5 (v) Effective coordination of benefits; and

6 (vi) Minimum standards for insuring entities;

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

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

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

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

26 (iii) Scope of coverage, except if bargained for under chapter
27 41.80 RCW; and

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

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

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

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

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

10 (a) Emergency transportation;

11 (b) Identity protection;

12 (c) Legal aid;

13 (d) Long-term care insurance;

14 (e) Noncommercial personal automobile insurance;

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

16 (g) Pet insurance;

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

22 (i) Travel insurance.

23 (3) The health care authority, in consultation with the board,
24 shall review the optional benefits reported as required in RCW
25 28A.400.280 and determine if the optional benefits are in competition
26 with benefits currently offered under either the authority's or the
27 board's authorities. If a benefit offering is determined to be in
28 competition with the benefits offered under either the authority's or
29 the board's authorities, the health care authority must inform the
30 employer of the benefits conflict and work with the employer, and the
31 applicable carrier, to either modify and remove competing components
32 of the employer-based benefit or end the benefit offering. If a
33 carrier is in the process of modifying benefits, including seeking
34 any required regulatory approval, an employer may continue to offer
35 the original benefit.

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

39 (5) The terms and conditions adopted by the public employees'
40 benefits board or school employees' benefits board before January 1,

1 2027, remain in effect until the Washington employees and retirees
2 benefits board establishes new terms and conditions.

3 NEW SECTION. **Sec. 36.** A new section is added to chapter 41.05
4 RCW to read as follows:

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

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

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

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

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

1 (c) Faculty are eligible as follows:

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

10 (ii) Faculty who the employing agency anticipates will not work
11 for the entire instructional year or equivalent nine-month period are
12 eligible for benefits at the beginning of the second consecutive
13 quarter or semester of employment in which he or she is anticipated
14 to work, or has actually worked, half-time or more. Such an employee
15 shall continue to receive uninterrupted employer contributions for
16 benefits if the employee works at least half-time in a quarter or
17 semester. Faculty who the employing agency anticipates will not work
18 for the entire instructional year or equivalent nine-month period,
19 but who actually work half-time or more throughout the entire
20 instructional year, are eligible for summer or off-quarter or off-
21 semester coverage. Faculty who have met the criteria of this
22 subsection (1)(c)(ii), who work at least two quarters or two
23 semesters of the academic year with an average academic year workload
24 of half-time or more for three quarters or two semesters of the
25 academic year, and who have worked an average of half-time or more in
26 each of the two preceding academic years shall continue to receive
27 uninterrupted employer contributions for benefits if he or she works
28 at least half-time in a quarter or semester or works two quarters or
29 two semesters of the academic year with an average academic workload
30 each academic year of half-time or more for three quarters or two
31 semesters. Eligibility under this section ceases immediately if this
32 criteria is not met;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (b) A school board member may participate in the Washington
40 employees and retirees benefits board program for the duration of the

1 member's elected term as a school board member and may renew the
2 member's participation at the start of each subsequent term as a
3 school board member.

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

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

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

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

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

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

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

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

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

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

33 (b) Separated employees of an employer group; and

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

37 (8) Rates charged to individuals described under subsections (4)
38 through (7) of this section are described under RCW 41.05.022 or
39 41.05.080.

1 NEW SECTION. **Sec. 37.** The following acts or parts of acts are
2 each repealed:

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

7 (2) RCW 41.05.065 (Public employees' benefits board—Duties—
8 Eligibility—Definitions—Penalties) and 2018 c 260 s 12, 2015 c 116 s
9 3, 2011 1st sp.s. c 8 s 1, & 2009 c 537 s 7;

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

13 (4) RCW 41.05.740 (School employees' benefits board) and 2023 c
14 13 s 7, 2018 c 260 s 1, & 2017 3rd sp.s. c 13 s 801;

15 (5) RCW 41.05.742 (Single enrollment requirement) and 2021 c 18 s
16 1 & 2020 c 8 s 4;

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

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

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

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

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

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

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