
SUBSTITUTE SENATE BILL 6019

State of Washington

69th Legislature

2026 Regular Session

By Senate Health & Long-Term Care (originally sponsored by Senators Cleveland, Harris, Bateman, Chapman, Dhingra, Lovelett, Riccelli, Trudeau, and Valdez)

READ FIRST TIME 01/29/26.

1 AN ACT Relating to improving the functioning of home care rate
2 statutes; and amending RCW 74.39A.310 and 74.39A.530.

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

4 **Sec. 1.** RCW 74.39A.310 and 2020 c 336 s 1 are each amended to
5 read as follows:

6 (1) The department shall convert and distribute any change in the
7 total amount of wages and benefits negotiated and funded in the
8 contract for individual providers of home care services pursuant to
9 RCW 74.39A.270 and 74.39A.300 or labor rates established under RCW
10 74.39A.530 into a per-quarter-hour amount. This must be accomplished
11 in each odd-numbered year within sixty days after adjournment sine
12 die of the legislative session.

13 (2) The per-quarter-hour amount shall be added to or subtracted
14 from the statewide home care agency vendor rate and any increase
15 shall be used exclusively for improving the wages and benefits of
16 home care agency workers who provide direct care, and for paying any
17 resulting change in required employer contributions or premiums.

18 (3) When determining the per-quarter-hour amount, the department
19 must include:

20 (a) The changes to wages, benefits, and compensation negotiated
21 and funded each biennium, including but not limited to:

- 1 (i) Wages;
- 2 (ii) Benefit pay, such as vacation, sick, and holiday pay;
- 3 (iii) Mileage;
- 4 (iv) Contributions to a training partnership;
- 5 (v) Contributions to the health benefit trust; and
- 6 (vi) Contributions to the defined contribution retirement trust;

7 and

8 (b) The change in the average costs experienced by medicaid
9 contracted home care agencies, as determined by the department in its
10 sole discretion, of employer contributions or premiums required by
11 law including, but not limited to:

- 12 (i) Federal insurance contributions act;
- 13 (ii) Federal unemployment tax act;
- 14 (iii) State unemployment tax authority;
- 15 (iv) State paid family medical leave act; and
- 16 (v) State workers' compensation system; and

17 (c) An adjustment, as determined by the department in its sole
18 discretion, for cost of compensation for work time that may not be
19 billed as service hours, such as travel time, that must be paid to
20 direct service workers under wage and hour laws and any related
21 employer tax contributions or premiums.

22 (4) For fiscal year 2027, the department shall determine, in its
23 sole discretion, the portion of the total vendor rate dedicated to
24 wages, benefits, and required employer contributions for home care
25 agency workers who provide direct care. Beginning in fiscal year
26 2028, the portion of the total vendor rate dedicated to wages,
27 benefits, and required employer contributions or premiums for home
28 care agency workers who provide direct care is equal to the total
29 portion from the previous fiscal year plus the increments established
30 in subsection (3) of this section.

31 (5) The portion of the vendor rate calculated for health care
32 benefits, including but not limited to medical, dental, and vision
33 benefits, may only be used for health benefits for home care agency
34 workers who provide direct care.

35 ~~((5))~~ (6) The portion of the vendor rate calculated for
36 training may only be used for training, testing, and certification
37 costs, and associated costs for the administration of training,
38 testing, and certification scheduling and compliance for home care
39 agency workers who provide direct care.

1 (7) When establishing the per-quarter-hour amount for the vendor
2 rate, the department must prevent duplicate accounting for the same
3 cost.

4 (8) Beginning July 1, 2027, the department or its designee shall
5 verify that home care agencies have expended funds in accordance with
6 the requirements of this section.

7 (a) To assist the department or its designee with the
8 verification requirement in this section, each home care agency shall
9 submit to the department:

10 (i) An independent third-party audit conducted by a qualified,
11 accredited firm to validate compliance with requirements established
12 in this section; or

13 (ii) A written attestation from the labor organization that is
14 the exclusive bargaining representative of the home care workers who
15 provide direct care that are employed by the agency, confirming that
16 the home care agency has complied with the wages and benefits, health
17 care rate, and training rate requirements.

18 (b) The department may adopt rules to establish reasonable
19 objective criteria through a transparent process to temporarily
20 exempt a home care agency determined to be facing extraordinary
21 circumstances that prevent their compliance with this section. The
22 department shall develop these criteria through a transparent process
23 that includes public notice and opportunities for public comment from
24 interested parties.

25 (9) (a) The department shall determine a home care agency
26 administrative rate using the process established in RCW 74.39A.530.

27 (b) The home care agency administrative rate is the portion of
28 the home care agency vendor rate, as defined in RCW 74.39A.530,
29 designated to support the administrative functions and essential
30 operations of a home care agency. These functions and operations may
31 include but are not limited to:

32 (i) Compliance with administrative requirements related to
33 department of health licensing provisions and department contracts
34 for personal care and respite services;

35 (ii) Payment of all taxes and costs associated with obtaining and
36 maintaining a licensed business in the state of Washington, as well
37 as compliance with all labor and industry, local, state, and federal
38 standards and laws;

39 (iii) Business and occupation tax on any increases to the labor
40 rate;

- 1 (iv) Funding for electronic visit verification; and
2 (v) Funding for personal protective equipment.

3 **Sec. 2.** RCW 74.39A.530 and 2021 c 186 s 2 are each amended to
4 read as follows:

5 If the department contracts with a consumer directed employer:

6 ~~(1) ((In addition to overtime and compensable travel time set~~
7 ~~forth in RCW 74.39A.525, the initial labor rates shall be paid as~~
8 ~~described in the most recent collective bargaining agreement between~~
9 ~~the governor and the service employees international union 775, plus~~
10 ~~the hourly roll-up costs of any additional legally required benefits~~
11 ~~or labor costs, until subsequent rates can be established in~~
12 ~~accordance with this section.~~

13 ~~(2))~~ A rate-setting board is established which is comprised of
14 the voting members and nonvoting members to evaluate and propose
15 changes in the rates paid to the consumer directed employer.

16 (a) The following members shall be voting members:

17 (i) One representative from the ~~((governor's))~~ office of the
18 governor;

19 (ii) One representative from the department;

20 (iii) One representative from each consumer directed employer;

21 and

22 (iv) One designee from the exclusive bargaining representative of
23 individual providers or, in the absence of an exclusive bargaining
24 representative, a designee from the consumer directed employer
25 workforce chosen by the employees of the consumer directed employer.

26 (b) The following nine members of the board shall be nonvoting
27 advisory members:

28 (i) Four legislators, one member from each caucus of the house of
29 representatives and the senate;

30 (ii) One representative from the state council on aging,
31 appointed by the governor;

32 (iii) One representative of an organization representing people
33 with intellectual or developmental disabilities appointed by the
34 governor;

35 (iv) One representative of an organization representing people
36 with physical disabilities appointed by the governor;

37 (v) One representative from the licensed home care agency
38 industry chosen by the ~~((state's))~~ largest association of home care
39 agencies that primarily serves state-funded clients of the state; and

1 (vi) One home care worker chosen by the (~~state's~~) largest
2 organization of home care workers of the state.

3 (c) The (~~governor's~~) appointments by the governor shall be made
4 by April 1st in even-numbered years. The incumbent member of the
5 board shall serve until their replacement is appointed.

6 (~~(3)~~) (2) When the board membership has four voting members
7 listed in subsection (~~(2)~~) (1)(a) of this section, each voting
8 member shall have one vote. When there are five voting members due to
9 two consumer directed employer representatives, each voting member
10 listed in subsection (~~(2)~~) (1)(a) of this section shall have two
11 votes with the exception of the consumer directed employer
12 representatives who shall have one vote. Voting members cannot split
13 their votes. A majority of the voting members of the board
14 constitutes a quorum for the transaction of business and is necessary
15 for any action taken by the board.

16 (~~(4)~~) (3) Beginning in the year following the establishment of
17 the initial rate (~~under subsection (1) of this section~~), and in
18 every even-numbered year thereafter, the rate-setting board shall
19 attempt to determine a proposed labor rate, including a specific
20 amount for health and training benefits by considering the factors
21 listed in RCW 41.56.530 (1) and (5). In addition, the rate-setting
22 board shall attempt to determine an administrative rate for the
23 consumer directed employer. In determining the consumer directed
24 employer administrative rate, the rate-setting board may not
25 recommend a rate that represents more than 20 percent of the sum of
26 the consumer directed employer labor rate and the consumer directed
27 employer administrative rate.

28 In addition, the rate-setting board (~~may take testimony and make~~
29 ~~a recommendation regarding the administrative vendor rate for home~~
30 ~~care agencies that serve medicaid clients~~) shall review the
31 projection from the department of the portion of the vendor rate
32 dedicated to the wages and benefits for home care agency workers who
33 provide direct care and the required employer contributions or
34 premiums established in RCW 74.39A.310. The rate-setting board shall
35 take testimony and shall attempt to determine a home care agency
36 administrative rate. In determining the home care agency
37 administrative rate, the rate-setting board may not recommend a rate
38 that represents more than 20 percent of the projected home care
39 agency vendor rate.

1 (~~(5)~~) (4) The department shall provide administrative support
2 for the board.

3 (a) At the commencement of the (~~board's~~) rate-setting
4 activities of the board, the voting members must first attempt to
5 select an additional voting member, who will chair the rate-setting
6 board and will cast a tie-breaking vote if the voting members
7 identified in subsection (~~(2)~~) (1) of this section are unable to
8 pass by majority vote on the labor rate.

9 (b) On the first occasion that the voting members identified in
10 subsection (~~(2)~~) (1)(a) of this section fail to select a tie-
11 breaking member by a majority vote, the chair member will be selected
12 as follows:

13 (i) The voting member representing the (~~governor's~~) office of
14 the governor shall request a list of five qualified arbitrators, or
15 six if there are two consumer directed employers, from the federal
16 mediation and conciliation service.

17 (ii) If a majority of the voting members of the board cannot
18 agree on the selection of a neutral arbitrator from the list, the
19 representative from the consumer directed employer who first
20 contacted the department will strike a name from the list first. The
21 representative from the (~~governor's~~) office of the governor shall
22 then strike a name from the list, the designee from the exclusive
23 bargaining representative or, in the absence of an exclusive
24 bargaining representative, the designee from the consumer directed
25 employer workforce shall strike a name from the list, if there are
26 two consumer directed employers, the second representative will
27 strike a name from the list, and finally the representative from the
28 department shall strike a name from the list.

29 (iii) The name of the arbitrator remaining after the final strike
30 shall be the chair member of the board.

31 (iv) If that person is not willing or available to be the chair
32 member, the second to last person remaining on the list shall be
33 asked to be the chair member. If the second to last person is not
34 willing or available, the third to last person shall be asked to be
35 the chair member. This process of selecting an arbitrator shall be
36 continued until a chair member of the board is appointed.

37 (c) On the next occasion that the voting members identified in
38 subsection (~~(2)~~) (1)(a) of this section fail to select a chair
39 member by a majority vote, the chair member will be selected using
40 the method described in (b) of this subsection except that the order

1 of board members striking names from the list, described in (b)(ii)
2 of this subsection, shall be reversed.

3 (d) On each successive occasion that the voting members
4 identified in subsection ~~((2))~~ (1)(a) of this section fail to
5 select a chair member by a majority vote, the order of voting members
6 striking names from the list will continue to alternate between the
7 order described in (b)(ii) and (c) of this subsection.

8 ~~((6))~~ (5)(a) If an agreement on a proposed labor rate ~~((, an~~
9 ~~administrative rate, or both,))~~ is not reached by a majority of the
10 voting members of the rate-setting board prior to ~~((July))~~ September
11 1st, then ~~((÷~~

12 ~~(a) The))~~ the labor rate shall be determined by a majority of the
13 voting members of the rate-setting board, including the vote of the
14 chair member, who was selected in accordance with subsections ~~((2))~~
15 (1) and ~~((5))~~ (4)(a) of this section ~~((; and))~~. If an agreement over
16 the labor rate is not reached prior to September 1st, then the labor
17 rate shall be determined by the sole vote of the chair member, who
18 was selected in accordance with subsections (1) and (4)(a) of this
19 section.

20 (b) ~~((The administrative rate shall be determined by the~~
21 ~~department.~~

22 ~~(7))~~ If an agreement on a proposed administrative rate for the
23 consumer directed employer or a home care agency administrative rate,
24 or both, is not reached by a majority of the voting members of the
25 rate-setting board prior to September 1st, then the administrative
26 rate for the consumer directed employer or the home care agency
27 administrative rate, or both, shall be determined by the department.
28 In determining the home care agency administrative rate, the
29 department may not recommend a rate that represents more than 20
30 percent of the home care agency vendor rate. In determining the
31 consumer directed employer administrative rate, the department may
32 not recommend a rate that represents more than 20 percent of the sum
33 of the consumer directed employer labor rate and the consumer
34 directed employer administrative rate.

35 (6) After the rates have been determined in accordance with
36 subsections ~~((3))~~ (2) through ~~((6))~~ (5) of this section, they
37 shall be submitted to the director of the office of financial
38 management by October 1st prior to the legislative session during
39 which the requests are to be considered for review. If the director
40 of the office of financial management certifies them as being

1 feasible financially for the state, the governor shall include a
2 request for funds necessary to implement the proposed rates as part
3 of the ~~((governor's))~~ budget document submitted by the office of the
4 governor under RCW 43.88.030 and 43.88.060. The legislature shall
5 approve or reject the request for funds as a whole.

6 ~~((+8))~~ (7) If the legislature rejects the request under
7 subsection ~~((+6))~~ (5) of this section, the matter shall return to
8 the rate-setting board established under this section for further
9 consideration. Until the legislature approves a request for funds
10 under this section, the current labor rate shall stay in effect.

11 ~~((+9))~~ (8) The labor rate approved by the legislature shall be
12 an hourly rate paid to the consumer directed employer. The labor rate
13 shall be used exclusively for paying the wages, associated taxes, and
14 benefits of individual providers. The consumer directed employer
15 shall have full discretion to set wages and benefits for individual
16 providers, except as provided in: (a) Subsections (9) and (10) of
17 this section; (b) any specific legislative appropriation requirement;
18 or (c) a collective bargaining agreement, if applicable.

19 ~~((+10))~~ (9) The labor rate shall include a specific hourly
20 amount that the consumer directed employer may use only for health
21 benefits for individual providers.

22 ~~((+11) The department shall make a one-time transfer of funds~~
23 ~~totaling the full amount of previously unclaimed paid time off to the~~
24 ~~consumer directed employer, and shall transfer all associated~~
25 ~~liabilities for payment of unclaimed paid time off to the consumer~~
26 ~~directed employer. This amount shall be accounted for as a labor rate~~
27 ~~payment.~~

28 ~~(+12))~~ (10) The labor rate shall include a specific hourly amount
29 that the consumer directed employer may only use for training,
30 testing, and certification costs, and associated costs for the
31 administration of training, testing, and certification scheduling and
32 compliance for individual providers.

33 (11) The department shall have the authority to modify the labor
34 rate ~~((and)),~~ the administrative rate, and the home care agency
35 administrative rate between the ~~((rate-setting board's))~~ rate-setting
36 activities of the rate-setting board without convening the rate-
37 setting board or following the preceding rate-setting process,
38 subject to the following conditions:

39 (a) The department finds the changes to the rates necessary to:

1 (i) Recognize changes to the ~~((department's))~~ required
2 expenditures for the department or the ~~((consumer-directed~~
3 ~~employer's))~~ required costs for the consumer directed employer
4 associated with changes to tax rates, required employer
5 contributions, mileage rate allowances, and utilization of overtime
6 to comply with RCW 74.39A.525; ~~((or))~~

7 (ii) Comply with a significant change in state or federal rule or
8 law that would impact the ~~((consumer-directed employer's))~~ ability of
9 the consumer directed employer to operate; or

10 (iii) Adjust the home care agency administrative rate to maintain
11 the administrative rate at no more than 20 percent of the total home
12 care agency vendor rate;

13 (b) Changes to the rates shall not exceed two percent of the
14 combined labor and administrative rates; and

15 (c) Any increase to the rates is contingent on appropriation of
16 adequate funds by the legislature.

17 ~~((13))~~ (12) For the purpose of this section:

18 (a) "Labor rate" is defined as that portion of the ~~((consumer~~
19 ~~directed employer's))~~ hourly rate for the consumer directed employer
20 that is to be used by the consumer directed employer to compensate
21 its workers, including wages, benefits, and any associated taxes.

22 (b) "Administrative rate" is defined as that portion of the
23 ~~((consumer-directed employer's))~~ hourly rate for the consumer
24 directed employer that is to be used by the consumer directed
25 employer to perform its administrative duties including losses for
26 bad debt, compensation for business and occupation taxes on the labor
27 and administrative rates, and all other costs associated with
28 operating as the consumer directed employer. Funds related to
29 personal protective equipment for individual providers must be
30 considered part of the administrative rate.

31 (c) "Home care agency administrative rate" has the same meaning
32 as outlined in RCW 74.39A.310.

33 (d) "Home care agency vendor rate" is defined as the sum of the
34 portion of the vendor rate dedicated to the wages, benefits, and
35 required employer contributions or premiums for home care agency
36 workers who provide direct care and the home care agency
37 administrative rate.

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