
SENATE BILL 6019

State of Washington

69th Legislature

2026 Regular Session

By Senators Cleveland, Harris, Bateman, Chapman, Dhingra, Lovelett, Riccelli, Trudeau, and Valdez

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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))~~ In each odd-numbered year, within 60 days after the
7 adjournment sine die of the legislative session, the department shall
8 ((convert and distribute any change in the)) determine a home care
9 agency labor rate by converting and distributing:

10 (a) The total amount of wages and benefits negotiated and funded
11 in the contract for individual providers of home care services
12 pursuant to RCW 74.39A.270 and 74.39A.300; ~~or ((labor))~~

13 (b) Labor rates established under RCW 74.39A.530 ~~((into a per-~~
14 ~~quarter-hour amount. This must be accomplished in each odd-numbered~~
15 ~~year within sixty days after adjournment sine die of the legislative~~
16 ~~session))~~.

17 (2) ~~The ((per-quarter-hour amount shall be added to or subtracted~~
18 ~~from the statewide home care agency vendor rate and any increase))~~
19 home care agency labor rate determined in subsection (1) of this
20 section shall be used exclusively for ~~((improving))~~ the wages and
21 benefits of home care agency workers who provide direct care, and for

1 paying (~~any resulting change in~~) required employer contributions or
2 premiums, including but not limited to:

3 (a) Wages;

4 (b) Benefit pay, such as vacation, sick, and holiday pay;

5 (c) Mileage;

6 (d) Contributions to a training partnership;

7 (e) Contributions to the health benefit trust; and

8 (f) Contributions to the defined contribution retirement trust.

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

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

13 ~~(i) Wages;~~

14 ~~(ii) Benefit pay, such as vacation, sick, and holiday pay;~~

15 ~~(iii) Mileage;~~

16 ~~(iv) Contributions to a training partnership;~~

17 ~~(v) Contributions to the health benefit trust; and~~

18 ~~(vi) Contributions to the defined contribution retirement trust;~~

19 and) total amount of wages and benefits negotiated and funded in the
20 contract for individual providers of home care services pursuant to
21 RCW 74.39A.270 and 74.39A.300 or labor rates established under RCW
22 74.39A.530;

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

27 (i) Federal insurance contributions act;

28 (ii) Federal unemployment tax act;

29 (iii) State unemployment tax authority;

30 (iv) State paid family medical leave act; and

31 (v) State workers' compensation system; and

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

37 (4) The portion of the (~~vendor~~) home care agency labor rate
38 calculated for health care benefits, including but not limited to
39 medical, dental, and vision benefits, may only be used for health
40 benefits for home care agency workers who provide direct care.

1 (5) The portions of the home care agency labor rate calculated
2 for training may only be used for training, testing, and
3 certification costs, and associated costs for the administration of
4 training, testing, and certification scheduling and compliance for
5 home care agency workers who provide direct care.

6 (6) When establishing the per-quarter-hour amount for the home
7 care agency labor rate, the department must prevent duplicate
8 accounting for the same cost.

9 (7) (a) The department or its designee shall verify that home care
10 agencies have expended funds in accordance with the requirements of
11 this section.

12 (b) To assist the department or its designee with the
13 verification requirement in (a) of this subsection, each home care
14 agency shall submit either:

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

18 (ii) A written attestation from the labor organization that is
19 the exclusive bargaining representative of the home care workers who
20 provide direct care that are employed by the agency, confirming that
21 the home care agency has complied with the labor rate, health care
22 rate, and training rate requirements.

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

30 (8) The department shall determine a home care agency
31 administrative rate following the process established in RCW
32 74.39A.530.

33 (9) For the purposes of this section, "home care agency
34 administrative rate" means the portion of the home care agency vendor
35 rate, as defined in RCW 74.39A.530, designated to support the
36 administrative functions and essential operations of a home care
37 agency, including but not limited to:

38 (a) Compliance with administrative requirements related to
39 department of health licensing provisions and department contracts
40 for personal care and respite services;

1 (b) Payment of all taxes and costs associated with obtaining and
2 maintaining a licensed business in the state of Washington, as well
3 as compliance with all labor and industry, local, state, and federal
4 standards and laws;

5 (c) Business and occupation tax on any increases to the labor
6 rate;

7 (d) Funding for electronic visit verification; and

8 (e) Funding for personal protective equipment.

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

11 If the department contracts with a consumer directed employer:

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

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

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

23 (i) One representative from the governor's office;

24 (ii) One representative from the department;

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

26 and

27 (iv) One designee from the exclusive bargaining representative of
28 individual providers or, in the absence of an exclusive bargaining
29 representative, a designee from the consumer directed employer
30 workforce chosen by the employees of the consumer directed employer.

31 (b) The following nine members of the board shall be nonvoting
32 advisory members:

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

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

37 (iii) One representative of an organization representing people
38 with intellectual or developmental disabilities appointed by the
39 governor;

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

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

6 (vi) One home care worker chosen by the state's largest
7 organization of home care workers.

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

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

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

33 In addition, the rate-setting board ~~((may take testimony and make~~
34 ~~a recommendation regarding the administrative vendor rate for home~~
35 ~~care agencies that serve medicaid clients))~~ shall review the
36 department's projection of the home care agency labor rate in RCW
37 74.39A.310. The rate-setting board shall take testimony and shall
38 attempt to determine a home care agency administrative rate. In
39 determining the home care agency administrative rate, the rate-

1 setting board may not recommend a rate that represents more than 20
2 percent of the home care agency vendor rate.

3 ~~((5))~~ (4) The department shall provide administrative support
4 for the board.

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

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

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

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

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

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

39 (c) On the next occasion that the voting members identified in
40 subsection ~~((2))~~ (1)(a) of this section fail to select a chair

1 member by a majority vote, the chair member will be selected using
2 the method described in (b) of this subsection except that the order
3 of board members striking names from the list, described in (b) (ii)
4 of this subsection, shall be reversed.

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

10 ~~((6))~~ (5)(a) If an agreement on a proposed labor rate ~~((an~~
11 ~~administrative rate, or both,))~~ is not reached by a majority of the
12 voting members of the rate-setting board prior to ~~((July))~~ August
13 1st, then ~~((~~

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

22 (b) ~~((The administrative rate shall be determined by the~~
23 ~~department.~~

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

37 (6) After the rates have been determined in accordance with
38 subsections ~~((3))~~ (2) through ~~((6))~~ (5) of this section, they
39 shall be submitted to the director of the office of financial
40 management by October 1st prior to the legislative session during

1 which the requests are to be considered for review. If the director
2 of the office of financial management certifies them as being
3 feasible financially for the state, the governor shall include a
4 request for funds necessary to implement the proposed rates as part
5 of the governor's budget document submitted under RCW 43.88.030 and
6 43.88.060. The legislature shall approve or reject the request for
7 funds as a whole.

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

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

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

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

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

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

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

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

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

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

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

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

14 (a) "Labor rate" is defined as that portion of the consumer
15 directed employer's hourly rate that is to be used by the consumer
16 directed employer to compensate its workers, including wages,
17 benefits, and any associated taxes.

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

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

28 (d) "Home care agency vendor rate" is defined as the sum of the
29 home care agency labor rate and the home care agency administrative
30 rate.

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