

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5478**

69th Legislature  
2025 Regular Session

Passed by the Senate February 28,  
2025

Yeas 48 Nays 0

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**President of the Senate**

Passed by the House April 14, 2025

Yeas 95 Nays 1

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**Speaker of the House of  
Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5478** as passed by the Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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**SENATE BILL 5478**

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Passed Legislature - 2025 Regular Session

**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senators Bateman, Nobles, and Robinson; by request of Health Care Authority

Read first time 01/24/25. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to benefits authorized to be offered by the  
2 public employees' benefits board; and amending RCW 41.05.065.

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

4 **Sec. 1.** RCW 41.05.065 and 2018 c 260 s 12 are each amended to  
5 read as follows:

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

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

18 (a) Methods of maximizing cost containment while ensuring access  
19 to quality health care;

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

4 (c) Wellness incentives that focus on proven strategies, such as  
5 smoking cessation, injury and accident prevention, reduction of  
6 alcohol misuse, appropriate weight reduction, exercise, automobile  
7 and motorcycle safety, blood cholesterol reduction, and nutrition  
8 education;

9 (d) Utilization review procedures including, but not limited to a  
10 cost-efficient method for prior authorization of services, hospital  
11 inpatient length of stay review, requirements for use of outpatient  
12 surgeries and second opinions for surgeries, review of invoices or  
13 claims submitted by service providers, and performance audit of  
14 providers;

15 (e) Effective coordination of benefits; and

16 (f) Minimum standards for insuring entities.

17 (3) To maintain the comprehensive nature of employee health care  
18 benefits, benefits provided to employees shall be substantially  
19 equivalent to the state employees' health benefit plan in effect on  
20 January 1, 1993. Nothing in this subsection shall prohibit changes or  
21 increases in employee point-of-service payments or employee premium  
22 payments for benefits or the administration of a high deductible  
23 health plan in conjunction with a health savings account. The public  
24 employees' benefits board may establish employee eligibility criteria  
25 which are not substantially equivalent to employee eligibility  
26 criteria in effect on January 1, 1993.

27 (4) Except if bargained for under chapter 41.80 RCW, the public  
28 employees' benefits board shall design benefits and determine the  
29 terms and conditions of employee and retired or disabled school  
30 employee participation and coverage, including establishment of  
31 eligibility criteria subject to the requirements of this chapter.  
32 Employer groups obtaining benefits through contractual agreement with  
33 the authority for employees defined in RCW 41.05.011(6)(a) (i)  
34 through (vi) may contractually agree with the authority to benefits  
35 eligibility criteria which differs from that determined by the public  
36 employees' benefits board. The eligibility criteria established by  
37 the public employees' benefits board shall be no more restrictive  
38 than the following:

39 (a) Except as provided in (b) through (e) of this subsection, an  
40 employee is eligible for benefits from the date of employment if the

1 employing agency anticipates he or she will work an average of at  
2 least eighty hours per month and for at least eight hours in each  
3 month for more than six consecutive months. An employee determined  
4 ineligible for benefits at the beginning of his or her employment  
5 shall become eligible in the following circumstances:

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

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

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

31 (c) Faculty are eligible as follows:

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

1 (ii) Faculty who the employing agency anticipates will not work  
2 for the entire instructional year or equivalent nine-month period are  
3 eligible for benefits at the beginning of the second consecutive  
4 quarter or semester of employment in which he or she is anticipated  
5 to work, or has actually worked, half-time or more. Such an employee  
6 shall continue to receive uninterrupted employer contributions for  
7 benefits if the employee works at least half-time in a quarter or  
8 semester. Faculty who the employing agency anticipates will not work  
9 for the entire instructional year or equivalent nine-month period,  
10 but who actually work half-time or more throughout the entire  
11 instructional year, are eligible for summer or off-quarter or off-  
12 semester coverage. Faculty who have met the criteria of this  
13 subsection (4)(c)(ii), who work at least two quarters or two  
14 semesters of the academic year with an average academic year workload  
15 of half-time or more for three quarters or two semesters of the  
16 academic year, and who have worked an average of half-time or more in  
17 each of the two preceding academic years shall continue to receive  
18 uninterrupted employer contributions for benefits if he or she works  
19 at least half-time in a quarter or semester or works two quarters or  
20 two semesters of the academic year with an average academic workload  
21 each academic year of half-time or more for three quarters or two  
22 semesters. Eligibility under this section ceases immediately if this  
23 criteria is not met.

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

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

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

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

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

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

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

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

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

18 (g) In determining eligibility under this section, the employing  
19 agency may disregard training hours, standby hours, or temporary  
20 changes in work hours as determined by the authority under this  
21 section.

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

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

32 (j) Except for an employee eligible for benefits under (b) or  
33 (c)(ii) of this subsection, an employee who has established  
34 eligibility for benefits under this section shall remain eligible for  
35 benefits each month in which he or she is in pay status for eight or  
36 more hours, if (i) he or she remains in a benefits-eligible position  
37 and (ii) leave from the benefits-eligible position is approved by the  
38 employing agency. A benefits-eligible seasonal employee is eligible  
39 for the employer contribution in any month of his or her season in  
40 which he or she is in pay status eight or more hours during that

1 month. Eligibility ends if these conditions are not met, the  
2 employment relationship is terminated, or the employee voluntarily  
3 transfers to a noneligible position.

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

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

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

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

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

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

26 (iii) Any impact of enrollment in alternatives to the most  
27 comprehensive plan, including the high deductible health plan with a  
28 health savings account, upon the cost of health benefits for those  
29 employees who have chosen to remain enrolled in the most  
30 comprehensive plan.

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

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

1           (9) ~~((The public employees' benefits board shall review plans~~  
2 ~~proposed by insuring entities that desire to offer property insurance~~  
3 ~~and/or accident and casualty insurance to state employees through~~  
4 ~~payroll deduction. The public employees' benefits board may approve~~  
5 ~~any such plan for payroll deduction by insuring entities holding a~~  
6 ~~valid certificate of authority in the state of Washington and which~~  
7 ~~the public employees' benefits board determines to be in the best~~  
8 ~~interests of employees and the state. The public employees' benefits~~  
9 ~~board shall adopt rules setting forth criteria by which it shall~~  
10 ~~evaluate the plans.~~

11           ~~(10) Before January 1, 1998, the public employees' benefits board~~  
12 ~~shall make available one or more fully insured long-term care~~  
13 ~~insurance plans that comply with the requirements of chapter 48.84~~  
14 ~~RCW. Such programs shall be made available to eligible employees,~~  
15 ~~retired employees, and retired school employees as well as eligible~~  
16 ~~dependents which, for the purpose of this section, includes the~~  
17 ~~parents of the employee or retiree and the parents of the spouse of~~  
18 ~~the employee or retiree. Employees of local governments, political~~  
19 ~~subdivisions, and tribal governments not otherwise enrolled in the~~  
20 ~~public employees' benefits board sponsored medical programs may~~  
21 ~~enroll under terms and conditions established by the director, if it~~  
22 ~~does not jeopardize the financial viability of the public employees'~~  
23 ~~benefits board's long-term care offering.~~

24           ~~(a) Participation of eligible employees or retired employees and~~  
25 ~~retired school employees in any long-term care insurance plan made~~  
26 ~~available by the public employees' benefits board is voluntary and~~  
27 ~~shall not be subject to binding arbitration under chapter 41.56 RCW.~~  
28 ~~Participation is subject to reasonable underwriting guidelines and~~  
29 ~~eligibility rules established by the public employees' benefits board~~  
30 ~~and the health care authority.~~

31           ~~(b) The employee, retired employee, and retired school employee~~  
32 ~~are solely responsible for the payment of the premium rates developed~~  
33 ~~by the health care authority. The health care authority is authorized~~  
34 ~~to charge a reasonable administrative fee in addition to the premium~~  
35 ~~charged by the long-term care insurer, which shall include the health~~  
36 ~~care authority's cost of administration, marketing, and consumer~~  
37 ~~education materials prepared by the health care authority and the~~  
38 ~~office of the insurance commissioner.~~



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

4 ~~(d) The public employees' benefits board and the health care~~  
5 ~~authority shall establish a technical advisory committee to provide~~  
6 ~~advice in the development of the benefit design and establishment of~~  
7 ~~underwriting guidelines and eligibility rules. The committee shall~~  
8 ~~also advise the public employees' benefits board and authority on~~  
9 ~~effective and cost-effective ways to market and distribute the long-~~  
10 ~~term care product. The technical advisory committee shall be~~  
11 ~~comprised, at a minimum, of representatives of the office of the~~  
12 ~~insurance commissioner, providers of long-term care services,~~  
13 ~~licensed insurance agents with expertise in long-term care insurance,~~  
14 ~~employees, retired employees, retired school employees, and other~~  
15 ~~interested parties determined to be appropriate by the public~~  
16 ~~employees' benefits board.~~

17 ~~(e) The health care authority shall offer employees, retired~~  
18 ~~employees, and retired school employees the option of purchasing~~  
19 ~~long-term care insurance through licensed agents or brokers appointed~~  
20 ~~by the long-term care insurer. The authority, in consultation with~~  
21 ~~the public employees' benefits board, shall establish marketing~~  
22 ~~procedures and may consider all premium components as a part of the~~  
23 ~~contract negotiations with the long-term care insurer.~~

24 ~~(f) In developing the long-term care insurance benefit designs,~~  
25 ~~the public employees' benefits board shall include an alternative~~  
26 ~~plan of care benefit, including adult day services, as approved by~~  
27 ~~the office of the insurance commissioner.~~

28 ~~(g) The health care authority, with the cooperation of the office~~  
29 ~~of the insurance commissioner, shall develop a consumer education~~  
30 ~~program for the eligible employees, retired employees, and retired~~  
31 ~~school employees designed to provide education on the potential need~~  
32 ~~for long-term care, methods of financing long-term care, and the~~  
33 ~~availability of long-term care insurance products including the~~  
34 ~~products offered by the public employees' benefits board.~~

35 (11)) In addition to the benefits offering authority under this  
36 chapter, the public employees' benefits board may study, establish  
37 evaluation criteria, and, subject to the availability of funding,  
38 offer the following employee-paid, voluntary benefits:

39 (a) Emergency transportation;

40 (b) Identity protection;

- 1       (c) Legal aid;  
2       (d) Long-term care insurance;  
3       (e) Noncommercial personal automobile insurance;  
4       (f) Personal homeowner's or renter's insurance;  
5       (g) Pet insurance;  
6       (h) Specified disease or illness-triggered fixed payment  
7 insurance, hospital confinement fixed payment insurance, or other  
8 fixed payment insurance offered as an independent, noncoordinated  
9 benefit regulated by the office of the insurance commissioner; and  
10       (i) Travel insurance.

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

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