

SENATE BILL 5197

State of Washington

52nd Legislature

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By Senators West, Wojahn, L. Smith and L. Kreidler; by request of Health Care Authority.

Read first time January 23, 1991. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to voluntary payroll deductions for public
2 employees; and amending RCW 41.04.020, 41.04.230, 41.05.065, and
3 41.05.075.

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

5 **Sec. 1.** RCW 41.04.020 and 1982 c 107 s 1 are each amended to read
6 as follows:

7 Any employee or group of employees of the state of Washington or
8 any of its political subdivisions, or of any institution supported, in
9 whole or in part, by the state or any of its political subdivisions,
10 may authorize the deduction from ((his-or)) their salaries or wages and
11 payment to another, the amount or amounts of ((his-or)) their
12 subscription payments or contributions to any person, firm, or
13 corporation administering, furnishing, or providing (1) ((~~medical,~~
14 ~~surgical, and hospital care or either of them~~)) insurance or
15 self-insurance plans, including life, disability, property, vehicle,

1 general casualty, or other insurance as defined in chapter 48.11 RCW,
2 or (2) (~~life insurance or accident and health disability insurance, or~~
3 ~~(3))~~ any individual retirement account selected by the employee or the
4 employee's spouse established under applicable state or federal law, or
5 (~~(4))~~ (3) any individual retirement account which is (a) offered
6 through the committee for deferred compensation, (b) selected by the
7 employee, and (c) established under applicable state or federal law(~~(~~
8 PROVIDED, That such)). Beginning July 1, 1992, state agencies and
9 institutions of higher education may authorize employee deductions for
10 insurance or self-insurance plans only if the plans have been approved
11 by, are provided by, or are contracted for by the health care authority
12 under RCW 41.05.075. Except in the case of state agencies and
13 institutions of higher education, the authorization by said employee or
14 group of employees(~~(7))~~) shall be first approved by the head of the
15 department, division office or institution of the state or any
16 political subdivision thereof, employing such person or group of
17 persons, and filed with the department of personnel; or in the case of
18 political subdivisions of the state of Washington, with the auditor of
19 such political subdivision or the person authorized by law to draw
20 warrants against the funds of said political subdivision.

21 **Sec. 2.** RCW 41.04.230 and 1988 c 107 s 19 are each amended to read
22 as follows:

23 Any official of the state authorized to disburse funds in payment
24 of salaries and wages of public officers or employees is authorized,
25 upon written request of the officer or employee, to deduct from the
26 salaries or wages of the officers or employees, the amount or amounts
27 of subscription payments, premiums, contributions, or continuation
28 thereof, for payment of the following:

1 (1) Credit union deductions: PROVIDED, That the credit union is
2 organized solely for public employees: AND PROVIDED FURTHER, That
3 twenty-five or more employees of a single state agency or a total of
4 one hundred or more state employees of several agencies have authorized
5 such a deduction for payment to the same credit union.

6 (2) Parking fee deductions: PROVIDED, That payment is made for
7 parking facilities furnished by the agency or by the department of
8 general administration.

9 (3) U.S. savings bond deductions: PROVIDED, That a person within
10 the particular agency shall be appointed to act as trustee. The
11 trustee will receive all contributions; purchase and deliver all bond
12 certificates; and keep such records and furnish such bond or security
13 as will render full accountability for all bond contributions.

14 (4) Board, lodging or uniform deductions when such board, lodging
15 and uniforms are furnished by the state, or deductions for academic
16 tuitions or fees or scholarship contributions payable to the employing
17 institution.

18 (5) Dues and other fees deductions: PROVIDED, That the deduction
19 is for payment of membership dues to any professional organization
20 formed primarily for public employees or college and university
21 professors: AND PROVIDED, FURTHER, That twenty-five or more employees
22 of a single state agency, or a total of one hundred or more state
23 employees of several agencies have authorized such a deduction for
24 payment to the same professional organization.

25 (6) Labor or employee organization dues may be deducted in the
26 event that a payroll deduction is not provided under a collective
27 bargaining agreement under the provisions of RCW 41.06.150: PROVIDED,
28 That twenty-five or more officers or employees of a single agency, or
29 a total of one hundred or more officers or employees of several
30 agencies have authorized such a deduction for payment to the same labor

1 or employee organization: PROVIDED, FURTHER, That labor or employee
2 organizations with five hundred or more members in state government may
3 have payroll deduction for employee benefit programs.

4 (7) Voluntary deductions for political committees duly registered
5 with the public disclosure commission and/or the federal election
6 commission: PROVIDED, That twenty-five or more officers or employees
7 of a single agency or a total of one hundred or more officers or
8 employees of several agencies have authorized such a deduction for
9 payment to the same political committee.

10 (8) (~~Insurance contributions to the authority~~) Deductions for
11 payment of premiums (~~under contracts authorized~~) for insurance or
12 self-insurance plans approved by, provided by, or contracted for by the
13 state health care authority.

14 Deductions from salaries and wages of public officers and employees
15 other than those enumerated in this section or by other law, may be
16 authorized by the director of financial management for purposes clearly
17 related to state employment or goals and objectives of the agency and
18 for plans authorized by the state health care authority.

19 The authority to make deductions from the salaries and wages of
20 public officers and employees as provided for in this section shall be
21 in addition to such other authority as may be provided by law:
22 PROVIDED, That the state or any department, division, or separate
23 agency of the state shall not be liable to any insurance carrier or
24 contractor for the failure to make or transmit any such deduction.

25 **Sec. 3.** RCW 41.05.065 and 1988 c 107 s 8 are each amended to read
26 as follows:

27 (1) The board shall study all matters connected with the provision
28 of health care coverage, life insurance, liability insurance,

1 accidental death and dismemberment insurance, and disability income
2 insurance or any of, or a combination of, the enumerated types of
3 insurance for employees and their dependents on the best basis possible
4 with relation both to the welfare of the employees and to the state:
5 PROVIDED, That liability insurance shall not be made available to
6 dependents.

7 (2) The state employees' benefits board shall develop employee
8 benefit plans that include comprehensive health care benefits for all
9 employees. In developing these plans, the board shall consider the
10 following elements:

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

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

16 (c) Wellness incentives that focus on proven strategies, such as
17 smoking cessation, exercise, and automobile and motorcycle safety;

18 (d) Utilization review procedures including, but not limited to,
19 prior authorization of services, hospital inpatient length of stay
20 review, requirements for use of outpatient surgeries and second
21 opinions for surgeries, review of invoices or claims submitted by
22 service providers, and performance audit of providers; and

23 (e) Effective coordination of benefits.

24 (3) The board shall design benefits and determine the terms and
25 conditions of employee participation and coverage, including
26 establishment of eligibility criteria.

27 (4) The board may authorize premium contributions for an employee
28 and the employee's dependents. Such authorization shall require a vote
29 of five members of the board for approval.

1 (5) Employees may choose participation in only one of the health
2 care benefit plans developed by the board.

3 (6) The board (~~((shall review))~~) may develop plan designs for
4 insurance or self-insurance plans (~~((proposed by insurance carriers that~~
5 ~~desire to offer property insurance and/or accident and casualty~~
6 ~~insurance to state employees))~~) to be approved by, provided by, or
7 contracted for by the health care authority through payroll
8 deduction(~~((The board may approve any such plan for payroll deduction~~
9 ~~by carriers holding a valid certificate of authority in the state of~~
10 ~~Washington and which the board determines to be in the best interests~~
11 ~~of employees and the state))~~) in accordance with RCW 41.04.020 and
12 41.04.230. Plans which may be designed by the board include group or
13 individual life, disability, property, vehicle, general casualty, or
14 other insurance coverages as defined in chapter 48.11 RCW. The board
15 shall promulgate rules setting forth criteria by which (~~((it))~~) the
16 authority shall (~~((evaluate the))~~) contract for or approve such plans.

17 **Sec. 4.** RCW 41.05.075 and 1988 c 107 s 9 are each amended to read
18 as follows:

19 (1) The administrator shall provide employee benefit plans designed
20 by the board through a contract or contracts with insuring entities,
21 through self-funding, self-insurance, or other methods of providing
22 insurance coverage authorized by RCW 41.05.140.

23 (2) The administrator shall establish a contract bidding process
24 that encourages competition among insuring entities, is timely to the
25 state budgetary process, and sets conditions for awarding contracts to
26 any insuring entity.

27 (3) The administrator shall establish a requirement for review of
28 utilization and financial data from participating insuring entities on
29 a quarterly basis.

1 (4) The administrator shall centralize the enrollment files for all
2 employee health plans and develop enrollment demographics on a
3 plan-specific basis.

4 (5) The administrator shall establish methods for collecting,
5 analyzing, and disseminating to covered individuals information on the
6 cost and quality of services rendered by individual health care
7 providers.

8 (6) All claims data shall be the property of the state. The
9 administrator may require of any insuring entity that submits a bid to
10 contract for coverage all information deemed necessary to fulfill the
11 administrator's duties as set forth in this chapter.

12 (7) All contracts with insuring entities for the provision of
13 health care benefits shall provide that the beneficiaries of such
14 benefit plans may use on an equal participation basis the services of
15 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32, 18.53,
16 18.57, 18.71, 18.74, 18.83, and 18.88 RCW. However, nothing in this
17 subsection may preclude the administrator from establishing appropriate
18 utilization controls approved pursuant to RCW 41.05.065 (2)(a)(i), (b),
19 and (d).

20 (8) Beginning in January 1990, and each January thereafter, the
21 administrator shall publish and distribute to each school district a
22 description of health care benefit plans available through the
23 authority and the estimated cost if school district employees were
24 enrolled.

25 (9) Beginning January 1, 1992, and at least annually thereafter,
26 the administrator shall file with the office of financial management a
27 list of insurance or self-insurance plans that are approved by,
28 provided by, or contracted for by the authority and are approved for
29 authorization of payroll deduction by state employees in accordance
30 with RCW 41.04.020 and 41.04.230. Beginning on July 1, 1992, employees

1 of state agencies and institutions of higher education may authorize
2 deductions only for insurance or self-insurance plans included in the
3 list filed by the administrator in accordance with this subsection.