

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2186**

54th Legislature  
1996 Regular Session

Passed by the House March 6, 1996  
Yeas 91 Nays 3

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**Speaker of the  
House of Representatives**

Passed by the Senate February 29, 1996  
Yeas 29 Nays 18

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2186** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2186**

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AS AMENDED BY THE SENATE

Passed Legislature - 1996 Regular Session

**State of Washington                      54th Legislature                      1996 Regular Session**

**By** House Committee on Health Care (originally sponsored by Representatives Dyer, Cody, Dickerson, L. Thomas, Quall, Carlson and Cooke)

Read first time 02/02/96.

1            AN ACT Relating to long-term care benefits for public employees;  
2 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 1995 1st sp.s. c 6 s 5 are each amended  
5 to read as follows:

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

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

16            (a) Methods of maximizing cost containment while ensuring access to  
17 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 alcohol  
6 misuse, appropriate weight reduction, exercise, automobile and  
7 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;

16 (f) Minimum standards for insuring entities; and

17 (g) Minimum scope and content of public employee benefit plans to  
18 be offered to enrollees participating in the employee health benefit  
19 plans. To maintain the comprehensive nature of employee health care  
20 benefits, employee eligibility criteria related to the number of hours  
21 worked and the benefits provided to employees shall be substantially  
22 equivalent to the state employees' health benefits plan and eligibility  
23 criteria in effect on January 1, 1993. Nothing in this subsection  
24 (2)(g) shall prohibit changes or increases in employee point-of-service  
25 payments or employee premium payments for benefits.

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

29 (4) The board may authorize premium contributions for an employee  
30 and the employee's dependents in a manner that encourages the use of  
31 cost-efficient managed health care systems.

32 (5) Employees shall choose participation in one of the health care  
33 benefit plans developed by the board and may be permitted to waive  
34 coverage under terms and conditions established by the board.

35 (6) The board shall review plans proposed by insuring entities that  
36 desire to offer property insurance and/or accident and casualty  
37 insurance to state employees through payroll deduction. The board may  
38 approve any such plan for payroll deduction by insuring entities  
39 holding a valid certificate of authority in the state of Washington and

1 which the board determines to be in the best interests of employees and  
2 the state. The board shall promulgate rules setting forth criteria by  
3 which it shall evaluate the plans.

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

17 (a) Participation of eligible employees or retired employees and  
18 retired school employees in any long-term care insurance plan made  
19 available by the public employees' benefits board is voluntary and  
20 shall not be subject to binding arbitration under chapter 41.56 RCW.  
21 Participation is subject to reasonable underwriting guidelines and  
22 eligibility rules established by the public employees' benefits board  
23 and the health care authority.

24 (b) The employee, retired employee, and retired school employee are  
25 solely responsible for the payment of the premium rates developed by  
26 the health care authority. The health care authority is authorized to  
27 charge a reasonable administrative fee in addition to the premium  
28 charged by the long-term care insurer, which shall include the health  
29 care authority's cost of administration, marketing, and consumer  
30 education materials prepared by the health care authority and the  
31 office of the insurance commissioner.

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

35 (d) The public employees' benefits board and the health care  
36 authority shall establish a technical advisory committee to provide  
37 advice in the development of the benefit design and establishment of  
38 underwriting guidelines and eligibility rules. The committee shall  
39 also advise the board and authority on effective and cost-effective

1 ways to market and distribute the long-term care product. The  
2 technical advisory committee shall be comprised, at a minimum, of  
3 representatives of the office of the insurance commissioner, providers  
4 of long-term care services, licensed insurance agents with expertise in  
5 long-term care insurance, employees, retired employees, retired school  
6 employees, and other interested parties determined to be appropriate by  
7 the board.

8 (e) The health care authority shall offer employees, retired  
9 employees, and retired school employees the option of purchasing long-  
10 term care insurance through licensed agents or brokers appointed by the  
11 long-term care insurer. The authority, in consultation with the public  
12 employees' benefits board, shall establish marketing procedures and may  
13 consider all premium components as a part of the contract negotiations  
14 with the long-term care insurer.

15 (f) In developing the long-term care insurance benefit designs, the  
16 public employees' benefits board shall include an alternative plan of  
17 care benefit, including adult day services, as approved by the office  
18 of the insurance commissioner.

19 (g) The health care authority, with the cooperation of the office  
20 of the insurance commissioner, shall develop a consumer education  
21 program for the eligible employees, retired employees, and retired  
22 school employees designed to provide education on the potential need  
23 for long-term care, methods of financing long-term care, and the  
24 availability of long-term care insurance products including the  
25 products offered by the board.

26 (h) By December 1998, the health care authority, in consultation  
27 with the public employees' benefits board, shall submit a report to the  
28 appropriate committees of the legislature, including an analysis of the  
29 marketing and distribution of the long-term care insurance provided  
30 under this section.

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