
HOUSE BILL 1760

State of Washington

57th Legislature

2001 Regular Session

By Representatives Cox, Boldt, Lambert, Casada, Mielke, Campbell, Mulliken, Sump, G. Chandler, Schindler and Talcott

Read first time 02/02/2001. Referred to Committee on State Government.

1 AN ACT Relating to defining eligibility for benefits provided
2 to state employees; amending RCW 41.05.065; adding a new section
3 to chapter 41.05 RCW; and providing for submission of this act to
4 a vote of the people.

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

6 **Sec. 1.** RCW 41.05.065 and 1996 c 140 s 1 are each amended to read
7 as follows:

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

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

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

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

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

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

18 (e) Effective coordination of benefits;

19 (f) Minimum standards for insuring entities; and

20 (g) Minimum scope and content of public employee benefit plans
21 to be offered to enrollees participating in the employee health
22 benefit plans. To maintain the comprehensive nature of employee
23 health care benefits, employee eligibility criteria related to the
24 number of hours worked and the benefits provided to employees
25 shall be substantially equivalent to the state employees' health
26 benefits plan and eligibility criteria in effect on January 1,
27 1993. Nothing in this subsection (2)(g) shall prohibit changes or
28 increases in employee point-of-service payments or employee
29 premium payments for benefits.

30 (3)(a) The board shall design benefits and determine the terms
31 and conditions of employee participation and coverage, including
32 establishment of eligibility criteria.

33 (b) Eligibility shall be extended exclusively to employees and
34 their dependents, including lawful spouses, who qualify according
35 to the eligibility requirements in effect on May 1, 2000.

36 (c) For purposes of eligibility, the term "lawful spouse" means
37 a husband or a wife in a marriage recognized as valid in
38 accordance with RCW 26.04.010 as amended by chapter 1, Laws of

1 1998 (reaffirming and protecting the institution of marriage,
2 known as the Washington state defense of marriage act).

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

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

10 (6) The board shall review plans proposed by insuring entities
11 that desire to offer property insurance and/or accident and
12 casualty insurance to state employees through payroll deduction.
13 The board may approve any such plan for payroll deduction by
14 insuring entities holding a valid certificate of authority in the
15 state of Washington and which the board determines to be in the
16 best interests of employees and the state. The board shall
17 promulgate rules setting forth criteria by which it shall evaluate
18 the plans.

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

32 (a) Participation of eligible employees or retired employees
33 and retired school employees in any long-term care insurance plan
34 made available by the public employees' benefits board is
35 voluntary and shall not be subject to binding arbitration under
36 chapter 41.56 RCW. Participation is subject to reasonable
37 underwriting guidelines and eligibility rules established by the
38 public employees' benefits board and the health care authority.

1 (b) The employee, retired employee, and retired school employee
2 are solely responsible for the payment of the premium rates
3 developed by the health care authority. The health care authority
4 is authorized to charge a reasonable administrative fee in
5 addition to the premium charged by the long-term care insurer,
6 which shall include the health care authority's cost of
7 administration, marketing, and consumer education materials
8 prepared by the health care authority and the office of the
9 insurance commissioner.

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

13 (d) The public employees' benefits board and the health care
14 authority shall establish a technical advisory committee to
15 provide advice in the development of the benefit design and
16 establishment of underwriting guidelines and eligibility rules.
17 The committee shall also advise the board and authority on
18 effective and cost-effective ways to market and distribute the
19 long-term care product. The technical advisory committee shall be
20 comprised, at a minimum, of representatives of the office of the
21 insurance commissioner, providers of long-term care services,
22 licensed insurance agents with expertise in long-term care
23 insurance, employees, retired employees, retired school employees,
24 and other interested parties determined to be appropriate by the
25 board.

26 (e) The health care authority shall offer employees, retired
27 employees, and retired school employees the option of purchasing
28 long-term care insurance through licensed agents or brokers
29 appointed by the long-term care insurer. The authority, in
30 consultation with the public employees' benefits board, shall
31 establish marketing procedures and may consider all premium
32 components as a part of the contract negotiations with the long-
33 term care insurer.

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

38 (g) The health care authority, with the cooperation of the

1 office of the insurance commissioner, shall develop a consumer
2 education program for the eligible employees, retired employees,
3 and retired school employees designed to provide education on the
4 potential need for long-term care, methods of financing long-term
5 care, and the availability of long-term care insurance products
6 including the products offered by the board.

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

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05
13 RCW to read as follows:

14 Each health plan offered to public employees under this chapter
15 that is established or renewed after the effective date of this
16 act shall extend eligibility exclusively to employees and their
17 dependents as provided in this act.

18 NEW SECTION. **Sec. 3.** The secretary of state shall submit this
19 act to the people for their adoption and ratification, or
20 rejection, at the next general election to be held in this state,
21 in accordance with Article II, section 1 of the state Constitution
22 and the laws adopted to facilitate its operation.

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