
SENATE BILL 5232

State of Washington

57th Legislature

2001 Regular Session

By Senators Swecker, Roach, Stevens, Zarelli, Hargrove, Honeyford,
T. Sheldon, Rasmussen, Oke, Rossi, West and Hewitt

Read first time 01/16/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to the eligibility of individuals for public
2 employees' benefits board insurance benefits; amending RCW 41.05.011
3 and 41.05.065; reenacting and amending RCW 41.05.011; creating a new
4 section; providing an effective date; providing an expiration date; and
5 providing for submission of this act to a vote of the people.

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

7 NEW SECTION. **Sec. 1.** The legislature recognizes that the mounting
8 cost of health care, and in turn, health insurance, has become a burden
9 on public employees, as they must share in the increased cost of their
10 health insurance premiums. Expanding the classifications of
11 individuals to whom the public employees' benefits board insurance
12 benefits are available is likely to increase the cost of these benefits
13 even further for all state employees. Without the approval of the
14 legislature, the public employees' benefits board has extended
15 eligibility by authorizing benefits for same sex domestic partners of
16 state employees. In order to limit the escalation of health care
17 costs, and to prevent the further expansion of benefit eligibility, the
18 legislature intends by this act to reverse the board's action. It is

1 the intent of the legislature that eligibility for these benefits be
2 limited to lawful spouses and dependent children of state employees.

3 **Sec. 2.** RCW 41.05.011 and 2000 c 230 s 3 are each amended to read
4 as follows:

5 Unless the context clearly requires otherwise, the definitions in
6 this section shall apply throughout this chapter.

7 (1) "Administrator" means the administrator of the authority.

8 (2) "State purchased health care" or "health care" means medical
9 and health care, pharmaceuticals, and medical equipment purchased with
10 state and federal funds by the department of social and health
11 services, the department of health, the basic health plan, the state
12 health care authority, the department of labor and industries, the
13 department of corrections, the department of veterans affairs, and
14 local school districts.

15 (3) "Authority" means the Washington state health care authority.

16 (4) "Insuring entity" means an insurer as defined in chapter 48.01
17 RCW, a health care service contractor as defined in chapter 48.44 RCW,
18 or a health maintenance organization as defined in chapter 48.46 RCW.

19 (5) "Flexible benefit plan" means a benefit plan that allows
20 employees to choose the level of health care coverage provided and the
21 amount of employee contributions from among a range of choices offered
22 by the authority.

23 (6) "Employee" includes all full-time and career seasonal employees
24 of the state, whether or not covered by civil service; elected and
25 appointed officials of the executive branch of government, including
26 full-time members of boards, commissions, or committees; and includes
27 any or all part-time and temporary employees under the terms and
28 conditions established under this chapter by the authority; justices of
29 the supreme court and judges of the court of appeals and the superior
30 courts; and members of the state legislature or of the legislative
31 authority of any county, city, or town who are elected to office after
32 February 20, 1970. "Employee" also includes: (a) Employees of a
33 county, municipality, or other political subdivision of the state if
34 the legislative authority of the county, municipality, or other
35 political subdivision of the state seeks and receives the approval of
36 the authority to provide any of its insurance programs by contract with
37 the authority, as provided in RCW 41.04.205; (b) employees of employee
38 organizations representing state civil service employees, at the option

1 of each such employee organization, and, effective October 1, 1995,
2 employees of employee organizations currently pooled with employees of
3 school districts for the purpose of purchasing insurance benefits, at
4 the option of each such employee organization; and (c) employees of a
5 school district if the authority agrees to provide any of the school
6 districts' insurance programs by contract with the authority as
7 provided in RCW 28A.400.350.

8 (7) "Board" means the public employees' benefits board established
9 under RCW 41.05.055.

10 (8) "Retired or disabled school employee" means:

11 (a) Persons who separated from employment with a school district or
12 educational service district and are receiving a retirement allowance
13 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

14 (b) Persons who separate from employment with a school district or
15 educational service district on or after October 1, 1993, and
16 immediately upon separation receive a retirement allowance under
17 chapter 41.32, 41.35, or 41.40 RCW;

18 (c) Persons who separate from employment with a school district or
19 educational service district due to a total and permanent disability,
20 and are eligible to receive a deferred retirement allowance under
21 chapter 41.32, 41.35, or 41.40 RCW.

22 (9) "Benefits contribution plan" means a premium only contribution
23 plan, a medical flexible spending arrangement, or a cafeteria plan
24 whereby state and public employees may agree to a contribution to
25 benefit costs which will allow the employee to participate in benefits
26 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
27 internal revenue code.

28 (10) "Salary" means a state employee's monthly salary or wages.

29 (11) "Participant" means an individual who fulfills the eligibility
30 and enrollment requirements under the benefits contribution plan.

31 (12) "Plan year" means the time period established by the
32 authority.

33 (13) "Separated employees" means persons who separate from
34 employment with an employer as defined in:

35 (a) RCW 41.32.010(11) on or after July 1, 1996; or

36 (b) RCW 41.35.010 on or after September 1, 2000;

37 and who are at least age fifty-five and have at least ten years of
38 service under the teachers' retirement system plan 3 as defined in RCW

1 41.32.010(40) or the Washington school employees' retirement system
2 plan 3 as defined in RCW 41.35.010.

3 (14) "Eligible dependents" means the following:

4 (a) Lawful spouse of the employee in a marriage that conforms with
5 chapter 26.04 RCW; or

6 (b) Dependent children as defined by the board.

7 **Sec. 3.** RCW 41.05.011 and 2000 c 247 s 604 and 2000 c 230 s 3 are
8 each reenacted and amended to read as follows:

9 Unless the context clearly requires otherwise, the definitions in
10 this section shall apply throughout this chapter.

11 (1) "Administrator" means the administrator of the authority.

12 (2) "State purchased health care" or "health care" means medical
13 and health care, pharmaceuticals, and medical equipment purchased with
14 state and federal funds by the department of social and health
15 services, the department of health, the basic health plan, the state
16 health care authority, the department of labor and industries, the
17 department of corrections, the department of veterans affairs, and
18 local school districts.

19 (3) "Authority" means the Washington state health care authority.

20 (4) "Insuring entity" means an insurer as defined in chapter 48.01
21 RCW, a health care service contractor as defined in chapter 48.44 RCW,
22 or a health maintenance organization as defined in chapter 48.46 RCW.

23 (5) "Flexible benefit plan" means a benefit plan that allows
24 employees to choose the level of health care coverage provided and the
25 amount of employee contributions from among a range of choices offered
26 by the authority.

27 (6) "Employee" includes all full-time and career seasonal employees
28 of the state, whether or not covered by civil service; elected and
29 appointed officials of the executive branch of government, including
30 full-time members of boards, commissions, or committees; and includes
31 any or all part-time and temporary employees under the terms and
32 conditions established under this chapter by the authority; justices of
33 the supreme court and judges of the court of appeals and the superior
34 courts; and members of the state legislature or of the legislative
35 authority of any county, city, or town who are elected to office after
36 February 20, 1970. "Employee" also includes: (a) Employees of a
37 county, municipality, or other political subdivision of the state if
38 the legislative authority of the county, municipality, or other

1 political subdivision of the state seeks and receives the approval of
2 the authority to provide any of its insurance programs by contract with
3 the authority, as provided in RCW 41.04.205; (b) employees of employee
4 organizations representing state civil service employees, at the option
5 of each such employee organization, and, effective October 1, 1995,
6 employees of employee organizations currently pooled with employees of
7 school districts for the purpose of purchasing insurance benefits, at
8 the option of each such employee organization; and (c) employees of a
9 school district if the authority agrees to provide any of the school
10 districts' insurance programs by contract with the authority as
11 provided in RCW 28A.400.350.

12 (7) "Board" means the public employees' benefits board established
13 under RCW 41.05.055.

14 (8) "Retired or disabled school employee" means:

15 (a) Persons who separated from employment with a school district or
16 educational service district and are receiving a retirement allowance
17 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

18 (b) Persons who separate from employment with a school district or
19 educational service district on or after October 1, 1993, and
20 immediately upon separation receive a retirement allowance under
21 chapter 41.32, 41.35, or 41.40 RCW;

22 (c) Persons who separate from employment with a school district or
23 educational service district due to a total and permanent disability,
24 and are eligible to receive a deferred retirement allowance under
25 chapter 41.32, 41.35, or 41.40 RCW.

26 (9) "Benefits contribution plan" means a premium only contribution
27 plan, a medical flexible spending arrangement, or a cafeteria plan
28 whereby state and public employees may agree to a contribution to
29 benefit costs which will allow the employee to participate in benefits
30 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
31 internal revenue code.

32 (10) "Salary" means a state employee's monthly salary or wages.

33 (11) "Participant" means an individual who fulfills the eligibility
34 and enrollment requirements under the benefits contribution plan.

35 (12) "Plan year" means the time period established by the
36 authority.

37 (13) "Separated employees" means persons who separate from
38 employment with an employer as defined in:

39 (a) RCW 41.32.010(11) on or after July 1, 1996; or

1 (b) RCW 41.35.010 on or after September 1, 2000; or
2 (c) RCW 41.40.010 on or after March 1, 2002;
3 and who are at least age fifty-five and have at least ten years of
4 service under the teachers' retirement system plan 3 as defined in RCW
5 41.32.010(40), the Washington school employees' retirement system plan
6 3 as defined in RCW 41.35.010, or the public employees' retirement
7 system plan 3 as defined in RCW 41.40.010.

8 (14) "Eligible dependents" means the following:

9 (a) Lawful spouse of the employee in a marriage that conforms with
10 chapter 26.04 RCW; or

11 (b) Dependent children as defined by the board.

12 **Sec. 4.** RCW 41.05.065 and 1996 c 140 s 1 are each amended to read
13 as follows:

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

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

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

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

29 (c) Wellness incentives that focus on proven strategies, such as
30 smoking cessation, injury and accident prevention, reduction of alcohol
31 misuse, appropriate weight reduction, exercise, automobile and
32 motorcycle safety, blood cholesterol reduction, and nutrition
33 education;

34 (d) Utilization review procedures including, but not limited to a
35 cost-efficient method for prior authorization of services, hospital
36 inpatient length of stay review, requirements for use of outpatient
37 surgeries and second opinions for surgeries, review of invoices or

1 claims submitted by service providers, and performance audit of
2 providers;

3 (e) Effective coordination of benefits;

4 (f) Minimum standards for insuring entities; and

5 (g) Minimum scope and content of public employee benefit plans to
6 be offered to enrollees participating in the employee health benefit
7 plans. To maintain the comprehensive nature of employee health care
8 benefits, employee eligibility criteria related to the number of hours
9 worked and the benefits provided to employees shall be substantially
10 equivalent to the state employees' health benefits plan and eligibility
11 criteria in effect on January 1, 1993. Nothing in this subsection
12 (2)(g) shall prohibit changes or increases in employee point-of-service
13 payments or employee premium payments for benefits.

14 (3) The board shall design benefits and determine the terms and
15 conditions of employee participation and coverage, including
16 establishment of eligibility criteria for employees and their eligible
17 dependents as defined in RCW 41.05.011.

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

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

24 (6) The board shall review plans proposed by insuring entities that
25 desire to offer property insurance and/or accident and casualty
26 insurance to state employees through payroll deduction. The board may
27 approve any such plan for payroll deduction by insuring entities
28 holding a valid certificate of authority in the state of Washington and
29 which the board determines to be in the best interests of employees and
30 the state. The board shall promulgate rules setting forth criteria by
31 which it shall evaluate the plans.

32 (7) Before January 1, 1998, the public employees' benefits board
33 shall make available one or more fully insured long-term care insurance
34 plans that comply with the requirements of chapter 48.84 RCW. Such
35 programs shall be made available to eligible employees, retired
36 employees, and retired school employees as well as eligible dependents
37 which, for the purpose of this section, includes the parents of the
38 employee or retiree and the parents of the spouse of the employee or
39 retiree. Employees of local governments and employees of political

1 subdivisions not otherwise enrolled in the public employees' benefits
2 board sponsored medical programs may enroll under terms and conditions
3 established by the administrator, if it does not jeopardize the
4 financial viability of the public employees' benefits board's long-term
5 care offering.

6 (a) Participation of eligible employees or retired employees and
7 retired school employees in any long-term care insurance plan made
8 available by the public employees' benefits board is voluntary and
9 shall not be subject to binding arbitration under chapter 41.56 RCW.
10 Participation is subject to reasonable underwriting guidelines and
11 eligibility rules established by the public employees' benefits board
12 and the health care authority.

13 (b) The employee, retired employee, and retired school employee are
14 solely responsible for the payment of the premium rates developed by
15 the health care authority. The health care authority is authorized to
16 charge a reasonable administrative fee in addition to the premium
17 charged by the long-term care insurer, which shall include the health
18 care authority's cost of administration, marketing, and consumer
19 education materials prepared by the health care authority and the
20 office of the insurance commissioner.

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

24 (d) The public employees' benefits board and the health care
25 authority shall establish a technical advisory committee to provide
26 advice in the development of the benefit design and establishment of
27 underwriting guidelines and eligibility rules. The committee shall
28 also advise the board and authority on effective and cost-effective
29 ways to market and distribute the long-term care product. The
30 technical advisory committee shall be comprised, at a minimum, of
31 representatives of the office of the insurance commissioner, providers
32 of long-term care services, licensed insurance agents with expertise in
33 long-term care insurance, employees, retired employees, retired school
34 employees, and other interested parties determined to be appropriate by
35 the board.

36 (e) The health care authority shall offer employees, retired
37 employees, and retired school employees the option of purchasing long-
38 term care insurance through licensed agents or brokers appointed by the
39 long-term care insurer. The authority, in consultation with the public

1 employees' benefits board, shall establish marketing procedures and may
2 consider all premium components as a part of the contract negotiations
3 with the long-term care insurer.

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

8 (g) The health care authority, with the cooperation of the office
9 of the insurance commissioner, shall develop a consumer education
10 program for the eligible employees, retired employees, and retired
11 school employees designed to provide education on the potential need
12 for long-term care, methods of financing long-term care, and the
13 availability of long-term care insurance products including the
14 products offered by the board.

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

20 NEW SECTION. **Sec. 5.** Section 2 of this act expires March 1, 2002.

21 NEW SECTION. **Sec. 6.** Section 3 of this act takes effect March 1,
22 2002.

23 NEW SECTION. **Sec. 7.** The secretary of state shall submit this act
24 to the people for their adoption and ratification, or rejection, at the
25 next general election to be held in this state, in accordance with
26 Article II, section 1 of the state Constitution and the laws adopted to
27 facilitate its operation.

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