
SENATE BILL 5768

State of Washington

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By Senators Thibaudeau, Kohl-Welles, Jacobsen, Prentice, Kline, Spanel and Carlson

Read first time 02/01/2001. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to health care financing; amending RCW 41.05.120,
2 41.05.130, 66.24.290, 82.24.020, 82.26.020, 82.08.150, 43.79.480, and
3 41.05.220; adding new sections to chapter 82.02 RCW; adding a new
4 chapter to Title 43 RCW; creating new sections; repealing RCW 82.04.260
5 and 48.14.0201; making an appropriation; providing effective dates; and
6 providing an expiration date.

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

8 NEW SECTION. **Sec. 1.** (1) There is a crisis in health care
9 accessibility, affordability, and choice in Washington state. Health
10 care through insurance companies has failed to control costs, increase
11 access, or preserve choice. More than six hundred thousand Washington
12 residents have no health care coverage. Individual plans are
13 unavailable in most counties. Many clinics, physician practices, and
14 emergency departments, especially in rural areas, are closing or
15 operating at a loss. Employers, faced with fewer choices and more
16 expensive premiums, are reducing employment-based health care coverage.
17 Simplifying health care financing and eliminating administrative waste
18 inherent in multiple insurance plans can create sufficient savings to

1 extend health care coverage to all residents and enhance fairness in
2 the system.

3 (2) The people of the state of Washington declare their intent to
4 create a framework and process to involve the citizens of Washington
5 state in the creation of a single financing entity called the
6 Washington health security trust. Through public hearings, research,
7 and consensus building, the trust will accomplish the follow goals:
8 (a) Provide fair, simple, and accountable health care financing for all
9 Washington residents using a single health care financing entity; (b)
10 cover a comprehensive package of effective and necessary personal
11 health services; (c) make health care coverage independent from
12 employment; (d) eliminate excessive administrative costs resulting from
13 the current fragmented system of multiple insurers; (e) generate
14 savings sufficient to ensure coverage for all Washington residents; (f)
15 integrate current publicly sponsored health programs into the health
16 security trust; (g) preserve choice of providers for Washington
17 residents; (h) protect patient rights; (i) keep clinical decisions in
18 the hands of health professionals and patients, rather than
19 administrative personnel; (j) promote health care quality; and (k)
20 control excessive health care costs.

21 NEW SECTION. **Sec. 2.** The definitions in this section apply
22 throughout this chapter unless the context clearly requires otherwise.

23 (1) "Board" means the board of trustees of the Washington health
24 security trust, created in section 3 of this act.

25 (2) "Capitation" means a mechanism of payment in which a provider
26 is paid a negotiated monthly sum and is obliged to provide all covered
27 services for specific patients who enroll with that provider.

28 (3) "Case rate" means a method of payment based on diagnosis. Case
29 rate assumes that a given set of services shall be provided and the
30 rate is based on the total compensation for those services.

31 (4) "Chair" means the presiding officer of the board.

32 (5) "Employer" means any person, partnership, corporation,
33 association, joint venture, or public or private entity operating a
34 business in Washington state and employing for wages, salary, or other
35 compensation, one or more residents. "Employer" does not include
36 self-employed persons with respect to self-employment earnings.

1 (6) "Federal poverty level" means the federal poverty guidelines
2 determined annually by the United States department of health and human
3 services or its successor agency.

4 (7) "Group practice" or "group" means a group of practitioners
5 voluntarily joined into an organization for the purpose of sharing
6 administrative costs, negotiating with payers and controlling the
7 circumstances of their medical practice, and, in some cases, sharing
8 revenues. The group may be of a single specialty or include more than
9 one specialty.

10 (8) "Health care facility" or "facility" includes any of the
11 following appropriately accredited entities: Hospices licensed
12 pursuant to chapter 70.127 RCW; hospitals licensed pursuant to chapter
13 70.41 RCW; rural health care facilities as defined in RCW 70.175.020;
14 psychiatric hospitals licensed pursuant to chapter 71.12 RCW; nursing
15 homes licensed pursuant to chapter 18.51 RCW; community mental health
16 centers licensed pursuant to chapter 71.05 or 71.24 RCW; kidney disease
17 treatment centers licensed pursuant to chapter 70.41 RCW; ambulatory
18 diagnostic, treatment, or surgical facilities licensed pursuant to
19 chapter 70.41 RCW; approved drug and alcohol treatment facilities
20 certified by the department of social and health services; home health
21 agencies licensed pursuant to chapter 70.127 RCW; and such facilities
22 if owned and operated by a political subdivision or instrumentality of
23 the state and such other facilities as required by federal law and
24 implementing regulations.

25 (9) "Health care practitioner" or "practitioner" means a person
26 licensed or certified under Title 18 RCW or chapter 70.127 RCW, and
27 covered by the all categories of provider law, RCW 48.43.045, providing
28 health care services in Washington state consistent with their lawful
29 scope of practice.

30 (10) "Health care provider" or "provider" means any health care
31 facility, or health care practitioner or group practice licensed or
32 certified under Washington state law to provide health or
33 health-related services in Washington state.

34 (11) "Income" means the adjusted gross household income for federal
35 income tax purposes.

36 (12) "Long-term care" means institutional, residential, outpatient,
37 or community-based services that meet the individual needs of persons
38 of all ages who are limited in their functional capacities or have
39 disabilities and require assistance with performing two or more

1 activities of daily living for an extended or indefinite period of
2 time. These services include case management, protective supervision,
3 in-home care, nursing services, convalescent, custodial, chronic, and
4 terminally ill care.

5 (13) "Native American" means an American Indian or Alaska native as
6 defined under 25 U.S.C. Sec. 1603.

7 (14) "Payroll" means any amount paid to Washington state residents
8 and defined as "wages" under section 3121 of the internal revenue code.

9 (15) "Resident" means an individual who presents evidence of
10 established, permanent residency in the state of Washington, who did
11 not enter the state for the primary purpose of obtaining health
12 services. "Resident" also includes people and their accompanying
13 family members who are residing in the state for the purpose of
14 engaging in employment for at least one month. The confinement of a
15 person in a nursing home, hospital, or other medical institution in the
16 state may not by itself be sufficient to qualify such person as a
17 resident.

18 (16) "Trust" means the Washington health security trust created in
19 section 3 of this act.

20 NEW SECTION. **Sec. 3.** An agency of state government known as the
21 Washington health security trust is created. The purpose of the trust
22 is to provide coverage for a set of health care services for all
23 residents.

24 NEW SECTION. **Sec. 4.** (1) The trust shall be governed by a board
25 of trustees. The board consists of seven trustees selected for
26 expertise in health care financing and delivery, and representing
27 Washington citizens, business, labor, and health professions. The
28 trustees shall be appointed by the governor, subject to confirmation by
29 the senate. The governor shall appoint the initial board by March 15,
30 2002. Of the initial trustees, three shall be appointed to terms of
31 two years, two shall be appointed to terms of four years, and two shall
32 be appointed to terms of six years. Thereafter, trustees shall be
33 appointed to six-year terms, except that the governor shall appoint a
34 trustee to serve the remaining term for a vacancy from any cause. The
35 board shall convene no later than May 15, 2002.

1 (2) Members of the board shall have no pecuniary interest in any
2 business subject to regulation by the board. Members of the board are
3 subject to chapter 42.52 RCW.

4 (3) Members of the board shall occupy their positions on a
5 full-time basis and are exempt from the provisions of chapter 41.06
6 RCW. The board and its professional staff are subject to the public
7 disclosure provisions of chapter 42.17 RCW. Trustees shall be paid a
8 salary to be fixed by the governor in accordance with RCW 43.03.040.
9 Four trustees constitute a quorum for the conduct of business.

10 (4) One member of the board shall be designated by the governor as
11 chair, subject to confirmation by a majority of the other trustees.
12 The chair shall serve in this capacity, subject to continuing
13 confidence of a majority of the board.

14 (5) If convinced by a preponderance of the evidence in a due
15 process hearing that a trustee has failed to perform required duties or
16 has a conflict with the public interest, the governor may remove that
17 trustee and appoint another to serve the unexpired term.

18 NEW SECTION. **Sec. 5.** (1) Subject to the approval of the board,
19 the chair shall appoint two standing committees.

20 (a) A citizens' advisory committee shall have balanced
21 representation from health experts, business, labor, and consumers.
22 The citizens' advisory committee shall hold public hearings on
23 priorities for inclusion in the set of health services, survey public
24 satisfaction, investigate complaints, and identify and report on health
25 care access and other priority issues for residents.

26 (b) A technical advisory committee shall have members with broad
27 experience in and knowledge of health care delivery, research, and
28 policy, as well as public and private funding of health care services.
29 The technical advisory committee shall make recommendations to the
30 board on technical issues related to covered benefits, quality
31 assurance, utilization, and other issues as requested by the board.

32 (2) The board shall consult with the citizens' advisory committee
33 at least quarterly, receive its reports and recommendations, and then
34 report to the governor and legislature at least annually on board
35 actions in response to citizens' advisory committee input.

36 (3) Subject to approval of the board, the chair may appoint other
37 committees and task forces as needed.

1 (4) Members of committees shall serve without compensation for
2 their services but shall be reimbursed for their expenses while
3 attending meetings on behalf of the board in accordance with RCW
4 43.03.050 and 43.03.060.

5 NEW SECTION. **Sec. 6.** The chair is the presiding officer of the
6 board and has the following powers and duties:

7 (1) Appoint an executive director with the approval of the board.
8 The executive director, with approval of the board, shall employ staff
9 in accordance with chapter 41.06 RCW necessary to execute the policies
10 and decisions of the board;

11 (2) Enter into contracts on behalf of the board. All contracts are
12 subject to review and binding legal opinions by the attorney general's
13 office if disputed in a due process hearing by a party to such a
14 contract;

15 (3) Subject to explicit approval of a majority of the board, accept
16 and expend gifts, donations, grants, and other funds received by the
17 board; and

18 (4) Delegate administrative functions of the board to the executive
19 director and staff of the trust as necessary to ensure efficient
20 administration.

21 NEW SECTION. **Sec. 7.** (1) The board shall: (a) With advice from
22 the citizens' advisory committee and the technical advisory committee,
23 establish and keep current a set of health services to be financed by
24 the trust, as provided in section 11 of this act; (b) seek all
25 necessary waivers so that current federal and state payments for health
26 services to residents will be paid directly to the trust; (c) make
27 rules, policies, guidelines, and timetables needed for the trust to
28 finance the set of health services for all residents starting May 15,
29 2003; (d) develop and oversee the operation of a statewide, anonymous
30 health care data system to use for quality assurance and cost
31 containment; (e) with advice from the technical advisory committee,
32 develop health care practice guidelines and quality standards; (f)
33 develop policies to protect confidentiality of patient records
34 throughout the health care delivery system and the claims payment
35 system; (g) make eligibility rules, including eligibility for residents
36 temporarily out-of-state; (h) develop or contract for development of a
37 streamlined uniform claims processing system that must pay providers in

1 a timely manner for covered health services; (i) develop appeals
2 procedures for residents and providers; (j) integrate functions with
3 other state agencies; (k) work with the citizens' advisory committee
4 and the technical advisory committee to balance benefits and provider
5 payments with revenues, and develop effective measures to control
6 excessive and unnecessary health care costs; (l) address nonfinancial
7 barriers to health care access; (m) monitor population migration into
8 Washington state to detect any trends related to availability of
9 universal health care coverage; and (n) develop an annual budget for
10 the trust.

11 (2) To the extent that the exercise of any of the powers and duties
12 specified in this section may be inconsistent with the powers and
13 duties of other state agencies, offices, or commissions, the authority
14 of the board supersedes that of such other state agency, office, or
15 commission.

16 NEW SECTION. **Sec. 8.** Beginning May 15, 2003, the board shall
17 adopt, in consultation with the office of financial management, an
18 annual Washington health security trust budget. Except by legislative
19 approval, each annual budget shall not exceed the budget for the
20 preceding year by more than the Washington state consumer price index.
21 If operations expenses exceed revenues generated in two consecutive
22 years, the board shall recommend adjustments in either benefits or
23 revenues, or both, to the legislature.

24 NEW SECTION. **Sec. 9.** (1) The board shall report annual changes in
25 total Washington health care costs, along with the financial position
26 and the status of the trust, to the governor and legislature at least
27 once a year.

28 (2) The board shall seek audits annually from the state auditor.

29 (3) The board shall contract with a private organization for an
30 external performance audit every two years.

31 (4) The board shall submit any internal rules or policies it adopts
32 to the secretary of state. The internal rules or policies must be made
33 available by the secretary of state for public inspection.

34 NEW SECTION. **Sec. 10.** (1) All residents are eligible for coverage
35 through the trust.

1 (2) If a resident has health insurance coverage for any health
2 services provided in the state, the benefits provided in this act are
3 secondary to that insurance. Nonresidents are covered for emergency
4 services and emergency transportation only.

5 (3) Until federal waivers are accomplished, residents covered under
6 federal health programs shall continue to use that coverage, and
7 benefits provided by the trust shall extend only to costs not covered
8 by the federal health programs.

9 (4) The board shall make provisions for determining eligibility for
10 coverage for residents while they are temporarily out of the state.

11 (5) Pending integration of federally qualified Taft-Hartley trusts
12 into the health security trust, employees covered under Taft-Hartley
13 trusts are not eligible for coverage through the health security trust
14 unless: (a) The employee's salary is considered in calculating the
15 employer's health security assessment defined under section 16 of this
16 act; and (b) either the employer or the employee pays the health
17 security premium under section 17 of this act.

18 (6) Pending integration of federally qualified Taft-Hartley trusts
19 into the health security trust, residents who are retirees covered
20 under Taft-Hartley trusts are not eligible for coverage through the
21 health security trust unless they pay the health security premium under
22 section 17 of this act.

23 (7) Pending integration into the trust of applicable federal
24 programs described in section 21 of this act, native American residents
25 are not eligible for coverage through the trust unless: (a) The native
26 American resident's salary is considered in calculating the employer's
27 health security assessment defined under section 16 of this act; and
28 (b) either the employer or the native American resident pays any health
29 security premium due under section 17 of this act.

30 (8) Nothing in this act shall be construed to limit a resident's
31 right to seek health care from any provider he or she chooses, or from
32 obtaining coverage for health care benefits in excess of those
33 available under the trust.

34 NEW SECTION. **Sec. 11.** (1) With advice from the citizens' advisory
35 committee and the technical advisory committee, the board shall
36 establish a single benefits package covering health services that are
37 effective and necessary for the good health of residents and that
38 emphasize preventive and primary health care.

1 (2) The benefits package shall include, but is not limited to: (a)
2 Inpatient and outpatient hospital care, including twenty-four hour a
3 day emergency services and emergency ambulance services; (b)
4 outpatient, home-based, and office-based care; (c) rehabilitation
5 services, including speech, occupational, and physical therapy; (d)
6 inpatient and outpatient mental health services and substance abuse
7 treatment; (e) hospice care; (f) prescription drugs and prescribed
8 medical nutrition; (g) vision and hearing care; (h) diagnostic tests;
9 (i) durable medical equipment; and (j) preventive care.

10 (3) Subject to a financial analysis demonstrating ongoing
11 sufficient funds in the trust, long-term care shall be a covered
12 benefit as of May 15, 2004. Long-term care coverage shall include a
13 uniform initial assessment and coordination between home health, adult
14 day care, and nursing home services, and other treatment alternatives.
15 The board shall establish a copayment for long-term nursing home care,
16 to cover some costs of room and board, for residents with incomes above
17 one hundred fifty percent of the federal poverty level. The board, in
18 coordination with the office of the insurance commissioner, shall
19 examine by May 15, 2004, possible remedies for residents who have made
20 previous payments for long-term care insurance.

21 (4) Except where otherwise prohibited by federal law, the board
22 shall establish copayments for outpatient visits, emergency room
23 visits, and prescription drugs for residents with incomes above one
24 hundred fifty percent of the federal poverty level. There shall be an
25 annual cap of five hundred dollars per family.

26 (5) The board shall submit to the legislature by July 1, 2004, a
27 plan to incorporate dental care coverage in the benefits package, to be
28 effective January 1, 2005.

29 (6) The board shall submit to the governor and legislature by
30 December 1, 2002, and by December 1st of the following years: (a) The
31 benefits package, and (b) an actuarial analysis of the cost of the
32 package.

33 (7) The board shall consider the extent to which medical research
34 and health professions training activities should be included in the
35 scope of covered activities set forth in this act. The board shall
36 make a report to the governor and the legislature by July 1, 2004.

37 NEW SECTION. **Sec. 12.** (1) When consistent with existing federal
38 law, the board shall require pharmaceutical and durable medical

1 equipment manufacturers to provide their products in Washington state
2 at the lowest rate offered to federal and other government entities.

3 (2) The board may seek other means of financing drugs and durable
4 medical equipment at the lowest possible cost, including bulk
5 purchasing agreements with Washington state tribes.

6 (3) The board may enact drug formularies that do not interfere with
7 treatments necessary for appropriate standards of care.

8 NEW SECTION. **Sec. 13.** (1) The board shall adopt rules permitting
9 providers to collectively negotiate budgets, payment schedules, and
10 other terms and conditions of trust participation.

11 (2) The board shall annually negotiate with each hospital and each
12 facility a prospective global budget for operational and other costs to
13 be covered by the trust. Group practices may also negotiate on a
14 global budget basis. Hospitals and other facilities shall be paid on
15 a fee-for-service or case rate basis, within the limits of their
16 prospective annual budget.

17 (3) Payment to individual practitioners shall be by fee-for-service
18 or on a case rate basis. The board shall study the feasibility of
19 paying by capitation to providers, and how resident enrollment would
20 take place under capitation.

21 (4) Individual practitioners who are employed by a group, facility,
22 clinic, or hospital may be paid by salary.

23 (5) The board shall adopt rules ensuring that payment schedules and
24 procedures for mental health services are comparable to other health
25 care services.

26 (6) The board shall study and seek to develop provider payment
27 methods that: (a) Encourage an integrated multispecialty approach to
28 disease management; (b) reward education time spent with patients; and
29 (c) include a medical risk adjustment formula for providers whose
30 practices serve patients with higher than average health risks.

31 (7) Nothing in this act shall be construed to limit a provider's
32 right to receive payments from sources other than the trust. However,
33 any provider who does accept payment from the trust for a service must
34 accept that payment, along with applicable copayments, as payment in
35 full.

36 NEW SECTION. **Sec. 14.** (1) The intent of this section is to exempt
37 activities approved under this act from state antitrust laws and to

1 provide immunity from federal antitrust laws through the state action
2 doctrine.

3 (2) Activities that might otherwise be constrained by antitrust
4 laws, including: (a) Containing the aggregate cost of health care
5 services; (b) promoting cooperative activities among health care
6 providers to develop cost-effective health care delivery systems; and
7 (c) any other lawful actions taken under this act by any person or
8 entity created or regulated by this act, are declared to be pursuant to
9 state statute and for the public purposes of the state of Washington.

10 NEW SECTION. **Sec. 15.** (1) Administrative expenses to operate and
11 maintain the trust shall not exceed eleven percent of the trust's
12 annual budget. The board shall not shift administrative costs or
13 duties of the trust to providers or to resident beneficiaries.

14 (2) The board shall work with providers to develop and apply
15 scientifically based utilization standards, to use encounter and
16 prescribing data to detect excessive utilization, to develop due
17 processes for enforcing appropriate utilization standards, and to
18 identify and prosecute fraud.

19 (3) The board may institute other cost-containment measures in
20 order to maintain a balanced budget. The board shall pursue due
21 diligence to ensure that cost-containment measures do not limit access
22 to clinically necessary care, nor infringe upon legitimate clinical
23 decision making by practitioners.

24 NEW SECTION. **Sec. 16.** A new section is added to chapter 82.02 RCW
25 to read as follows:

26 In addition to and not in lieu of taxes imposed at the rates
27 established under chapter 82.04 RCW, all Washington state employers
28 shall pay a health security assessment to the department of revenue to
29 fund the Washington health security trust created in section 3 of this
30 act.

31 (1) Effective May 15, 2003, all employers in Washington state shall
32 pay in quarterly installments a health security assessment. Except as
33 provided in this section, the health security assessment shall be: (a)
34 In the case of employers with fewer than twenty employees, six percent
35 of gross annual payroll; (b) in the case of employers with at least
36 twenty, but fewer than fifty employees, seven and one-half percent of
37 gross annual payroll; (c) in the case of employers with at least fifty,

1 but fewer than five hundred employees, nine and three-quarters percent
2 of gross annual payroll; (d) in the case of employers with at least
3 five hundred, but fewer than one thousand employees, eleven and one-
4 half percent of gross annual payroll; and (e) in the case of employers
5 with at least one thousand employees, twelve percent of gross annual
6 payroll.

7 (2) For purposes of determining the tax rates under subsection (1)
8 of this section, the number of employees means the number of full-time
9 equivalent employees who are Washington residents.

10 (3) The department of revenue shall assess a penalty at the rate of
11 two percent per month, or a fraction thereof, on any employer whose
12 applicable health security payroll assessment is not postmarked by the
13 last day of the month following the quarter in which it is due.

14 (4) The federal government, when an employer of Washington state
15 residents, is exempt from the health security assessment prior to the
16 repeal, amendment, or waiver of existing state and federal laws
17 delineated in section 21 of this act.

18 (5) Beginning May 15, 2003, until May 15, 2008, employers that face
19 financial hardship in paying the health security assessment, may, upon
20 application to the board of trustees created in section 4 of this act,
21 be eligible for waivers or reductions in the health security
22 assessment. The board shall establish rules and procedures governing
23 all aspects of the business assistance program, including application
24 procedures, thresholds regarding firm size, wages, profits, age of
25 firm, and duration of assistance.

26 (6) Pending integration of federally qualified Taft-Hartley trusts,
27 the payroll of employees covered under these trusts is exempt from the
28 health security assessment, although the employer may pay it
29 voluntarily.

30 (7) Pending repeal, amendment, or waiver of applicable state and
31 federal laws delineated in section 21 of this act, the payroll of
32 native American residents who elect not to participate in the health
33 security trust created in section 3 of this act is exempt from the
34 health security assessment.

35 (8) Eighty percent of the revenue collected under this section must
36 be deposited in the benefits account created in section 24 of this act.

37 (9) For the purposes of this section, the terms "employer,"
38 "payroll," and "resident" have the same meaning as defined in section
39 2 of this act.

1 NEW SECTION. **Sec. 17.** A new section is added to chapter 82.02 RCW
2 to read as follows:

3 (1) Effective May 15, 2003, all Washington residents eighteen years
4 and older, except medicare beneficiaries, with incomes over one hundred
5 fifty percent of the federal poverty level shall pay a health security
6 premium of seventy-five dollars per month.

7 (2) Medicare beneficiaries with incomes over one hundred fifty
8 percent of the federal poverty level shall pay a health security
9 premium of fifty dollars per month.

10 (3) All premiums shall be adjusted annually by the office of
11 financial management to reflect changes in the Washington state
12 consumer price index.

13 (4) By May 15, 2003, the board of trustees of the Washington health
14 security trust, created in section 3 of this act, shall develop and
15 implement specific rules and procedures to subsidize the health
16 security premiums of residents, including medicare eligible residents,
17 whose household incomes are less than two hundred fifty percent of the
18 federal poverty level.

19 (5) Federal employees and retirees are exempt from the health
20 security premium prior to the repeal, amendment, or waiver of existing
21 federal laws delineated in section 21 of this act.

22 (6) Pending integration of federally qualified Taft-Hartley trusts,
23 employees and retirees covered under these trusts are exempt from the
24 health security premium, although the employer or employee may pay it
25 voluntarily.

26 (7) Pending repeal, amendment, or waiver of applicable state and
27 federal laws delineated in section 21 of this act, native American
28 residents are exempt from paying the health security premium, although
29 the native American resident or their employer may pay it voluntarily.

30 (8) Employers shall collect the health security premiums of their
31 employees through payroll deduction. An employee may also make the
32 premium payment for a nonworking spouse through payroll deduction.
33 Self-employed and nonemployed individuals shall pay their health
34 security premiums monthly to the department of revenue. The department
35 shall assess a penalty at the rate of two percent per month, or
36 fraction thereof, on all self-employed and nonemployed individuals
37 whose health security premium is not postmarked by the twentieth day
38 following the month it is due. Employers reserve the right either to
39 provide private health care coverage to an employee, or to pay the

1 health security premium on an employee's behalf, or both. As
2 employers, the state of Washington, counties, municipalities, school
3 districts, and other public jurisdictions shall pay the health security
4 premium for public employees, nonworking spouses of public employees,
5 and household members eighteen years old or older and whom they claim
6 as dependents for federal income tax purposes.

7 (9) Retirees who receive retirement benefits from a former employer
8 or a successor to the employer, other than in Taft-Hartley trusts or
9 through federal employment, may claim a credit against the health
10 security premium otherwise due under this section, if all or a portion
11 of the retirement benefits consists of health care benefits arising
12 from a contract of health insurance entered into between the employer,
13 or successor, and a health insurance provider.

14 (10) For the purposes of this section, the terms "employer,"
15 "federal poverty level," "income," and "resident" have the same meaning
16 as defined in section 2 of this act.

17 NEW SECTION. **Sec. 18.** Revenue derived from the health security
18 assessment, created in section 16 of this act, and the health security
19 premium, created in section 17 of this act, shall not be used to pay
20 for medical assistance currently provided under chapter 74.09 RCW or
21 other existing federal and state health care programs. If existing
22 federal and state sources of payment for health services are reduced or
23 terminated after the effective date of this section, the legislature
24 shall replace these appropriations from the general fund.

25 NEW SECTION. **Sec. 19.** (1) The health care authority is hereby
26 abolished and its powers, duties, and functions are hereby transferred
27 to the Washington health security trust. All references to the
28 administrator or the health care authority in the Revised Code of
29 Washington shall be construed to mean the chair or the Washington
30 health security trust.

31 (2)(a) All reports, documents, surveys, books, records, files,
32 papers, or written material in the possession of the health care
33 authority shall be delivered to the custody of the Washington health
34 security trust. All cabinets, furniture, office equipment, motor
35 vehicles, and other tangible property employed by the health care
36 authority shall be made available to the Washington health security

1 trust. All funds, credits, or other assets held by the health care
2 authority shall be assigned to the Washington health security trust.

3 (b) Any appropriations made to the health care authority shall, on
4 the effective date of this section, be transferred and credited to the
5 Washington health security trust.

6 (c) If any question arises as to the transfer of any personnel,
7 funds, books, documents, records, papers, files, equipment, or other
8 tangible property used or held in the exercise of the powers and the
9 performance of the duties and functions transferred, the director of
10 financial management shall make a determination as to the proper
11 allocation and certify the same to the state agencies concerned.

12 (3) All employees of the health care authority are transferred to
13 the jurisdiction of the Washington health security trust. All
14 employees classified under chapter 41.06 RCW, the state civil service
15 law, are assigned to the Washington health security trust to perform
16 their usual duties upon the same terms as formerly, without any loss of
17 rights, subject to any action that may be appropriate thereafter in
18 accordance with the laws and rules governing state civil service.

19 (4) All rules and all pending business before the health care
20 authority shall be continued and acted upon by the Washington health
21 security trust. All existing contracts and obligations shall remain in
22 full force and shall be performed by the Washington health security
23 trust.

24 (5) The transfer of the powers, duties, functions, and personnel of
25 the health care authority shall not affect the validity of any act
26 performed before the effective date of this section.

27 (6) If apportionments of budgeted funds are required because of the
28 transfers directed by this section, the director of financial
29 management shall certify the apportionments to the agencies affected,
30 the state auditor, and the state treasurer. Each of these shall make
31 the appropriate transfer and adjustments in funds and appropriation
32 accounts and equipment records in accordance with the certification.

33 (7) Nothing contained in this section may be construed to alter any
34 existing collective bargaining unit or the provisions of any existing
35 collective bargaining agreement until the agreement has expired or
36 until the bargaining unit has been modified by action of the personnel
37 board as provided by law.

1 NEW SECTION. **Sec. 20.** Effective January 1, 2003, until April 30,
2 2003, all employers in Washington state shall pay health security
3 assessments that are equivalent to three and two-tenths percent of
4 gross quarterly payroll. The department of revenue will collect these
5 moneys. Twenty percent of these revenues must be deposited in the
6 reserve account, created in section 22 of this act. Eighty percent of
7 these revenues must be deposited in the benefits account, created in
8 section 24 of this act. Employers who pay this assessment may be
9 eligible for partial or full rebates within two years, if there are
10 sufficient surpluses in the trust.

11 NEW SECTION. **Sec. 21.** (1) The board, in consultation with
12 sovereign tribal governments as called for by the centennial accord,
13 shall determine the state and federal laws that need to be repealed,
14 amended, or waived to implement this act, and report its
15 recommendations, with proposed revisions to the Revised Code of
16 Washington, to the governor and the appropriate committees of the
17 legislature by October 1, 2002.

18 (2) The governor, in consultation with the board and sovereign
19 tribal governments as called for by the centennial accord, shall take
20 the following steps in an effort to receive waivers or exemptions from
21 federal statutes necessary to fully implement this act:

22 (a) Negotiate with the federal department of health and human
23 services, health care financing administration, to obtain a statutory
24 or regulatory waiver of provisions of the medical assistance statute,
25 Title XIX of the federal social security act and the children's health
26 insurance program;

27 (b) Negotiate with the federal department of health and human
28 services, health care financing administration, to obtain a statutory
29 or regulatory waiver of provisions of the medicare statute, Title XVIII
30 of the federal social security act, that currently constitute barriers
31 to full implementation of this act;

32 (c) Negotiate with the federal department of health and human
33 services to obtain any statutory or regulatory waivers of provisions of
34 the United States public health services act necessary to ensure
35 integration of federally funded community and migrant health clinics
36 and other health services funded through the public health services act
37 into the trust system under this act;

1 (d) Negotiate with the federal office of personnel management for
2 the inclusion of federal employee health benefits in the trust under
3 this act;

4 (e) Negotiate with the federal department of veterans' affairs for
5 the inclusion of veterans' medical benefits in the trust under this
6 act;

7 (f) Negotiate with the federal department of defense and other
8 federal agencies for the inclusion of the civilian health and medical
9 program of the uniformed services (CHAMPUS) in the trust under this
10 act;

11 (g) Negotiate with Indian health services and sovereign tribal
12 governments for inclusion and adequate reimbursement of Indian health
13 benefits under the trust created by this act; and

14 (h) Request that the United States congress amend the internal
15 revenue code to treat the employer health security assessment, created
16 in section 16 of this act, and the individual health security premiums,
17 created in section 17 of this act, as fully deductible from adjusted
18 gross income.

19 NEW SECTION. **Sec. 22.** (1) The reserve account is created in the
20 custody of the state treasurer. The reserve account will accumulate
21 moneys until its value equals ten percent of the total annual budgeted
22 expenditures of the trust and then will be considered fully funded,
23 unless the legislature determines that a different level of reserve is
24 necessary and prudent. Whenever the reserve account is fully funded,
25 additional moneys shall be transferred to the benefits account created
26 in section 24 of this act.

27 (2) Receipts from the following sources must be deposited into the
28 reserve account: (a) Twenty percent of the health security assessments
29 paid by employers under section 20 of this act between January 1, 2003,
30 and April 30, 2003; (b) effective May 15, 2003, seven percent of
31 receipts from the health security assessment created under section 16
32 of this act and seven percent of the receipts from the health security
33 premium created under section 17 of this act; and (c) ten percent of
34 all moneys received pursuant to RCW 41.05.120, 41.05.130, 66.24.290,
35 82.24.020, 82.26.020, 82.08.150, 43.79.480, 41.05.220, and section 33
36 of this act.

37 (3) Expenditures from the reserve account may be used only for the
38 purposes of health care services and maintenance of the trust. Only

1 the board or the board's designee may authorize expenditures from the
2 account. The account is subject to allotment procedures under chapter
3 43.88 RCW, but an appropriation is not required for expenditures.

4 NEW SECTION. **Sec. 23.** (1) The displaced worker training account
5 is created in the custody of the state treasurer. Between May 15,
6 2003, and January 1, 2005, three percent of the receipts from the
7 health security assessment created in section 16 of this act and three
8 percent of the health security premium created in section 17 of this
9 act must be deposited into the account. Expenditures from the account
10 may be used only for retraining and job placement of workers displaced
11 by the transition to the trust. Only the board or the board's designee
12 may authorize expenditures from the account. The account is subject to
13 allotment procedures under chapter 43.88 RCW, but an appropriation is
14 not required for expenditures.

15 (2) Any funds remaining in the account on December 31, 2005, must
16 be deposited into the benefits account created in section 24 of this
17 act.

18 (3) This section expires January 1, 2006.

19 NEW SECTION. **Sec. 24.** The benefits account is created in the
20 custody of the state treasurer. All receipts from the health security
21 assessment created under section 16 of this act and the health security
22 premium created under section 17 of this act that are not dedicated to
23 the reserve account created in section 22 of this act or the displaced
24 worker training account created in section 23 of this act, as well as
25 receipts from other sources, must be deposited into the account.
26 Expenditures from the account may be used only for health care services
27 and maintenance of the trust. Only the board or the board's designee
28 may authorize expenditures from the account. The account is subject to
29 allotment procedures under chapter 43.88 RCW, but an appropriation is
30 not required for expenditures.

31 **Sec. 25.** RCW 41.05.120 and 1994 c 153 s 9 are each amended to read
32 as follows:

33 ~~((1))~~ Contributions from RCW 41.05.050, and reserves, dividends,
34 and refunds currently in the public employees' and retirees' insurance
35 account ~~((is hereby established in the custody of the state treasurer,~~
36 ~~to be used by the administrator for the deposit of contributions, the~~

1 remittance paid by school districts and educational service districts
2 under RCW 28A.400.400, reserves, dividends, and refunds, and for
3 payment of premiums for employee and retiree insurance benefit
4 contracts and subsidy amounts provided under RCW 41.05.085. Moneys
5 from the account shall be disbursed by the state treasurer by warrants
6 on vouchers duly authorized by the administrator.

7 (2) The state treasurer and the state investment board may invest
8 moneys in the public employees' and retirees' insurance account. All
9 such investments shall be in accordance with RCW 43.84.080 or
10 43.84.150, whichever is applicable. The administrator shall determine
11 whether the state treasurer or the state investment board or both shall
12 invest moneys in the public employees' insurance account)) shall be
13 deposited in the reserve account pursuant to section 22 of this act and
14 the benefits account pursuant to section 24 of this act.

15 **Sec. 26.** RCW 41.05.130 and 1988 c 107 s 11 are each amended to
16 read as follows:

17 The state health care authority administrative account is ((hereby
18 created in the state treasury)) transferred to the reserve account
19 created in section 22 of this act and the benefits account created in
20 section 24 of this act. Moneys in the account, including unanticipated
21 revenues under RCW 43.79.270, ((may be spent only after appropriation
22 by statute, and may be used only for operating expenses of the
23 authority)) are transferred to the reserve account created in section
24 22 of this act and the benefits account created in section 24 of this
25 act.

26 **Sec. 27.** RCW 66.24.290 and 1999 c 281 s 14 are each amended to
27 read as follows:

28 (1) Any microbrewer or domestic brewery or beer distributor
29 licensed under this title may sell and deliver beer to holders of
30 authorized licenses direct, but to no other person, other than the
31 board; and every such brewery or beer distributor shall report all
32 sales to the board monthly, pursuant to the regulations, and shall pay
33 to the board as an added tax for the privilege of manufacturing and
34 selling the beer within the state a tax of one dollar and thirty cents
35 per barrel of thirty-one gallons on sales to licensees within the state
36 and on sales to licensees within the state of bottled and canned beer
37 shall pay a tax computed in gallons at the rate of one dollar and

1 thirty cents per barrel of thirty-one gallons. (~~Any brewery or beer~~
2 ~~distributor whose applicable tax payment is not postmarked by the~~
3 ~~twentieth day following the month of sale will be assessed a penalty at~~
4 ~~the rate of two percent per month or fraction thereof. Beer shall be~~
5 ~~sold by breweries and distributors in sealed barrels or packages. The~~
6 ~~moneys collected under this subsection shall be distributed as follows:~~
7 ~~(a) Three tenths of a percent shall be distributed to border areas~~
8 ~~under RCW 66.08.195; and (b) of the remaining moneys: (i) Twenty~~
9 ~~percent shall be distributed to counties in the same manner as under~~
10 ~~RCW 66.08.200; and (ii) eighty percent shall be distributed to~~
11 ~~incorporated cities and towns in the same manner as under RCW~~
12 ~~66.08.210.~~

13 (2) An additional tax is imposed on all beer subject to tax under
14 subsection (1) of this section. The additional tax is equal to two
15 dollars per barrel of thirty one gallons. All revenues collected
16 during any month from this additional tax shall be deposited in the
17 violence reduction and drug enforcement account under RCW 69.50.520 by
18 the twenty fifth day of the following month.

19 ~~(3))~~ (2)(a) An additional tax is imposed on all beer subject to
20 tax under subsection (1) of this section. The additional tax is equal
21 to ninety-six cents per barrel of thirty-one gallons through June 30,
22 1995, two dollars and thirty-nine cents per barrel of thirty-one
23 gallons for the period July 1, 1995, through June 30, 1997, and four
24 dollars and seventy-eight cents per barrel of thirty-one gallons
25 thereafter.

26 (b) The additional tax imposed under this subsection does not apply
27 to the sale of the first sixty thousand barrels of beer each year by
28 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
29 Sec. 5051, as existing on July 1, 1993, or such subsequent date as may
30 be provided by the board by rule consistent with the purposes of this
31 exemption.

32 (c) All revenues collected from the additional tax imposed under
33 this subsection (~~(3))~~ (2) shall be deposited in the (~~health~~
34 ~~services)) reserve account created in section 22 of this act and the
35 benefits account ((under RCW 43.72.900)) created in section 24 of this
36 act.~~

37 (~~(4) An additional tax is imposed on all beer that is subject to~~
38 ~~tax under subsection (1) of this section that is in the first sixty~~
39 ~~thousand barrels of beer by breweries that are entitled to a reduced~~

1 rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or
2 such subsequent date as may be provided by the board by rule consistent
3 with the purposes of the exemption under subsection (3)(b) of this
4 section. The additional tax is equal to one dollar and forty eight and
5 two tenths cents per barrel of thirty one gallons. By the twenty fifth
6 day of the following month, three percent of the revenues collected
7 from this additional tax shall be distributed to border areas under RCW
8 66.08.195 and the remaining moneys shall be transferred to the state
9 general fund.

10 (5) The board may make refunds for all taxes paid on beer exported
11 from the state for use outside the state.

12 (6) The board may require filing with the board of a bond to be
13 approved by it, in such amount as the board may fix, securing the
14 payment of the tax. If any licensee fails to pay the tax when due, the
15 board may forthwith suspend or cancel his or her license until all
16 taxes are paid.

17 (7) The tax imposed under this section shall not apply to "strong
18 beer" as defined in this title.)

19 **Sec. 28.** RCW 82.24.020 and 1994 sp.s. c 7 s 904 are each amended
20 to read as follows:

21 ((1) There is levied and there shall be collected as provided in
22 this chapter, a tax upon the sale, use, consumption, handling,
23 possession or distribution of all cigarettes, in an amount equal to the
24 rate of eleven and one half mills per cigarette.

25 (2) An additional tax is imposed upon the sale, use, consumption,
26 handling, possession, or distribution of all cigarettes, in an amount
27 equal to the rate of five and one fourth mills per cigarette. All
28 revenues collected during any month from this additional tax shall be
29 deposited in the violence reduction and drug enforcement account under
30 RCW 69.50.520 by the twenty fifth day of the following month.

31 (3)) An additional tax is imposed upon the sale, use, consumption,
32 handling, possession, or distribution of all cigarettes, in an amount
33 equal to the rate of ten mills per cigarette through June 30, 1994,
34 eleven and one-fourth mills per cigarette for the period July 1, 1994,
35 through June 30, 1995, twenty mills per cigarette for the period July
36 1, 1995, through June 30, 1996, and twenty and one-half mills per
37 cigarette thereafter. All revenues collected during any month from
38 this additional tax shall be deposited in the ((health services))

1 reserve account created in section 22 of this act and the benefits
2 account created ((under RCW 43.72.900)) in section 24 of this act by
3 the twenty-fifth day of the following month.

4 ~~((4) Wholesalers and retailers subject to the payment of this tax~~
5 ~~may, if they wish, absorb one half mill per cigarette of the tax and~~
6 ~~not pass it on to purchasers without being in violation of this section~~
7 ~~or any other act relating to the sale or taxation of cigarettes.~~

8 ~~(5) For purposes of this chapter, "possession" shall mean both (a)~~
9 ~~physical possession by the purchaser and, (b) when cigarettes are being~~
10 ~~transported to or held for the purchaser or his or her designee by a~~
11 ~~person other than the purchaser, constructive possession by the~~
12 ~~purchaser or his or her designee, which constructive possession shall~~
13 ~~be deemed to occur at the location of the cigarettes being so~~
14 ~~transported or held.))~~

15 **Sec. 29.** RCW 82.26.020 and 1993 c 492 s 309 are each amended to
16 read as follows:

17 ~~((1) There is levied and there shall be collected a tax upon the~~
18 ~~sale, use, consumption, handling, or distribution of all tobacco~~
19 ~~products in this state at the rate of forty five percent of the~~
20 ~~wholesale sales price of such tobacco products.—~~

21 ~~(2) Taxes under this section shall be imposed at the time the~~
22 ~~distributor (a) brings, or causes to be brought, into this state from~~
23 ~~without the state tobacco products for sale, (b) makes, manufactures,~~
24 ~~or fabricates tobacco products in this state for sale in this state, or~~
25 ~~(c) ships or transports tobacco products to retailers in this state, to~~
26 ~~be sold by those retailers.~~

27 ~~(3) An additional tax is imposed equal to seven percent multiplied~~
28 ~~by the tax payable under subsection (1) of this section.~~

29 ~~(4)) An additional tax is imposed equal to ten percent of the~~
30 ~~wholesale sales price of tobacco products. The moneys collected under~~
31 ~~this subsection shall be deposited in the ((health services)) reserve~~
32 ~~account created in section 22 of this act and the benefits account~~
33 ~~created ((under RCW 43.72.900)) in section 24 of this act.~~

34 **Sec. 30.** RCW 82.08.150 and 1998 c 126 s 16 are each amended to
35 read as follows:

36 ~~(1) ((There is levied and shall be collected a tax upon each retail~~
37 ~~sale of spirits, or strong beer in the original package at the rate of~~

1 fifteen percent of the selling price. The tax imposed in this
2 subsection shall apply to all such sales including sales by the
3 Washington state liquor stores and agencies, but excluding sales to
4 spirits, beer, and wine restaurant licensees.

5 (2) There is levied and shall be collected a tax upon each sale of
6 spirits, or strong beer in the original package at the rate of ten
7 percent of the selling price on sales by Washington state liquor stores
8 and agencies to spirits, beer, and wine restaurant licensees.

9 (3) There is levied and shall be collected an additional tax upon
10 each retail sale of spirits in the original package at the rate of one
11 dollar and seventy two cents per liter. The additional tax imposed in
12 this subsection shall apply to all such sales including sales by
13 Washington state liquor stores and agencies, and including sales to
14 spirits, beer, and wine restaurant licensees.

15 (4) An additional tax is imposed equal to fourteen percent
16 multiplied by the taxes payable under subsections (1), (2), and (3) of
17 this section.

18 (5) An additional tax is imposed upon each retail sale of spirits
19 in the original package at the rate of seven cents per liter. The
20 additional tax imposed in this subsection shall apply to all such sales
21 including sales by Washington state liquor stores and agencies, and
22 including sales to spirits, beer, and wine restaurant licensees. All
23 revenues collected during any month from this additional tax shall be
24 deposited in the violence reduction and drug enforcement account under
25 RCW 69.50.520 by the twenty fifth day of the following month.

26 (6)(a)) An additional tax is imposed upon retail sale of spirits
27 in the original package at the rate of one and seven-tenths percent of
28 the selling price through June 30, 1995, two and six-tenths percent of
29 the selling price for the period July 1, 1995, through June 30, 1997,
30 and three and four-tenths percent of the selling price thereafter.
31 This additional tax applies to all such sales including sales by
32 Washington state liquor stores and agencies, but excluding sales to
33 spirits, beer, and wine restaurant licensees.

34 ((b)) (2) An additional tax is imposed upon retail sale of
35 spirits in the original package at the rate of one and one-tenth
36 percent of the selling price through June 30, 1995, one and seven-
37 tenths percent of the selling price for the period July 1, 1995,
38 through June 30, 1997, and two and three-tenths percent of the selling

1 price thereafter. This additional tax applies to all such sales to
2 spirits, beer, and wine restaurant licensees.

3 ~~((e))~~ (3) An additional tax is imposed upon each retail sale of
4 spirits in the original package at the rate of twenty cents per liter
5 through June 30, 1995, thirty cents per liter for the period July 1,
6 1995, through June 30, 1997, and forty-one cents per liter thereafter.
7 This additional tax applies to all such sales including sales by
8 Washington state liquor stores and agencies, and including sales to
9 spirits, beer, and wine restaurant licensees.

10 ~~((d))~~ (4) All revenues collected during any month from additional
11 taxes under this ~~((subsection))~~ section shall be deposited in the
12 ~~((health services))~~ reserve account created in section 22 of this act
13 and the benefits account created ((under RCW 43.72.900)) in section 24
14 of this act by the twenty-fifth day of the following month.

15 ~~((7) The tax imposed in RCW 82.08.020 shall not apply to sales of~~
16 ~~spirits or strong beer in the original package.~~

17 ~~(8) The taxes imposed in this section shall be paid by the buyer to~~
18 ~~the seller, and each seller shall collect from the buyer the full~~
19 ~~amount of the tax payable in respect to each taxable sale under this~~
20 ~~section. The taxes required by this section to be collected by the~~
21 ~~seller shall be stated separately from the selling price and for~~
22 ~~purposes of determining the tax due from the buyer to the seller, it~~
23 ~~shall be conclusively presumed that the selling price quoted in any~~
24 ~~price list does not include the taxes imposed by this section.~~

25 ~~(9) As used in this section, the terms, "spirits," "strong beer,"~~
26 ~~and "package" shall have the meaning ascribed to them in chapter 66.04~~
27 ~~RCW.)~~

28 **Sec. 31.** RCW 43.79.480 and 1999 c 309 s 927 are each amended to
29 read as follows:

30 (1) Moneys received by the state of Washington in accordance with
31 the settlement of the state's legal action against tobacco product
32 manufacturers, exclusive of costs and attorneys' fees, shall be
33 deposited in the tobacco settlement account created in this section.

34 (2) The tobacco settlement account is created in the state
35 treasury. Moneys in the tobacco settlement account may only be
36 transferred to the ~~((health services))~~ reserve account created in
37 section 22 of this act and the benefits account ((for the purposes set
38 forth in RCW 43.72.900)) created in section 24 of this act, and to the

1 tobacco prevention and control account for purposes set forth in this
2 section.

3 (3) The tobacco prevention and control account is created in the
4 state treasury. The source of revenue for this account is moneys
5 transferred to the account from the tobacco settlement account,
6 investment earnings, donations to the account, and other revenues as
7 directed by law. Expenditures from the account are subject to
8 appropriation.

9 (4) The state treasurer shall transfer one hundred million dollars
10 from the tobacco settlement account to the tobacco prevention and
11 control account upon authorization of the director of financial
12 management. The director shall authorize transfer of the total amount
13 by June 30, 2001.

14 **Sec. 32.** RCW 41.05.220 and 1998 c 245 s 38 are each amended to
15 read as follows:

16 ((~~1~~)) State general funds appropriated to the department of
17 health for the purposes of funding community health centers to provide
18 primary health and dental care services, migrant health services, and
19 maternity health care services shall be transferred to the ((~~state~~
20 ~~health care authority~~)) reserve account created in section 22 of this
21 act and the benefits account created in section 24 of this act. Any
22 related administrative funds expended by the department of health for
23 this purpose shall also be transferred to the ((~~health care authority~~))
24 reserve account created in section 22 of this act and the benefits
25 account created in section 24 of this act. The Washington health
26 ((~~care authority~~)) security trust shall exclusively expend these funds
27 through contracts with community health centers to provide primary
28 health and dental care services, migrant health services, and maternity
29 health care services. The ((~~administrator~~)) chair of the Washington
30 health ((~~care authority~~)) security trust shall establish requirements
31 necessary to assure community health centers provide quality health
32 care services that are appropriate and effective and are delivered in
33 a cost-efficient manner. The ((~~administrator~~)) chair of the Washington
34 health security trust shall further assure that community health
35 centers have appropriate referral arrangements for acute care and
36 medical specialty services not provided by the community health
37 centers.

1 (~~(2) The authority, in consultation with the department of~~
2 ~~health, shall work with community and migrant health clinics and~~
3 ~~other providers of care to underserved populations, to ensure that~~
4 ~~the number of people of color and underserved people receiving access~~
5 ~~to managed care is expanded in proportion to need, based upon~~
6 ~~demographic data.))~~

7 NEW SECTION. **Sec. 33.** Following the repeal, amendment, or
8 waiver of existing state and federal laws delineated in section 21 of
9 this act, all other revenues currently deposited in the health
10 services account for personal health care services shall be deposited
11 to the reserve account created in section 22 of this act and the
12 benefits account created in section 24 of this act.

13 NEW SECTION. **Sec. 34.** Nothing in this act shall be construed to
14 limit an employer's right to maintain employee benefit plans under
15 the federal employee retirement income security act of 1974.

16 NEW SECTION. **Sec. 35.** No later than January 1, 2003, the board
17 shall submit to the legislature a proposal to integrate those current
18 and future federally qualified Taft-Hartley trusts that choose to
19 participate in the trust.

20 NEW SECTION. **Sec. 36.** On or before January 1, 2004, the board,
21 in coordination with the department of labor and industries, shall
22 study and make a report to the governor and appropriate committees of
23 the legislature on the provision of medical benefits for injured
24 workers under the trust.

25 NEW SECTION. **Sec. 37.** The sum of fifty million dollars, or as
26 much thereof as may be necessary, is appropriated for the fiscal year
27 ending June 30, 2003, from the general fund to the benefits account
28 of the Washington health security trust for start-up moneys for
29 purposes of this act during the period of July 1, 2002, through June
30 30, 2003.

31 NEW SECTION. **Sec. 38.** The following acts or parts of acts are
32 each repealed:

1 (1) RCW 82.04.260 (Tax on manufacturers and processors of various
2 foods and by-products--Research and development organizations--
3 Nuclear fuel assemblies--Travel agents--Certain international
4 activities--Stevedoring and associated activities--Low-level waste
5 disposers--Insurance agents, brokers, and solicitors--Hospitals) and
6 1998 c 312 s 5 & 1998 c 311 s 2; and

7 (2) RCW 48.14.0201 (Premiums and prepayments tax--Health care
8 services--State preemption) and 1998 c 323 s 1, 1997 c 154 s 1, 1993
9 sp.s. c 25 s 601, & 1993 c 492 s 301.

10 NEW SECTION. **Sec. 39.** Sections 1 through 15, 18, 19, 21 through
11 24, and 33 through 35 of this act constitute a new chapter in Title
12 43 RCW.

13 NEW SECTION. **Sec. 40.** (1) Sections 22 through 24 of this act
14 take effect March 15, 2002.

15 (2) Sections 19, 25 through 34, and 38 of this act take effect
16 May 15, 2003.

17 NEW SECTION. **Sec. 41.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

21 NEW SECTION. **Sec. 42.** If any part of this act is found to be in
22 conflict with federal requirements that are a prescribed condition to
23 the allocation of federal funds to the state, the conflicting part of
24 this act is inoperative solely to the extent of the conflict and with
25 respect to the agencies directly affected, and this finding does not
26 affect the operation of the remainder of this act in its application
27 to the agencies concerned. Rules adopted under this act must meet
28 federal requirements that are a necessary condition to the receipt of
29 federal funds by the state.

--- END ---