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SENATE BILL 6574

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State of Washington 57th Legislature

2002 Regular Session

By Senators McAuliffe, Long, Regala, Winsley, Kohl-Welles, Eide, Franklin, Deccio, Costa, Thibaudeau, Rasmussen and Johnson

Read first time 01/22/2002. Referred to Committee on Education.

1 AN ACT Relating to offering health care benefit plans to school  
2 district employees; amending RCW 41.05.011; and reenacting and amending  
3 RCW 41.05.075.

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

5 **Sec. 1.** RCW 41.05.075 and 1994 sp.s. c 9 s 724, 1994 c 309 s 3,  
6 and 1994 c 153 s 6 are each reenacted and amended to read as follows:

7 (1) The administrator shall provide benefit plans designed by the  
8 board through a contract or contracts with insuring entities, through  
9 self-funding, self-insurance, or other methods of providing insurance  
10 coverage authorized by RCW 41.05.140.

11 (2) The administrator shall establish a contract bidding process  
12 that:

13 (a) Encourages competition among insuring entities;

14 (b) Maintains an equitable relationship between premiums charged  
15 for similar benefits and between risk pools including premiums charged  
16 for retired state and school district employees under the separate risk  
17 pools established by RCW 41.05.022 and 41.05.080 such that insuring  
18 entities may not avoid risk when establishing the premium rates for  
19 retirees eligible for medicare;

1 (c) Is timely to the state budgetary process; and

2 (d) Sets conditions for awarding contracts to any insuring entity.

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

6 (4) The administrator shall centralize the enrollment files for all  
7 employee and retired or disabled school employee health plans offered  
8 under chapter 41.05 RCW and develop enrollment demographics on a plan-  
9 specific basis.

10 (5) All claims data shall be the property of the state. The  
11 administrator may require of any insuring entity that submits a bid to  
12 contract for coverage all information deemed necessary including  
13 subscriber or member demographic and claims data necessary for risk  
14 assessment and adjustment calculations in order to fulfill the  
15 administrator's duties as set forth in this chapter.

16 (6) All contracts with insuring entities for the provision of  
17 health care benefits shall provide that the beneficiaries of such  
18 benefit plans may use on an equal participation basis the services of  
19 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32, 18.53,  
20 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to registered  
21 nurses and advanced registered nurse practitioners. However, nothing  
22 in this subsection may preclude the administrator from establishing  
23 appropriate utilization controls approved pursuant to RCW 41.05.065(2)  
24 (a), (b), and (d).

25 (7) Beginning in January 1990, and each January thereafter (~~until~~  
26 ~~January 1996~~), the administrator shall publish and distribute to each  
27 school district a description of health care benefit plans available  
28 through the authority (~~and the estimated cost if school district~~  
29 ~~employees were enrolled~~). Beginning January 1, 2003, school districts  
30 and employees of school district bargaining units who enroll in an  
31 insurance or self-insurance program administered under this chapter  
32 shall be charged the same composite rate amount as state agencies and  
33 state agency employees for the same plans. If a school district and  
34 employees of school district bargaining units choose to purchase  
35 medical-only insurance coverage from the authority, they shall be  
36 similarly charged a composite rate, less the composite rate costs for  
37 dental, life, and long-term disability.

1       **Sec. 2.** RCW 41.05.011 and 2001 c 165 s 2 are each amended to read  
2 as follows:

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

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

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

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

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

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

21       (6) "Employee" includes all full-time and career seasonal employees  
22 of the state, whether or not covered by civil service; elected and  
23 appointed officials of the executive branch of government, including  
24 full-time members of boards, commissions, or committees; and includes  
25 any or all part-time and temporary employees under the terms and  
26 conditions established under this chapter by the authority; justices of  
27 the supreme court and judges of the court of appeals and the superior  
28 courts; and members of the state legislature or of the legislative  
29 authority of any county, city, or town who are elected to office after  
30 February 20, 1970. "Employee" also includes: (a) Employees of a  
31 county, municipality, or other political subdivision of the state if  
32 the legislative authority of the county, municipality, or other  
33 political subdivision of the state seeks and receives the approval of  
34 the authority to provide any of its insurance programs by contract with  
35 the authority, as provided in RCW 41.04.205; (b) employees of employee  
36 organizations representing state civil service employees, at the option  
37 of each such employee organization, and, effective October 1, 1995,  
38 employees of employee organizations currently pooled with employees of  
39 school districts for the purpose of purchasing insurance benefits, at

1 the option of each such employee organization; and (c) employees of a  
2 school district (~~((if the authority agrees to provide any of the school  
3 districts' insurance programs))~~) by contract with the authority as  
4 provided in RCW 28A.400.350.

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

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

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

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

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

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

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

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

28 (12) "Plan year" means the time period established by the  
29 authority.

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

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

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

34 (c) RCW 41.40.010 on or after March 1, 2002;

35 and who are at least age fifty-five and have at least ten years of  
36 service under the teachers' retirement system plan 3 as defined in RCW  
37 41.32.010(40), the Washington school employees' retirement system plan  
38 3 as defined in RCW 41.35.010, or the public employees' retirement  
39 system plan 3 as defined in RCW 41.40.010.

1           (14) "Emergency service personnel killed in the line of duty" means  
2 law enforcement officers and fire fighters as defined in RCW 41.26.030,  
3 and reserve officers and fire fighters as defined in RCW 41.24.010 who  
4 die as a result of injuries sustained in the course of employment as  
5 determined consistent with Title 51 RCW by the department of labor and  
6 industries.

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