
SENATE BILL 6827

State of Washington 57th Legislature

2002 Regular Session

By Senators Rossi, Deccio, Parlette, Carlson, Long and Oke

Read first time 03/04/2002. Referred to Committee on Ways & Means.

1 AN ACT Relating to adopting a sliding premium scale for state
2 employee health care benefits; and amending RCW 41.05.065.

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

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

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

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

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

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

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

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

15 (e) Effective coordination of benefits;

16 (f) Minimum standards for insuring entities; and

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

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

29 (4)(a) The board (~~may~~) shall authorize premium contributions for
30 an employee and the employee's dependents in a manner that encourages
31 the use of cost-efficient managed health care systems, and uses a
32 graduated premium schedule such that the share of premium contributions
33 varies according to the employee's salary.

34 (b) In using a graduated premium schedule, the board must assure
35 that an employee's contribution toward the cost of medical premiums for
36 the employee and the employee's dependents comprises at least the
37 following percentage of the total cost: (i) Twelve percent for
38 employees earning thirty thousand dollars or less a year; (ii) nineteen
39 percent for employees earning between thirty thousand one dollars and

1 forty-five thousand dollars a year; (iii) twenty-nine percent for
2 employees earning between forty-five thousand one dollars and sixty
3 thousand dollars a year; (iv) thirty-nine percent for employees earning
4 between sixty thousand one dollars and seventy-five thousand dollars a
5 year; and (v) forty-nine percent for employees earning more than
6 seventy-five thousand one dollars a year. The state must contribute
7 the remainder of the premium for the lowest cost plan available to the
8 employee.

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

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

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

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

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

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

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

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

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

35 (g) The health care authority, with the cooperation of the office
36 of the insurance commissioner, shall develop a consumer education
37 program for the eligible employees, retired employees, and retired
38 school employees designed to provide education on the potential need
39 for long-term care, methods of financing long-term care, and the

1 availability of long-term care insurance products including the
2 products offered by the board.

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

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