
SUBSTITUTE SENATE BILL 5506

State of Washington

61st Legislature

2009 Regular Session

By Senate Early Learning & K-12 Education (originally sponsored by Senators Hatfield, Delvin, McAuliffe, Fairley, King, Kastama, Shin, Murray, Hobbs, and Jacobsen)

READ FIRST TIME 02/24/09.

1 AN ACT Relating to child care providers; amending RCW 42.56.250 and
2 70.47.060; adding new sections to chapter 74.08A RCW; creating a new
3 section; providing an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 74.08A RCW
6 to read as follows:

7 (1) Beginning with the 2019-2021 fiscal biennium, and in every
8 fiscal biennium thereafter, the department must adjust the child care
9 subsidy to make it equal to or greater than seventy-five percent of the
10 actual charges of providing child care in a child care center. To
11 reach this level, the office of financial management must develop a
12 funding plan to increase the subsidy rate beginning implementation with
13 the 2011-2013 biennium and meeting the seventy-fifth percentile
14 requirement by the end of the 2017-2019 biennium. If the child care
15 subsidy is at or above the seventy-fifth percentile on July 1st of any
16 year, the annual adjustment in this subsection is suspended for that
17 year.

18 (2) Child care centers must respond to any reporting requirements
19 adopted by the department or the department of early learning,

1 including requirements on reporting attendance or absences of children
2 in their centers. However, the amount of the subsidy may not be
3 reduced based on attendance rates of children.

4 (3) For the purposes of this section:

5 (a) "Child care center" means a child care center licensed by the
6 state under RCW 74.15.030 that has at least one child care slot filled
7 by a child for whom it receives a child care subsidy.

8 (b) "Child care subsidy" has the meaning provided in RCW 41.56.030.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.08A RCW
10 to read as follows:

11 Child care centers, as defined in section 1 of this act, must
12 distribute age-appropriate educational and parenting information
13 provided by licensors, local resource centers, school districts, and
14 other organizations to parents who bring their children to that child
15 care center.

16 **Sec. 3.** RCW 42.56.250 and 2006 c 209 s 6 are each amended to read
17 as follows:

18 The following employment and licensing information is exempt from
19 public inspection and copying under this chapter:

20 (1) Test questions, scoring keys, and other examination data used
21 to administer a license, employment, or academic examination;

22 (2) All applications for public employment, including the names of
23 applicants, resumes, and other related materials submitted with respect
24 to an applicant;

25 (3) The residential addresses, residential telephone numbers,
26 personal wireless telephone numbers, personal electronic mail
27 addresses, social security numbers, and emergency contact information
28 of employees or volunteers of a public agency, and the names, dates of
29 birth, residential addresses, residential telephone numbers, personal
30 wireless telephone numbers, personal electronic mail addresses, social
31 security numbers, and emergency contact information of dependents of
32 employees or volunteers of a public agency that are held by any public
33 agency in personnel records, public employment related records, or
34 volunteer rosters, or are included in any mailing list of employees or
35 volunteers of any public agency. For purposes of this subsection,

1 "employees" includes independent provider home care workers as defined
2 in RCW 74.39A.240 and employees of child care centers as defined in
3 section 1 of this act;

4 (4) Information that identifies a person who, while an agency
5 employee: (a) Seeks advice, under an informal process established by
6 the employing agency, in order to ascertain his or her rights in
7 connection with a possible unfair practice under chapter 49.60 RCW
8 against the person; and (b) requests his or her identity or any
9 identifying information not be disclosed;

10 (5) Investigative records compiled by an employing agency
11 conducting a current investigation of a possible unfair practice under
12 chapter 49.60 RCW or of a possible violation of other federal, state,
13 or local laws prohibiting discrimination in employment; and

14 (6) Except as provided in RCW 47.64.220, salary and employee
15 benefit information collected under RCW 47.64.220(1) and described in
16 RCW 47.64.220(2).

17 **Sec. 4.** RCW 70.47.060 and 2007 c 259 s 36 are each amended to read
18 as follows:

19 The administrator has the following powers and duties:

20 (1) To design and from time to time revise a schedule of covered
21 basic health care services, including physician services, inpatient and
22 outpatient hospital services, prescription drugs and medications, and
23 other services that may be necessary for basic health care. In
24 addition, the administrator may, to the extent that funds are
25 available, offer as basic health plan services chemical dependency
26 services, mental health services and organ transplant services;
27 however, no one service or any combination of these three services
28 shall increase the actuarial value of the basic health plan benefits by
29 more than five percent excluding inflation, as determined by the office
30 of financial management. All subsidized and nonsubsidized enrollees in
31 any participating managed health care system under the Washington basic
32 health plan shall be entitled to receive covered basic health care
33 services in return for premium payments to the plan. The schedule of
34 services shall emphasize proven preventive and primary health care and
35 shall include all services necessary for prenatal, postnatal, and well-
36 child care. However, with respect to coverage for subsidized enrollees
37 who are eligible to receive prenatal and postnatal services through the

1 medical assistance program under chapter 74.09 RCW, the administrator
2 shall not contract for such services except to the extent that such
3 services are necessary over not more than a one-month period in order
4 to maintain continuity of care after diagnosis of pregnancy by the
5 managed care provider. The schedule of services shall also include a
6 separate schedule of basic health care services for children, eighteen
7 years of age and younger, for those subsidized or nonsubsidized
8 enrollees who choose to secure basic coverage through the plan only for
9 their dependent children. In designing and revising the schedule of
10 services, the administrator shall consider the guidelines for assessing
11 health services under the mandated benefits act of 1984, RCW 48.47.030,
12 and such other factors as the administrator deems appropriate.

13 (2)(a) To design and implement a structure of periodic premiums due
14 the administrator from subsidized enrollees that is based upon gross
15 family income, giving appropriate consideration to family size and the
16 ages of all family members. The enrollment of children shall not
17 require the enrollment of their parent or parents who are eligible for
18 the plan. The structure of periodic premiums shall be applied to
19 subsidized enrollees entering the plan as individuals pursuant to
20 subsection (11) of this section and to the share of the cost of the
21 plan due from subsidized enrollees entering the plan as employees
22 pursuant to subsection (12) of this section.

23 (b) To determine the periodic premiums due the administrator from
24 subsidized enrollees under RCW 70.47.020(6)(b). Premiums due for
25 foster parents with gross family income up to two hundred percent of
26 the federal poverty level shall be set at the minimum premium amount
27 charged to enrollees with income below sixty-five percent of the
28 federal poverty level. Premiums due for foster parents with gross
29 family income between two hundred percent and three hundred percent of
30 the federal poverty level shall not exceed one hundred dollars per
31 month.

32 (c) To determine the periodic premiums due the administrator from
33 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
34 shall be in an amount equal to the cost charged by the managed health
35 care system provider to the state for the plan plus the administrative
36 cost of providing the plan to those enrollees and the premium tax under
37 RCW 48.14.0201.

1 (d) To determine the periodic premiums due the administrator from
2 health coverage tax credit eligible enrollees. Premiums due from
3 health coverage tax credit eligible enrollees must be in an amount
4 equal to the cost charged by the managed health care system provider to
5 the state for the plan, plus the administrative cost of providing the
6 plan to those enrollees and the premium tax under RCW 48.14.0201. The
7 administrator will consider the impact of eligibility determination by
8 the appropriate federal agency designated by the Trade Act of 2002
9 (P.L. 107-210) as well as the premium collection and remittance
10 activities by the United States internal revenue service when
11 determining the administrative cost charged for health coverage tax
12 credit eligible enrollees.

13 (e) An employer or other financial sponsor may, with the prior
14 approval of the administrator, pay the premium, rate, or any other
15 amount on behalf of a subsidized or nonsubsidized enrollee, by
16 arrangement with the enrollee and through a mechanism acceptable to the
17 administrator. The administrator shall establish a mechanism for
18 receiving premium payments from the United States internal revenue
19 service for health coverage tax credit eligible enrollees.

20 (f) To develop, as an offering by every health carrier providing
21 coverage identical to the basic health plan, as configured on January
22 1, 2001, a basic health plan model plan with uniformity in enrollee
23 cost-sharing requirements.

24 (3) To evaluate, with the cooperation of participating managed
25 health care system providers, the impact on the basic health plan of
26 enrolling health coverage tax credit eligible enrollees. The
27 administrator shall issue to the appropriate committees of the
28 legislature preliminary evaluations on June 1, 2005, and January 1,
29 2006, and a final evaluation by June 1, 2006. The evaluation shall
30 address the number of persons enrolled, the duration of their
31 enrollment, their utilization of covered services relative to other
32 basic health plan enrollees, and the extent to which their enrollment
33 contributed to any change in the cost of the basic health plan.

34 (4) To end the participation of health coverage tax credit eligible
35 enrollees in the basic health plan if the federal government reduces or
36 terminates premium payments on their behalf through the United States
37 internal revenue service.

1 (5) To design and implement a structure of enrollee cost-sharing
2 due a managed health care system from subsidized, nonsubsidized, and
3 health coverage tax credit eligible enrollees. The structure shall
4 discourage inappropriate enrollee utilization of health care services,
5 and may utilize copayments, deductibles, and other cost-sharing
6 mechanisms, but shall not be so costly to enrollees as to constitute a
7 barrier to appropriate utilization of necessary health care services.

8 (6) To limit enrollment of persons who qualify for subsidies so as
9 to prevent an overexpenditure of appropriations for such purposes.
10 Whenever the administrator finds that there is danger of such an
11 overexpenditure, the administrator shall close enrollment until the
12 administrator finds the danger no longer exists. Such a closure does
13 not apply to health coverage tax credit eligible enrollees who receive
14 a premium subsidy from the United States internal revenue service as
15 long as the enrollees qualify for the health coverage tax credit
16 program.

17 (7) To limit the payment of subsidies to subsidized enrollees, as
18 defined in RCW 70.47.020. The level of subsidy provided to persons who
19 qualify may be based on the lowest cost plans, as defined by the
20 administrator.

21 (8) To adopt a schedule for the orderly development of the delivery
22 of services and availability of the plan to residents of the state,
23 subject to the limitations contained in RCW 70.47.080 or any act
24 appropriating funds for the plan.

25 (9) To solicit and accept applications from managed health care
26 systems, as defined in this chapter, for inclusion as eligible basic
27 health care providers under the plan for subsidized enrollees,
28 nonsubsidized enrollees, or health coverage tax credit eligible
29 enrollees. The administrator shall endeavor to assure that covered
30 basic health care services are available to any enrollee of the plan
31 from among a selection of two or more participating managed health care
32 systems. In adopting any rules or procedures applicable to managed
33 health care systems and in its dealings with such systems, the
34 administrator shall consider and make suitable allowance for the need
35 for health care services and the differences in local availability of
36 health care resources, along with other resources, within and among the
37 several areas of the state. Contracts with participating managed
38 health care systems shall ensure that basic health plan enrollees who

1 become eligible for medical assistance may, at their option, continue
2 to receive services from their existing providers within the managed
3 health care system if such providers have entered into provider
4 agreements with the department of social and health services.

5 (10) To receive periodic premiums from or on behalf of subsidized,
6 nonsubsidized, and health coverage tax credit eligible enrollees,
7 deposit them in the basic health plan operating account, keep records
8 of enrollee status, and authorize periodic payments to managed health
9 care systems on the basis of the number of enrollees participating in
10 the respective managed health care systems.

11 (11) To accept applications from individuals residing in areas
12 served by the plan, on behalf of themselves and their spouses and
13 dependent children, for enrollment in the Washington basic health plan
14 as subsidized, nonsubsidized, or health coverage tax credit eligible
15 enrollees, to give priority to members of the Washington national guard
16 and reserves who served in Operation Enduring Freedom, Operation Iraqi
17 Freedom, or Operation Noble Eagle, and their spouses and dependents,
18 for enrollment in the Washington basic health plan, to establish
19 appropriate minimum-enrollment periods for enrollees as may be
20 necessary, and to determine, upon application and on a reasonable
21 schedule defined by the authority, or at the request of any enrollee,
22 eligibility due to current gross family income for sliding scale
23 premiums. Funds received by a family as part of participation in the
24 adoption support program authorized under RCW 26.33.320 and 74.13.100
25 through 74.13.145 shall not be counted toward a family's current gross
26 family income for the purposes of this chapter. When an enrollee fails
27 to report income or income changes accurately, the administrator shall
28 have the authority either to bill the enrollee for the amounts overpaid
29 by the state or to impose civil penalties of up to two hundred percent
30 of the amount of subsidy overpaid due to the enrollee incorrectly
31 reporting income. The administrator shall adopt rules to define the
32 appropriate application of these sanctions and the processes to
33 implement the sanctions provided in this subsection, within available
34 resources. No subsidy may be paid with respect to any enrollee whose
35 current gross family income exceeds twice the federal poverty level or,
36 subject to RCW 70.47.110, who is a recipient of medical assistance or
37 medical care services under chapter 74.09 RCW. If a number of
38 enrollees drop their enrollment for no apparent good cause, the

1 administrator may establish appropriate rules or requirements that are
2 applicable to such individuals before they will be allowed to reenroll
3 in the plan.

4 (12) To accept applications from business owners on behalf of
5 themselves and their employees, spouses, and dependent children, as
6 subsidized or nonsubsidized enrollees, who reside in an area served by
7 the plan. The administrator may require all or the substantial
8 majority of the eligible employees of such businesses to enroll in the
9 plan and establish those procedures necessary to facilitate the orderly
10 enrollment of groups in the plan and into a managed health care system.
11 The administrator may require that a business owner pay at least an
12 amount equal to what the employee pays after the state pays its portion
13 of the subsidized premium cost of the plan on behalf of each employee
14 enrolled in the plan. Enrollment is limited to those not eligible for
15 medicare who wish to enroll in the plan and choose to obtain the basic
16 health care coverage and services from a managed care system
17 participating in the plan. The administrator shall adjust the amount
18 determined to be due on behalf of or from all such enrollees whenever
19 the amount negotiated by the administrator with the participating
20 managed health care system or systems is modified or the administrative
21 cost of providing the plan to such enrollees changes.

22 (13) To determine the rate to be paid to each participating managed
23 health care system in return for the provision of covered basic health
24 care services to enrollees in the system. Although the schedule of
25 covered basic health care services will be the same or actuarially
26 equivalent for similar enrollees, the rates negotiated with
27 participating managed health care systems may vary among the systems.
28 In negotiating rates with participating systems, the administrator
29 shall consider the characteristics of the populations served by the
30 respective systems, economic circumstances of the local area, the need
31 to conserve the resources of the basic health plan trust account, and
32 other factors the administrator finds relevant.

33 (14) To monitor the provision of covered services to enrollees by
34 participating managed health care systems in order to assure enrollee
35 access to good quality basic health care, to require periodic data
36 reports concerning the utilization of health care services rendered to
37 enrollees in order to provide adequate information for evaluation, and
38 to inspect the books and records of participating managed health care

1 systems to assure compliance with the purposes of this chapter. In
2 requiring reports from participating managed health care systems,
3 including data on services rendered enrollees, the administrator shall
4 endeavor to minimize costs, both to the managed health care systems and
5 to the plan. The administrator shall coordinate any such reporting
6 requirements with other state agencies, such as the insurance
7 commissioner and the department of health, to minimize duplication of
8 effort.

9 (15) To evaluate the effects this chapter has on private employer-
10 based health care coverage and to take appropriate measures consistent
11 with state and federal statutes that will discourage the reduction of
12 such coverage in the state.

13 (16) To develop a program of proven preventive health measures and
14 to integrate it into the plan wherever possible and consistent with
15 this chapter.

16 (17) To provide, consistent with available funding, assistance for
17 rural residents, underserved populations, and persons of color.

18 (18) In consultation with appropriate state and local government
19 agencies, to establish criteria defining eligibility for persons
20 confined or residing in government-operated institutions.

21 (19) To administer the premium discounts provided under RCW
22 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the Washington
23 state health insurance pool.

24 (20) To give priority in enrollment to persons who disenrolled from
25 the program in order to enroll in medicaid, and subsequently became
26 ineligible for medicaid coverage.

27 (21) To reserve ten percent of enrollment slots for child care
28 providers working at child care centers that are licensed by the state
29 under RCW 74.15.030 and have at least one child care slot filled by a
30 child for whom it receives a subsidy.

31 NEW SECTION. **Sec. 5.** If any provision of this act or its
32 application to any person or circumstance is held invalid, the
33 remainder of the act or the application of the provision to other
34 persons or circumstances is not affected.

35 NEW SECTION. **Sec. 6.** If any part of this act is found to be in
36 conflict with federal requirements that are a prescribed condition to

1 the allocation of federal funds to the state, the conflicting part of
2 this act is inoperative solely to the extent of the conflict and with
3 respect to the agencies directly affected, and this finding does not
4 affect the operation of the remainder of this act in its application to
5 the agencies concerned. Rules adopted under this act must meet federal
6 requirements that are a necessary condition to the receipt of federal
7 funds by the state.

8 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
9 preservation of the public peace, health, or safety, or support of the
10 state government and its existing public institutions, and takes effect
11 July 1, 2009.

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