
SENATE BILL 5930

State of Washington 61st Legislature 2009 Regular Session

By Senators Prentice and Tom

Read first time 02/09/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to public employees' health care costs; reenacting
2 and amending RCW 41.05.065; adding a new section to chapter 41.05 RCW;
3 and providing an effective date.

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

5 **Sec. 1.** RCW 41.05.065 and 2007 c 156 s 10 and 2007 c 114 s 5 are
6 each reenacted and amended to read as follows:

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

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

17 (a) Methods of maximizing cost containment while ensuring access to
18 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 or the
26 administration of a high deductible health plan in conjunction with a
27 health savings account.

28 (3) The board shall design benefits and determine the terms and
29 conditions of employee and retired employee participation and coverage,
30 including establishment of eligibility criteria subject to the
31 requirements of RCW 41.05.066. The same terms and conditions of
32 participation and coverage, including eligibility criteria, shall apply
33 to state employees and to school district employees and educational
34 service district employees.

35 (4) Except as otherwise provided under section 2 of this act, the
36 board may authorize premium contributions for an employee and the
37 employee's dependents in a manner that encourages the use of cost-
38 efficient managed health care systems. (~~During the 2005-2007 fiscal~~

1 ~~biennium, the board may only authorize premium contributions for an~~
2 ~~employee and the employee's dependents that are the same, regardless of~~
3 ~~an employee's status as represented or nonrepresented by a collective~~
4 ~~bargaining unit under the personnel system reform act of 2002.)~~) The
5 board shall require participating school district and educational
6 service district employees to pay at least the same employee premiums
7 by plan and family size as state employees pay.

8 (5) The board shall develop a health savings account option for
9 employees that conform to section 223, Part VII of subchapter B of
10 chapter 1 of the internal revenue code of 1986. The board shall comply
11 with all applicable federal standards related to the establishment of
12 health savings accounts.

13 (6) Notwithstanding any other provision of this chapter, the board
14 shall develop a high deductible health plan to be offered in
15 conjunction with a health savings account developed under subsection
16 (5) of this section.

17 (7) Employees shall choose participation in one of the health care
18 benefit plans developed by the board and may be permitted to waive
19 coverage under terms and conditions established by the board.

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

28 (9) Before January 1, 1998, the public employees' benefits board
29 shall make available one or more fully insured long-term care insurance
30 plans that comply with the requirements of chapter 48.84 RCW. Such
31 programs shall be made available to eligible employees, retired
32 employees, and retired school employees as well as eligible dependents
33 which, for the purpose of this section, includes the parents of the
34 employee or retiree and the parents of the spouse of the employee or
35 retiree. Employees of local governments, political subdivisions, and
36 tribal governments not otherwise enrolled in the public employees'
37 benefits board sponsored medical programs may enroll under terms and

1 conditions established by the administrator, if it does not jeopardize
2 the financial viability of the public employees' benefits board's long-
3 term care offering.

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

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

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

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

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

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

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

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

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05 RCW
16 to read as follows:

17 (1) Unless otherwise provided by law or contract, the health care
18 authority shall establish tiered premium contributions based on an
19 employee's salary as follows:

20 (a) For employees whose annual salary is fifty thousand dollars or
21 less, the premium contribution shall be the same as that provided for
22 employees in classified service.

23 (b) For employees whose annual salary is more than fifty thousand
24 dollars but less than seventy-five thousand dollars, the premium
25 contribution shall be thirty percent higher than that provided for
26 employees in classified service, but no more than sixteen percent of
27 the total premium.

28 (c) For employees whose annual salary is seventy-five thousand
29 dollars or more, the premium contribution shall be sixty percent higher
30 than employees in classified service, but not more than twenty percent
31 of the total premium.

32 (2) State elected officials shall pay a premium contribution in
33 accordance with the provisions of this section.

34 (3) For purposes of determining the annual salary for premium
35 contribution, the salary shall be that of the employee as of January

1 1st of the premium year, and shall not change during the year.

2 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2010.

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