

CERTIFICATION OF ENROLLMENT

SENATE BILL 5466

64th Legislature
2015 Regular Session

Passed by the Senate March 3, 2015
Yeas 44 Nays 5

President of the Senate

Passed by the House April 14, 2015
Yeas 92 Nays 5

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5466** as passed by Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 5466

Passed Legislature - 2015 Regular Session

State of Washington

64th Legislature

2015 Regular Session

By Senators Becker, Keiser, and Conway; by request of Health Care Authority and LEOFF Plan 2 Retirement Board

Read first time 01/22/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to clarifying employee eligibility for benefits
2 from the public employees' benefits board and conforming the
3 eligibility provisions with federal law; amending RCW 41.05.009,
4 41.05.011, 41.05.065, 41.05.066, 41.05.095, and 41.05.195; and
5 reenacting and amending RCW 41.05.080.

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

7 **Sec. 1.** RCW 41.05.009 and 2009 c 537 s 2 are each amended to
8 read as follows:

9 (1) The authority, or an employing agency at the authority's
10 direction, (~~(an employing agency)~~) shall initially determine and
11 periodically review whether an employee is eligible for benefits
12 pursuant to the criteria established under this chapter.

13 (2) An employing agency shall inform an employee in writing
14 whether or not he or she is eligible for benefits when initially
15 determined and upon any subsequent change, including notice of the
16 employee's right to an appeal.

17 **Sec. 2.** RCW 41.05.011 and 2013 c 2 s 306 (Initiative Measure No.
18 1240) are each amended to read as follows:

19 The definitions in this section apply throughout this chapter
20 unless the context clearly requires otherwise.

- 1 (1) "Authority" means the Washington state health care authority.
- 2 (2) "Board" means the public employees' benefits board
3 established under RCW 41.05.055.
- 4 (3) "Dependent care assistance program" means a benefit plan
5 whereby state and public employees may pay for certain employment
6 related dependent care with pretax dollars as provided in the salary
7 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or
8 other sections of the internal revenue code.
- 9 (4) "Director" means the director of the authority.
- 10 (5) "Emergency service personnel killed in the line of duty"
11 means law enforcement officers and firefighters as defined in RCW
12 41.26.030, members of the Washington state patrol retirement fund as
13 defined in RCW 43.43.120, and reserve officers and firefighters as
14 defined in RCW 41.24.010 who die as a result of injuries sustained in
15 the course of employment as determined consistent with Title 51 RCW
16 by the department of labor and industries.
- 17 (6) "Employee" includes all employees of the state, whether or
18 not covered by civil service; elected and appointed officials of the
19 executive branch of government, including full-time members of
20 boards, commissions, or committees; justices of the supreme court and
21 judges of the court of appeals and the superior courts; and members
22 of the state legislature. Pursuant to contractual agreement with the
23 authority, "employee" may also include: (a) Employees of a county,
24 municipality, or other political subdivision of the state and members
25 of the legislative authority of any county, city, or town who are
26 elected to office after February 20, 1970, if the legislative
27 authority of the county, municipality, or other political subdivision
28 of the state seeks and receives the approval of the authority to
29 provide any of its insurance programs by contract with the authority,
30 as provided in RCW 41.04.205 and 41.05.021(1)(g); (b) employees of
31 employee organizations representing state civil service employees, at
32 the option of each such employee organization, and, effective October
33 1, 1995, employees of employee organizations currently pooled with
34 employees of school districts for the purpose of purchasing insurance
35 benefits, at the option of each such employee organization; (c)
36 employees of a school district if the authority agrees to provide any
37 of the school districts' insurance programs by contract with the
38 authority as provided in RCW 28A.400.350; (d) employees of a tribal
39 government, if the governing body of the tribal government seeks and
40 receives the approval of the authority to provide any of its

1 insurance programs by contract with the authority, as provided in RCW
2 41.05.021(1) (f) and (g); (e) employees of the Washington health
3 benefit exchange if the governing board of the exchange established
4 in RCW 43.71.020 seeks and receives approval of the authority to
5 provide any of its insurance programs by contract with the authority,
6 as provided in RCW 41.05.021(1) (g) and (n); and (f) employees of a
7 charter school established under chapter 28A.710 RCW. "Employee" does
8 not include: Adult family (~~homeowners~~)home providers; unpaid
9 volunteers; patients of state hospitals; inmates; employees of the
10 Washington state convention and trade center as provided in RCW
11 41.05.110; students of institutions of higher education as determined
12 by their institution; and any others not expressly defined as
13 employees under this chapter or by the authority under this chapter.

14 (7) "Employer" means the state of Washington.

15 (8) "Employing agency" means a division, department, or separate
16 agency of state government, including an institution of higher
17 education; a county, municipality, school district, educational
18 service district, or other political subdivision; charter school; and
19 a tribal government covered by this chapter.

20 (9) "Faculty" means an academic employee of an institution of
21 higher education whose workload is not defined by work hours but
22 whose appointment, workload, and duties directly serve the
23 institution's academic mission, as determined under the authority of
24 its enabling statutes, its governing body, and any applicable
25 collective bargaining agreement.

26 (10) "Flexible benefit plan" means a benefit plan that allows
27 employees to choose the level of health care coverage provided and
28 the amount of employee contributions from among a range of choices
29 offered by the authority.

30 (11) "Insuring entity" means an insurer as defined in chapter
31 48.01 RCW, a health care service contractor as defined in chapter
32 48.44 RCW, or a health maintenance organization as defined in chapter
33 48.46 RCW.

34 (12) "Medical flexible spending arrangement" means a benefit plan
35 whereby state and public employees may reduce their salary before
36 taxes to pay for medical expenses not reimbursed by insurance as
37 provided in the salary reduction plan under this chapter pursuant to
38 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

1 (13) "Participant" means an individual who fulfills the
2 eligibility and enrollment requirements under the salary reduction
3 plan.

4 (14) "Plan year" means the time period established by the
5 authority.

6 (15) "Premium payment plan" means a benefit plan whereby state
7 and public employees may pay their share of group health plan
8 premiums with pretax dollars as provided in the salary reduction plan
9 under this chapter pursuant to 26 U.S.C. Sec. 125 or other sections
10 of the internal revenue code.

11 (16) "Retired or disabled school employee" means:

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

15 (b) Persons who separate from employment with a school district,
16 educational service district, or charter school on or after October
17 1, 1993, and immediately upon separation receive a retirement
18 allowance under chapter 41.32, 41.35, or 41.40 RCW;

19 (c) Persons who separate from employment with a school district,
20 educational service district, or charter school due to a total and
21 permanent disability, and are eligible to receive a deferred
22 retirement allowance under chapter 41.32, 41.35, or 41.40 RCW.

23 (17) "Salary" means a state employee's monthly salary or wages.

24 (18) "Salary reduction plan" means a benefit plan whereby state
25 and public employees may agree to a reduction of salary on a pretax
26 basis to participate in the dependent care assistance program,
27 medical flexible spending arrangement, or premium payment plan
28 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
29 internal revenue code.

30 (19) "Seasonal employee" means an employee hired to work during a
31 recurring, annual season with a duration of three months or more, and
32 anticipated to return each season to perform similar work.

33 (20) "Separated employees" means persons who separate from
34 employment with an employer as defined in:

35 (a) RCW 41.32.010(17) on or after July 1, 1996; or

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

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

38 and who are at least age fifty-five and have at least ten years of
39 service under the teachers' retirement system plan 3 as defined in
40 RCW 41.32.010(33), the Washington school employees' retirement system

1 plan 3 as defined in RCW 41.35.010, or the public employees'
2 retirement system plan 3 as defined in RCW 41.40.010.

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

10 (22) "Tribal government" means an Indian tribal government as
11 defined in section 3(32) of the employee retirement income security
12 act of 1974, as amended, or an agency or instrumentality of the
13 tribal government, that has government offices principally located in
14 this state.

15 (23) "Employer group" means those counties, municipalities,
16 political subdivisions, the Washington health benefit exchange,
17 tribal governments, school districts, and educational service
18 districts, and employee organizations representing state civil
19 service employees, obtaining employee benefits through a contractual
20 agreement with the authority.

21 **Sec. 3.** RCW 41.05.065 and 2011 1st sp.s. c 8 s 1 are each
22 amended to read as follows:

23 (1) The board shall study all matters connected with the
24 provision of health care coverage, life insurance, liability
25 insurance, accidental death and dismemberment insurance, and
26 disability income insurance or any of, or a combination of, the
27 enumerated types of insurance for employees and their dependents on
28 the best basis possible with relation both to the welfare of the
29 employees and to the state. However, liability insurance shall not be
30 made available to dependents.

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

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

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

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

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

12 (e) Effective coordination of benefits; and

13 (f) Minimum standards for insuring entities.

14 (3) To maintain the comprehensive nature of employee health care
15 benefits, benefits provided to employees shall be substantially
16 equivalent to the state employees' health benefits plan in effect on
17 January 1, 1993. Nothing in this subsection shall prohibit changes or
18 increases in employee point-of-service payments or employee premium
19 payments for benefits or the administration of a high deductible
20 health plan in conjunction with a health savings account. The board
21 may establish employee eligibility criteria which are not
22 substantially equivalent to employee eligibility criteria in effect
23 on January 1, 1993.

24 (4) Except if bargained for under chapter 41.80 RCW, the board
25 shall design benefits and determine the terms and conditions of
26 employee and retired employee participation and coverage, including
27 establishment of eligibility criteria subject to the requirements of
28 this chapter. Employer groups obtaining benefits through contractual
29 agreement with the authority for employees defined in RCW
30 41.05.011(6) (a) through (d) may contractually agree with the
31 authority to benefits eligibility criteria which differs from that
32 determined by the board. The eligibility criteria established by the
33 board shall be no more restrictive than the following:

34 (a) Except as provided in (b) through (e) of this subsection, an
35 employee is eligible for benefits from the date of employment if the
36 employing agency anticipates he or she will work an average of at
37 least eighty hours per month and for at least eight hours in each
38 month for more than six consecutive months. An employee determined
39 ineligible for benefits at the beginning of his or her employment
40 shall become eligible in the following circumstances:

1 (i) An employee who works an average of at least eighty hours per
2 month and for at least eight hours in each month and whose
3 anticipated duration of employment is revised from less than or equal
4 to six consecutive months to more than six consecutive months becomes
5 eligible when the revision is made.

6 (ii) An employee who works an average of at least eighty hours
7 per month over a period of six consecutive months and for at least
8 eight hours in each of those six consecutive months becomes eligible
9 at the first of the month following the six-month averaging period.

10 (b) A seasonal employee is eligible for benefits from the date of
11 employment if the employing agency anticipates that he or she will
12 work an average of at least eighty hours per month and for at least
13 eight hours in each month of the season. A seasonal employee
14 determined ineligible at the beginning of his or her employment who
15 works an average of at least (~~half-time, as defined by the~~
16 ~~board,~~) eighty hours per month over a period of six consecutive
17 months and at least eight hours in each of those six consecutive
18 months becomes eligible at the first of the month following the six-
19 month averaging period. A benefits-eligible seasonal employee who
20 works a season of less than nine months shall not be eligible for the
21 employer contribution during the off season, but may continue
22 enrollment in benefits during the off season by self-paying for the
23 benefits. A benefits-eligible seasonal employee who works a season of
24 nine months or more is eligible for the employer contribution through
25 the off season following each season worked.

26 (c) Faculty are eligible as follows:

27 (i) Faculty who the employing agency anticipates will work half-
28 time or more for the entire instructional year or equivalent nine-
29 month period are eligible for benefits from the date of employment.
30 Eligibility shall continue until the beginning of the first full
31 month of the next instructional year, unless the employment
32 relationship is terminated, in which case eligibility shall cease the
33 first month following the notice of termination or the effective date
34 of the termination, whichever is later.

35 (ii) Faculty who the employing agency anticipates will not work
36 for the entire instructional year or equivalent nine-month period are
37 eligible for benefits at the beginning of the second consecutive
38 quarter or semester of employment in which he or she is anticipated
39 to work, or has actually worked, half-time or more. Such an employee
40 shall continue to receive uninterrupted employer contributions for

1 benefits if the employee works at least half-time in a quarter or
2 semester. Faculty who the employing agency anticipates will not work
3 for the entire instructional year or equivalent nine-month period,
4 but who actually work half-time or more throughout the entire
5 instructional year, are eligible for summer or off-quarter or off-
6 semester coverage. Faculty who have met the criteria of this
7 subsection (4)(c)(ii), who work at least two quarters or two
8 semesters of the academic year with an average academic year workload
9 of half-time or more for three quarters or two semesters of the
10 academic year, and who have worked an average of half-time or more in
11 each of the two preceding academic years shall continue to receive
12 uninterrupted employer contributions for benefits if he or she works
13 at least half-time in a quarter or semester or works two quarters or
14 two semesters of the academic year with an average academic workload
15 each academic year of half-time or more for three quarters or two
16 semesters. Eligibility under this section ceases immediately if this
17 criteria is not met.

18 (iii) Faculty may establish or maintain eligibility for benefits
19 by working for more than one institution of higher education. When
20 faculty work for more than one institution of higher education, those
21 institutions shall prorate the employer contribution costs, or if
22 eligibility is reached through one institution, that institution will
23 pay the full employer contribution. Faculty working for more than one
24 institution must alert his or her employers to his or her potential
25 eligibility in order to establish eligibility.

26 (iv) The employing agency must provide written notice to faculty
27 who are potentially eligible for benefits under this subsection
28 (4)(c) of their potential eligibility.

29 (v) To be eligible for maintenance of benefits through averaging
30 under (c)(ii) of this subsection, faculty must provide written
31 notification to his or her employing agency or agencies of his or her
32 potential eligibility.

33 (vi) For the purposes of this subsection (4)(c):

34 (A) "Academic year" means summer, fall, winter, and spring
35 quarters or summer, fall, and spring semesters;

36 (B) "Half-time" means one-half of the full-time academic workload
37 as determined by each institution; except that for community and
38 technical college faculty, half-time academic workload is calculated
39 according to RCW 28B.50.489.

1 (d) A legislator is eligible for benefits on the date his or her
2 term begins. All other elected and full-time appointed officials of
3 the legislative and executive branches of state government are
4 eligible for benefits on the date his or her term begins or they take
5 the oath of office, whichever occurs first.

6 (e) A justice of the supreme court and judges of the court of
7 appeals and the superior courts become eligible for benefits on the
8 date he or she takes the oath of office.

9 (f) Except as provided in (c)(i) and (ii) of this subsection,
10 eligibility ceases for any employee the first of the month following
11 termination of the employment relationship.

12 (g) In determining eligibility under this section, the employing
13 agency may disregard training hours, standby hours, or temporary
14 changes in work hours as determined by the authority under this
15 section.

16 (h) Insurance coverage for all eligible employees begins on the
17 first day of the month following the date when eligibility for
18 benefits is established. If the date eligibility is established is
19 the first working day of a month, insurance coverage begins on that
20 date.

21 (i) Eligibility for an employee whose work circumstances are
22 described by more than one of the eligibility categories in (a)
23 through (e) of this subsection shall be determined solely by the
24 criteria of the category that most closely describes the employee's
25 work circumstances.

26 (j) Except for an employee eligible for benefits under (b) or
27 (c)(ii) of this subsection, an employee who has established
28 eligibility for benefits under this section shall remain eligible for
29 benefits each month in which he or she is in pay status for eight or
30 more hours, if (i) he or she remains in a benefits-eligible position
31 and (ii) leave from the benefits-eligible position is approved by the
32 employing agency. A benefits-eligible seasonal employee is eligible
33 for the employer contribution in any month of his or her season in
34 which he or she is in pay status eight or more hours during that
35 month. Eligibility ends if these conditions are not met, the
36 employment relationship is terminated, or the employee voluntarily
37 transfers to a noneligible position.

38 (k) For the purposes of this subsection(+-

39 ~~(i) "Academic year" means summer, fall, winter, and spring~~
40 ~~quarters or semesters;~~

1 ~~(ii) "Half time" means one half of the full-time academic~~
2 ~~workload as determined by each institution, except that half-time for~~
3 ~~community and technical college faculty employees shall have the same~~
4 ~~meaning as "part time" under RCW 28B.50.489;~~

5 ~~(iii)),~~ the board shall define "benefits-eligible
6 position." (~~shall be defined by the board.~~)

7 (5) The board may authorize premium contributions for an employee
8 and the employee's dependents in a manner that encourages the use of
9 cost-efficient managed health care systems.

10 (6)(a) For any open enrollment period following August 24, 2011,
11 the board shall offer a health savings account option for employees
12 that conforms to section 223, Part VII of subchapter B of chapter 1
13 of the internal revenue code of 1986. The board shall comply with all
14 applicable federal standards related to the establishment of health
15 savings accounts.

16 (b) By November 30, 2015, and each year thereafter, the authority
17 shall submit a report to the relevant legislative policy and fiscal
18 committees that includes the following:

19 (i) Public employees' benefits board health plan cost and service
20 utilization trends for the previous three years, in total and for
21 each health plan offered to employees;

22 (ii) For each health plan offered to employees, the number and
23 percentage of employees and dependents enrolled in the plan, and the
24 age and gender demographics of enrollees in each plan;

25 (iii) Any impact of enrollment in alternatives to the most
26 comprehensive plan, including the high deductible health plan with a
27 health savings account, upon the cost of health benefits for those
28 employees who have chosen to remain enrolled in the most
29 comprehensive plan.

30 (7) Notwithstanding any other provision of this chapter, for any
31 open enrollment period following August 24, 2011, the board shall
32 offer a high deductible health plan in conjunction with a health
33 savings account developed under subsection (6) of this section.

34 (8) Employees shall choose participation in one of the health
35 care benefit plans developed by the board and may be permitted to
36 waive coverage under terms and conditions established by the board.

37 (9) The board shall review plans proposed by insuring entities
38 that desire to offer property insurance and/or accident and casualty
39 insurance to state employees through payroll deduction. The board may
40 approve any such plan for payroll deduction by insuring entities

1 holding a valid certificate of authority in the state of Washington
2 and which the board determines to be in the best interests of
3 employees and the state. The board shall adopt rules setting forth
4 criteria by which it shall evaluate the plans.

5 (10) Before January 1, 1998, the public employees' benefits board
6 shall make available one or more fully insured long-term care
7 insurance plans that comply with the requirements of chapter 48.84
8 RCW. Such programs shall be made available to eligible employees,
9 retired employees, and retired school employees as well as eligible
10 dependents which, for the purpose of this section, includes the
11 parents of the employee or retiree and the parents of the spouse of
12 the employee or retiree. Employees of local governments, political
13 subdivisions, and tribal governments not otherwise enrolled in the
14 public employees' benefits board sponsored medical programs may
15 enroll under terms and conditions established by the administrator,
16 if it does not jeopardize the financial viability of the public
17 employees' benefits board's long-term care offering.

18 (a) Participation of eligible employees or retired employees and
19 retired school employees in any long-term care insurance plan made
20 available by the public employees' benefits board is voluntary and
21 shall not be subject to binding arbitration under chapter 41.56 RCW.
22 Participation is subject to reasonable underwriting guidelines and
23 eligibility rules established by the public employees' benefits board
24 and the health care authority.

25 (b) The employee, retired employee, and retired school employee
26 are solely responsible for the payment of the premium rates developed
27 by the health care authority. The health care authority is authorized
28 to charge a reasonable administrative fee in addition to the premium
29 charged by the long-term care insurer, which shall include the health
30 care authority's cost of administration, marketing, and consumer
31 education materials prepared by the health care authority and the
32 office of the insurance commissioner.

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

36 (d) The public employees' benefits board and the health care
37 authority shall establish a technical advisory committee to provide
38 advice in the development of the benefit design and establishment of
39 underwriting guidelines and eligibility rules. The committee shall
40 also advise the board and authority on effective and cost-effective

1 ways to market and distribute the long-term care product. The
2 technical advisory committee shall be comprised, at a minimum, of
3 representatives of the office of the insurance commissioner,
4 providers of long-term care services, licensed insurance agents with
5 expertise in long-term care insurance, employees, retired employees,
6 retired school employees, and other interested parties determined to
7 be appropriate by the board.

8 (e) The health care authority shall offer employees, retired
9 employees, and retired school employees the option of purchasing
10 long-term care insurance through licensed agents or brokers appointed
11 by the long-term care insurer. The authority, in consultation with
12 the public employees' benefits board, shall establish marketing
13 procedures and may consider all premium components as a part of the
14 contract negotiations with the long-term care insurer.

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

19 (g) The health care authority, with the cooperation of the office
20 of the insurance commissioner, shall develop a consumer education
21 program for the eligible employees, retired employees, and retired
22 school employees designed to provide education on the potential need
23 for long-term care, methods of financing long-term care, and the
24 availability of long-term care insurance products including the
25 products offered by the board.

26 (11) The board may establish penalties to be imposed by the
27 authority when the eligibility determinations of an employing agency
28 fail to comply with the criteria under this chapter.

29 **Sec. 4.** RCW 41.05.066 and 2007 c 156 s 9 are each amended to
30 read as follows:

31 A certificate of domestic partnership (~~((issued to a couple of the~~
32 ~~same sex))~~qualified under the provisions of RCW 26.60.030 shall be
33 recognized as evidence of a qualified (~~((same sex))~~) domestic
34 partnership fulfilling all necessary eligibility criteria for the
35 partner of the employee to receive benefits. Nothing in this section
36 affects the requirements of (~~((same sex))~~) domestic partners to
37 complete documentation related to federal tax status that may
38 currently be required by the board for employees choosing to make
39 premium payments on a pretax basis.

1 **Sec. 5.** RCW 41.05.080 and 2009 c 523 s 1 and 2009 c 522 s 9 are
2 each reenacted and amended to read as follows:

3 (1) Under the qualifications, terms, conditions, and benefits set
4 by the board:

5 (a) Retired or disabled state employees, retired or disabled
6 school employees, retired or disabled employees of county, municipal,
7 or other political subdivisions, or retired or disabled employees of
8 tribal governments covered by this chapter may continue their
9 participation in insurance plans and contracts after retirement or
10 disablement;

11 (b) Separated employees may continue their participation in
12 insurance plans and contracts if participation is selected
13 immediately upon separation from employment;

14 (c) Surviving spouses, surviving state registered domestic
15 partners, and dependent children of emergency service personnel
16 killed in the line of duty may participate in insurance plans and
17 contracts.

18 (2) Rates charged surviving spouses and surviving state
19 registered domestic partners of emergency service personnel killed in
20 the line of duty, retired or disabled employees, separated employees,
21 spouses, or dependent children who are not eligible for parts A and B
22 of medicare shall be based on the experience of the community rated
23 risk pool established under RCW 41.05.022.

24 (3) Rates charged to surviving spouses and surviving state
25 registered domestic partners of emergency service personnel killed in
26 the line of duty, retired or disabled employees, separated employees,
27 spouses, or children who are eligible for parts A and B of medicare
28 shall be calculated from a separate experience risk pool comprised
29 only of individuals eligible for parts A and B of medicare; however,
30 the premiums charged to medicare-eligible retirees and disabled
31 employees shall be reduced by the amount of the subsidy provided
32 under RCW 41.05.085.

33 (4) Surviving spouses, surviving state registered domestic
34 partners, and dependent children of emergency service personnel
35 killed in the line of duty and retired or disabled and separated
36 employees shall be responsible for payment of premium rates developed
37 by the authority which shall include the cost to the authority of
38 providing insurance coverage including any amounts necessary for
39 reserves and administration in accordance with this chapter. These
40 self pay rates will be established based on a separate rate for the

1 employee, the spouse, state registered domestic partners, and the
2 children.

3 (5) The term "retired state employees" for the purpose of this
4 section shall include but not be limited to members of the
5 legislature whether voluntarily or involuntarily leaving state
6 office.

7 **Sec. 6.** RCW 41.05.095 and 2010 c 94 s 11 are each amended to
8 read as follows:

9 (1) Any plan offered to employees under this chapter must offer
10 each employee the option of covering any (~~unmarried~~) dependent of
11 the employee under the age of twenty-~~(five)~~six.

12 ~~(2) ((Any employee choosing under subsection (1) of this section
13 to cover a dependent who is: (a) Age twenty through twenty three and
14 not a registered student at an accredited secondary school, college,
15 university, vocational school, or school of nursing; or (b) age
16 twenty four, shall be required to pay the full cost of such coverage.~~

17 ~~(3) Any employee choosing under subsection (1) of this section to
18 cover a dependent with disabilities, mental illness, or intellectual
19 or other developmental disabilities, who is incapable of self-
20 support, may continue covering that dependent under the same premium
21 and payment structure as for dependents under the age of twenty,
22 irrespective of age))~~Coverage must terminate upon attainment of age
23 twenty-six except in the case of a child who is and continues to be
24 both (a) incapable of self-sustaining employment by reason of a
25 developmental disability or physical handicap and (b) chiefly
26 dependent upon the employee for support and maintenance, provided
27 proof of such incapacity and dependency is furnished by the employee
28 within sixty days of the child's attainment of age twenty-six and
29 subsequently as may be required by the authority, but not more
30 frequently than annually after the two-year period following the
31 child's attainment of age twenty-six.

32 **Sec. 7.** RCW 41.05.195 and 2009 c 523 s 2 are each amended to
33 read as follows:

34 Notwithstanding any other provisions of this chapter or rules or
35 procedures adopted by the authority, the authority shall make
36 available to retired or disabled employees who are enrolled in parts
37 A and B of medicare one or more medicare supplemental insurance
38 policies that conform to the requirements of chapter 48.66 RCW. The

1 policies shall be chosen in consultation with the public employees'
2 benefits board. These policies shall be made available to retired or
3 disabled state employees; retired or disabled school district
4 employees; retired employees of county, municipal, or other political
5 subdivisions or retired employees of tribal governments eligible for
6 coverage available under the authority; or surviving spouses or
7 surviving state registered domestic partners of emergency service
8 personnel killed in the line of duty.

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