

CERTIFICATION OF ENROLLMENT

SENATE BILL 6475

64th Legislature
2016 Regular Session

Passed by the Senate February 16, 2016
Yeas 48 Nays 0

President of the Senate

Passed by the House March 4, 2016
Yeas 97 Nays 0

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 6475** 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 6475

Passed Legislature - 2016 Regular Session

State of Washington

64th Legislature

2016 Regular Session

By Senators Dansel, King, Takko, and Frockt

Read first time 01/21/16. Referred to Committee on Ways & Means.

1 AN ACT Relating to political subdivisions purchasing health
2 coverage through the public employees' benefits board program;
3 amending RCW 41.04.205 and 41.05.050; and reenacting and amending RCW
4 41.05.011.

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

6 **Sec. 1.** RCW 41.04.205 and 1995 1st sp.s. c 6 s 8 are each
7 amended to read as follows:

8 (1) Notwithstanding the provisions of RCW 41.04.180, the
9 employees, with their dependents, of any county, municipality, or
10 other political subdivision of this state shall be eligible to
11 participate in any insurance or self-insurance program for employees
12 administered under chapter 41.05 RCW if the legislative authority of
13 any such county, municipality, or other political subdivisions of
14 this state determines, subject to collective bargaining under
15 applicable statutes, a transfer to an insurance or self-insurance
16 program administered under chapter 41.05 RCW should be made. In the
17 event of a special district employee transfer pursuant to this
18 section, members of the governing authority shall be eligible to be
19 included in such transfer if such members are authorized by law as of
20 June 25, 1976 to participate in the insurance program being

1 transferred from and subject to payment by such members of all costs
2 of insurance for members.

3 (2) When the legislative authority of a county, municipality, or
4 other political subdivision determines to so transfer, the state
5 health care authority shall:

6 (a) Establish the conditions for participation; and

7 (b) Have the sole right to reject the application, except a group
8 application from a county or other political subdivision of the state
9 with fewer than five thousand employees must be approved.

10 Approval of the application by the state health care authority
11 shall effect a transfer of the employees involved to the insurance,
12 self-insurance, or health care program applied for.

13 (3) Any application of this section to members of the law
14 enforcement officers' and firefighters' retirement system under
15 chapter 41.26 RCW is subject to chapter 41.56 RCW.

16 (4) School districts may voluntarily transfer, except that all
17 eligible employees in a bargaining unit of a school district may
18 transfer only as a unit and all nonrepresented employees in a
19 district may transfer only as a unit.

20 **Sec. 2.** RCW 41.05.011 and 2015 c 116 s 2 are each reenacted and
21 amended to read as follows:

22 The definitions in this section apply throughout this chapter
23 unless the context clearly requires otherwise.

24 (1) "Authority" means the Washington state health care authority.

25 (2) "Board" means the public employees' benefits board
26 established under RCW 41.05.055.

27 (3) "Dependent care assistance program" means a benefit plan
28 whereby state and public employees may pay for certain employment
29 related dependent care with pretax dollars as provided in the salary
30 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or
31 other sections of the internal revenue code.

32 (4) "Director" means the director of the authority.

33 (5) "Emergency service personnel killed in the line of duty"
34 means law enforcement officers and firefighters as defined in RCW
35 41.26.030, members of the Washington state patrol retirement fund as
36 defined in RCW 43.43.120, and reserve officers and firefighters as
37 defined in RCW 41.24.010 who die as a result of injuries sustained in
38 the course of employment as determined consistent with Title 51 RCW
39 by the department of labor and industries.

1 (6) "Employee" includes all employees of the state, whether or
2 not covered by civil service; elected and appointed officials of the
3 executive branch of government, including full-time members of
4 boards, commissions, or committees; justices of the supreme court and
5 judges of the court of appeals and the superior courts; and members
6 of the state legislature. Pursuant to contractual agreement with the
7 authority, "employee" may also include: (a) Employees of a county,
8 municipality, or other political subdivision of the state and members
9 of the legislative authority of any county, city, or town who are
10 elected to office after February 20, 1970, if the legislative
11 authority of the county, municipality, or other political subdivision
12 of the state (~~seeks and receives the approval of~~) submits
13 application materials to the authority to provide any of its
14 insurance programs by contract with the authority, as provided in RCW
15 41.04.205 and 41.05.021(1)(g); (b) employees of employee
16 organizations representing state civil service employees, at the
17 option of each such employee organization, and, effective October 1,
18 1995, employees of employee organizations currently pooled with
19 employees of school districts for the purpose of purchasing insurance
20 benefits, at the option of each such employee organization; (c)
21 employees of a school district if the authority agrees to provide any
22 of the school districts' insurance programs by contract with the
23 authority as provided in RCW 28A.400.350; (d) employees of a tribal
24 government, if the governing body of the tribal government seeks and
25 receives the approval of the authority to provide any of its
26 insurance programs by contract with the authority, as provided in RCW
27 41.05.021(1) (f) and (g); (e) employees of the Washington health
28 benefit exchange if the governing board of the exchange established
29 in RCW 43.71.020 seeks and receives approval of the authority to
30 provide any of its insurance programs by contract with the authority,
31 as provided in RCW 41.05.021(1) (g) and (n); and (f) employees of a
32 charter school established under chapter 28A.710 RCW. "Employee" does
33 not include: Adult family home providers; unpaid volunteers; patients
34 of state hospitals; inmates; employees of the Washington state
35 convention and trade center as provided in RCW 41.05.110; students of
36 institutions of higher education as determined by their institution;
37 and any others not expressly defined as employees under this chapter
38 or by the authority under this chapter.

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

1 (8) "Employer group" means those counties, municipalities,
2 political subdivisions, the Washington health benefit exchange,
3 tribal governments, school districts, and educational service
4 districts, and employee organizations representing state civil
5 service employees, obtaining employee benefits through a contractual
6 agreement with the authority.

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

12 (10) "Faculty" means an academic employee of an institution of
13 higher education whose workload is not defined by work hours but
14 whose appointment, workload, and duties directly serve the
15 institution's academic mission, as determined under the authority of
16 its enabling statutes, its governing body, and any applicable
17 collective bargaining agreement.

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

22 (12) "Insuring entity" means an insurer as defined in chapter
23 48.01 RCW, a health care service contractor as defined in chapter
24 48.44 RCW, or a health maintenance organization as defined in chapter
25 48.46 RCW.

26 (13) "Medical flexible spending arrangement" means a benefit plan
27 whereby state and public employees may reduce their salary before
28 taxes to pay for medical expenses not reimbursed by insurance as
29 provided in the salary reduction plan under this chapter pursuant to
30 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

31 (14) "Participant" means an individual who fulfills the
32 eligibility and enrollment requirements under the salary reduction
33 plan.

34 (15) "Plan year" means the time period established by the
35 authority.

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

1 (17) "Retired or disabled school employee" means:
2 (a) Persons who separated from employment with a school district
3 or educational service district and are receiving a retirement
4 allowance under chapter 41.32 or 41.40 RCW as of September 30, 1993;
5 (b) Persons who separate from employment with a school district,
6 educational service district, or charter school on or after October
7 1, 1993, and immediately upon separation receive a retirement
8 allowance under chapter 41.32, 41.35, or 41.40 RCW;
9 (c) Persons who separate from employment with a school district,
10 educational service district, or charter school due to a total and
11 permanent disability, and are eligible to receive a deferred
12 retirement allowance under chapter 41.32, 41.35, or 41.40 RCW.
13 (18) "Salary" means a state employee's monthly salary or wages.
14 (19) "Salary reduction plan" means a benefit plan whereby state
15 and public employees may agree to a reduction of salary on a pretax
16 basis to participate in the dependent care assistance program,
17 medical flexible spending arrangement, or premium payment plan
18 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
19 internal revenue code.
20 (20) "Seasonal employee" means an employee hired to work during a
21 recurring, annual season with a duration of three months or more, and
22 anticipated to return each season to perform similar work.
23 (21) "Separated employees" means persons who separate from
24 employment with an employer as defined in:
25 (a) RCW 41.32.010(17) on or after July 1, 1996; or
26 (b) RCW 41.35.010 on or after September 1, 2000; or
27 (c) RCW 41.40.010 on or after March 1, 2002;
28 and who are at least age fifty-five and have at least ten years of
29 service under the teachers' retirement system plan 3 as defined in
30 RCW 41.32.010(33), the Washington school employees' retirement system
31 plan 3 as defined in RCW 41.35.010, or the public employees'
32 retirement system plan 3 as defined in RCW 41.40.010.
33 (22) "State purchased health care" or "health care" means medical
34 and health care, pharmaceuticals, and medical equipment purchased
35 with state and federal funds by the department of social and health
36 services, the department of health, the basic health plan, the state
37 health care authority, the department of labor and industries, the
38 department of corrections, the department of veterans affairs, and
39 local school districts.

1 (23) "Tribal government" means an Indian tribal government as
2 defined in section 3(32) of the employee retirement income security
3 act of 1974, as amended, or an agency or instrumentality of the
4 tribal government, that has government offices principally located in
5 this state.

6 **Sec. 3.** RCW 41.05.050 and 2009 c 537 s 5 are each amended to
7 read as follows:

8 (1) Every: (a) Department, division, or separate agency of state
9 government; (b) county, municipal, school district, educational
10 service district, or other political subdivisions; and (c) tribal
11 governments as are covered by this chapter, shall provide
12 contributions to insurance and health care plans for its employees
13 and their dependents, the content of such plans to be determined by
14 the authority. Contributions, paid by the county, the municipality,
15 other political subdivision, or a tribal government for their
16 employees, shall include an amount determined by the authority to pay
17 such administrative expenses of the authority as are necessary to
18 administer the plans for employees of those groups, except as
19 provided in subsection (4) of this section.

20 (2) ~~((If the authority at any time determines that the
21 participation of a county, municipal, other political subdivision, or
22 a tribal government covered under this chapter adversely impacts
23 insurance rates for state employees, the authority shall implement
24 limitations on the participation of additional county, municipal,
25 other political subdivisions, or a tribal government))~~ To account for
26 increased cost of benefits for the state and for state employees, the
27 authority may develop a rate surcharge applicable to participating
28 counties, municipalities, other political subdivisions, and tribal
29 governments.

30 (3) The contributions of any: (a) Department, division, or
31 separate agency of the state government; (b) county, municipal, or
32 other political subdivisions; and (c) any tribal government as are
33 covered by this chapter, shall be set by the authority, subject to
34 the approval of the governor for availability of funds as
35 specifically appropriated by the legislature for that purpose.
36 Insurance and health care contributions for ferry employees shall be
37 governed by RCW 47.64.270.

38 (4)(a) The authority shall collect from each participating school
39 district and educational service district an amount equal to the

1 composite rate charged to state agencies, plus an amount equal to the
2 employee premiums by plan and family size as would be charged to
3 state employees, for groups of district employees enrolled in
4 authority plans. The authority may collect these amounts in
5 accordance with the district fiscal year, as described in RCW
6 28A.505.030.

7 (b) For all groups of district employees enrolling in authority
8 plans for the first time after September 1, 2003, the authority shall
9 collect from each participating school district an amount equal to
10 the composite rate charged to state agencies, plus an amount equal to
11 the employee premiums by plan and by family size as would be charged
12 to state employees, only if the authority determines that this method
13 of billing the districts will not result in a material difference
14 between revenues from districts and expenditures made by the
15 authority on behalf of districts and their employees. The authority
16 may collect these amounts in accordance with the district fiscal
17 year, as described in RCW 28A.505.030.

18 (c) If the authority determines at any time that the conditions
19 in (b) of this subsection cannot be met, the authority shall offer
20 enrollment to additional groups of district employees on a tiered
21 rate structure until such time as the authority determines there
22 would be no material difference between revenues and expenditures
23 under a composite rate structure for all district employees enrolled
24 in authority plans.

25 (d) The authority may charge districts a one-time set-up fee for
26 employee groups enrolling in authority plans for the first time.

27 (e) For the purposes of this subsection:

28 (i) "District" means school district and educational service
29 district; and

30 (ii) "Tiered rates" means the amounts the authority must pay to
31 insuring entities by plan and by family size.

32 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
33 authority may allow districts enrolled on a tiered rate structure
34 prior to September 1, 2002, to continue participation based on the
35 same rate structure and under the same conditions and eligibility
36 criteria.

37 (5) The authority shall transmit a recommendation for the amount
38 of the employer contribution to the governor and the director of

1 financial management for inclusion in the proposed budgets submitted
2 to the legislature.

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