

ESSB 6241 - H AMD 1327

By Representative Taylor

WITHDRAWN 03/02/2018

1 Strike everything after the enacting clause and insert the
2 following:

3 "PART I

4 SCHOOL EMPLOYEES' BENEFITS BOARD PROGRAM

5 **Sec. 1.** RCW 41.05.740 and 2017 3rd sp.s. c 13 s 801 are each
6 amended to read as follows:

7 (1) The school employees' benefits board is created within the
8 authority. The function of the school employees' benefits board is to
9 design and approve insurance benefit plans for school employees and
10 to establish eligibility criteria for participation in insurance
11 benefit plans.

12 (2) By September 30, 2017, the governor shall appoint the
13 following voting members to the school employees' benefits board as
14 follows:

15 (a) Two members from associations representing certificated
16 employees;

17 (b) Two members from associations representing classified
18 employees;

19 (c) Four members with expertise in employee health benefits
20 policy and administration, one of which is nominated by an
21 association representing school business officials; and

22 (d) The director of the authority or his or her designee.

23 (3) Initial members of the school employees' benefits board shall
24 serve staggered terms not to exceed four years. Members appointed
25 thereafter shall serve two-year terms.

26 (4) Compensation and reimbursement related to school employees'
27 benefits board member service are as follows:

28 (a) Members of the school employees' benefits board must be
29 compensated in accordance with RCW 43.03.250 and must be reimbursed
30 for their travel expenses while on official business in accordance
31 with RCW 43.03.050 and 43.03.060.

1 (b) While school employees' benefits board members are carrying
2 out their powers and duties under chapter 41.05 RCW, if the service
3 of any certificated or classified employee results in a need for a
4 school employees' benefits board organization to employ a substitute
5 for such certificated or classified employee during such service,
6 payment for such a substitute may be made by the authority from funds
7 appropriated by the legislature for the school employees' benefits
8 board program. If such substitute is paid by the authority, no
9 deduction shall be made from the salary of the certificated or
10 classified employee. In no event shall a school employees' benefits
11 board organization deduct from the salary of a certificated or
12 classified employee serving on the school employees' benefits board
13 more than the amount paid the substitute employed by the school
14 employees' benefits board organization.

15 (5) The director of the authority or his or her designee shall be
16 the chair and another member shall be selected by the school
17 employees' benefits board as vice chair. The chair shall conduct
18 meetings of the school employees' benefits board. The vice chair
19 shall preside over meetings in the absence of the chair. The school
20 employees' benefits board shall develop bylaws for the conduct of its
21 business.

22 (6) The school employees' benefits board shall:

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

30 (b) Develop school employee benefit plans that include
31 comprehensive, evidence-based health care benefits for school
32 employees. In developing these plans, the school employees' benefits
33 board shall consider the following elements:

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

36 (ii) 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;

39 (iii) Wellness, preventive care, chronic disease management, and
40 other incentives that focus on proven strategies;

1 (iv) Utilization review procedures to support cost-effective
2 benefits delivery;

3 (v) Ways to leverage efficient purchasing by coordinating with
4 the public employees' benefits board;

5 (vi) Effective coordination of benefits; and

6 (vii) Minimum standards for insuring entities;

7 (c) Authorize premium contributions for ~~((an))~~ a school employee
8 and the employee's dependents in a manner that encourages the use of
9 cost-efficient health care systems. For participating school
10 employees, the required school employee share of the cost for family
11 coverage ~~((under a plan))~~ premiums may not exceed ~~((the required~~
12 ~~employee share of the cost for employee only coverage))~~ three times
13 the premiums for a school employee purchasing single coverage for the
14 same coverage plan;

15 (d) Determine the terms and conditions of school employee and
16 dependent eligibility criteria, enrollment policies, and scope of
17 coverage. At a minimum, the eligibility criteria established by the
18 school employees' benefits board shall address the following:

19 (i) The effective date of coverage following hire;

20 (ii) ~~((An))~~ The benefits eligibility criteria, but the school
21 employees' benefits board's criteria shall be no more restrictive
22 than requiring that a school employee ~~((must))~~ be anticipated to work
23 at least six hundred thirty hours per school year ~~((to qualify for~~
24 ~~coverage))~~ to be benefits eligible; and

25 (iii) Coverage for dependents, including criteria for legal
26 spouses; children up to age twenty-six; children of any age with
27 disabilities, mental illness, or intellectual or other developmental
28 disabilities; and state registered domestic partners, as defined in
29 RCW 26.60.020, and others authorized by the legislature;

30 ~~((Determine the terms and conditions of purchasing system~~
31 ~~participation, consistent with chapter 13, Laws of 2017 3rd sp.~~
32 ~~sess., including establishment of criteria for employing districts~~
33 ~~and individual employees;~~

34 ~~((f))~~ Establish penalties to be imposed when ~~((the employing~~
35 ~~district))~~ a school employees' benefits board organization fails to
36 comply with established participation criteria; and

37 ~~((g))~~ (f) Participate with the authority in the preparation of
38 specifications and selection of carriers contracted for school
39 employee benefit plan coverage of eligible school employees in
40 accordance with the criteria set forth in rules. To the extent

1 possible, the school employees' benefits board shall leverage
2 efficient purchasing by coordinating with the public employees'
3 benefits board.

4 (7) School employees shall choose participation in one of the
5 health care benefit plans developed by the school employees' benefits
6 board. Individual school employees may be permitted to waive coverage
7 under terms and conditions established by the school employees'
8 benefits board.

9 (8) By November 30, 2021, the authority shall review the benefit
10 plans provided through the school employees' benefits board, complete
11 an analysis of the benefits provided and the administration of the
12 benefits plans, and determine whether provisions in chapter 13, Laws
13 of 2017 3rd sp. sess. have resulted in cost savings to the state. The
14 authority shall submit a report to the relevant legislative policy
15 and fiscal committees summarizing the results of the review and
16 analysis.

17 **Sec. 2.** RCW 41.05.006 and 2006 c 299 s 1 are each amended to
18 read as follows:

19 (1) The legislature recognizes that (a) the state is a major
20 purchaser of health care services, (b) the increasing costs of such
21 health care services are posing and will continue to pose a great
22 financial burden on the state, (c) it is the state's policy,
23 consistent with the best interests of the state, to provide
24 comprehensive health care as an employer, to ((state)) employees and
25 school employees ((and)), officials ((and)), their dependents, and to
26 those who are dependent on the state for necessary medical care, and
27 (d) it is imperative that the state begin to develop effective and
28 efficient health care delivery systems and strategies for procuring
29 health care services in order for the state to continue to purchase
30 the most comprehensive health care possible.

31 (2) It is therefore the purpose of this chapter to establish the
32 Washington state health care authority whose purpose shall be to (a)
33 develop health care benefit programs that provide access to at least
34 one comprehensive benefit plan funded to the fullest extent possible
35 by the employer, and a health savings account/high deductible health
36 plan option as defined in section 1201 of the medicare prescription
37 drug improvement and modernization act of 2003, as amended, for
38 eligible ((state)) employees and school employees, officials, and
39 their dependents, and (b) study all state purchased health care,

1 alternative health care delivery systems, and strategies for the
2 procurement of health care services and make recommendations aimed at
3 minimizing the financial burden which health care poses on the state,
4 (~~its~~) employees and school employees, and its charges, while at the
5 same time allowing the state to provide the most comprehensive health
6 care options possible.

7 **Sec. 3.** RCW 41.05.009 and 2015 c 116 s 1 are each amended to
8 read as follows:

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

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

17 **Sec. 4.** RCW 41.05.011 and 2017 3rd sp.s. c 13 s 802 are each
18 amended to read as follows:

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

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

22 (2) "Board" means the public employees' benefits board
23 established under RCW 41.05.055 and the school employees' benefits
24 board established under RCW 41.05.740.

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

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

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

1 (6)(a) "Employee" for the public employees' benefits board
2 program includes all employees of the state, whether or not covered
3 by civil service; elected and appointed officials of the executive
4 branch of government, including full-time members of boards,
5 commissions, or committees; justices of the supreme court and judges
6 of the court of appeals and the superior courts; and members of the
7 state legislature. Pursuant to contractual agreement with the
8 authority, "employee" may also include: (i) Employees of a county,
9 municipality, or other political subdivision of the state and members
10 of the legislative authority of any county, city, or town who are
11 elected to office after February 20, 1970, if the legislative
12 authority of the county, municipality, or other political subdivision
13 of the state submits application materials to the authority to
14 provide any of its insurance programs by contract with the authority,
15 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
16 employee organizations representing state civil service employees, at
17 the option of each such employee organization; (iii) through December
18 31, 2019, employees of a school district if the authority agrees to
19 provide any of the school districts' insurance programs by contract
20 with the authority as provided in RCW 28A.400.350; (iv) employees of
21 a tribal government, if the governing body of the tribal government
22 seeks and receives the approval of the authority to provide any of
23 its insurance programs by contract with the authority, as provided in
24 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
25 benefit exchange if the governing board of the exchange established
26 in RCW 43.71.020 seeks and receives approval of the authority to
27 provide any of its insurance programs by contract with the authority,
28 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
29 December 31, 2019, employees of a charter school established under
30 chapter 28A.710 RCW. "Employee" does not include: Adult family home
31 providers; unpaid volunteers; patients of state hospitals; inmates;
32 employees of the Washington state convention and trade center as
33 provided in RCW 41.05.110; students of institutions of higher
34 education as determined by their institution; and any others not
35 expressly defined as employees under this chapter or by the authority
36 under this chapter.

37 (b) Effective January 1, 2020, "school employee" for the school
38 employees' benefits board program includes all employees of school
39 districts, educational service districts, and charter schools
40 established under chapter 28A.710 RCW.

1 (7) "Employee group" means employees of a similar employment
2 type, such as administrative, represented classified, nonrepresented
3 classified, confidential, represented certificated, or nonrepresented
4 certificated, within a school (~~district~~) employees' benefits board
5 organization.

6 (8)(a) "Employer" for the public employees' benefits board
7 program means the state of Washington.

8 (b) "Employer" for the school employees' benefits board program
9 means school districts and educational service districts and charter
10 schools established under chapter 28A.710 RCW.

11 (9) "Employer group" means those counties, municipalities,
12 political subdivisions, the Washington health benefit exchange,
13 tribal governments, (~~school districts, and educational service~~
14 ~~districts, and~~) employee organizations representing state civil
15 service employees, and through December 31, 2019, school districts,
16 educational service districts, and charter schools obtaining employee
17 benefits through a contractual agreement with the authority to
18 participate in benefit plans developed by the public employees'
19 benefits board.

20 (10)(a) "Employing agency" for the public employees' benefits
21 board program means a division, department, or separate agency of
22 state government, including an institution of higher education; a
23 county, municipality, or other political subdivision; (~~charter~~
24 ~~school~~;) and a tribal government covered by this chapter.

25 (b) "Employing agency" for the school employees' benefits board
26 program means school districts (~~and~~), educational service
27 districts, and charter schools.

28 (11) "Faculty" means an academic employee of an institution of
29 higher education whose workload is not defined by work hours but
30 whose appointment, workload, and duties directly serve the
31 institution's academic mission, as determined under the authority of
32 its enabling statutes, its governing body, and any applicable
33 collective bargaining agreement.

34 (12) "Flexible benefit plan" means a benefit plan that allows
35 employees and school employees to choose the level of health care
36 coverage provided and the amount of employee or school employee
37 contributions from among a range of choices offered by the authority.

38 (13) "Insuring entity" means an insurer as defined in chapter
39 48.01 RCW, a health care service contractor as defined in chapter

1 48.44 RCW, or a health maintenance organization as defined in chapter
2 48.46 RCW.

3 (14) "Medical flexible spending arrangement" means a benefit plan
4 whereby state and school employees may reduce their salary before
5 taxes to pay for medical expenses not reimbursed by insurance as
6 provided in the salary reduction plan under this chapter pursuant to
7 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

8 (15) "Participant" means an individual who fulfills the
9 eligibility and enrollment requirements under the salary reduction
10 plan.

11 (16) "Plan year" means the time period established by the
12 authority.

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

18 (18) "Public employee" has the same meaning as employee and
19 school employee.

20 (19) "Retired or disabled school employee" means:

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

24 (b) Persons who separate from employment with a school district,
25 educational service district, or charter school on or after October
26 1, 1993, and immediately upon separation receive a retirement
27 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

32 (~~(19)~~) (20) "Salary" means a state or school employee's monthly
33 salary or wages.

34 (~~(20)~~) (21) "Salary reduction plan" means a benefit plan
35 whereby (~~state and~~) public employees may agree to a reduction of
36 salary on a pretax basis to participate in the dependent care
37 assistance program, medical flexible spending arrangement, or premium
38 payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections
39 of the internal revenue code.

1 (~~(21)~~) "~~School employees' benefits board~~" means the board
2 established in ~~RCW 41.05.740.~~)

3 (22) "School employees' benefits board (~~(participating)~~)
4 organization" means a public school district or educational service
5 district or charter school established under chapter 28A.710 RCW that
6 (~~(participates)~~) is required to participate in benefit plans provided
7 by the school employees' benefits board.

8 (23) "School year" means school year as defined in RCW
9 28A.150.203(11).

10 (24) "Seasonal employee" means a state employee hired to work
11 during a recurring, annual season with a duration of three months or
12 more, and anticipated to return each season to perform similar work.

13 (~~(24)~~) (25) "Separated employees" means persons who separate
14 from employment with an employer as defined in:

- 15 (a) RCW 41.32.010(17) on or after July 1, 1996; or
- 16 (b) RCW 41.35.010 on or after September 1, 2000; or
- 17 (c) RCW 41.40.010 on or after March 1, 2002;

18 and who are at least age fifty-five and have at least ten years of
19 service under the teachers' retirement system plan 3 as defined in
20 RCW 41.32.010(33), the Washington school employees' retirement system
21 plan 3 as defined in RCW 41.35.010, or the public employees'
22 retirement system plan 3 as defined in RCW 41.40.010.

23 (~~(25)~~) (26) "State purchased health care" or "health care"
24 means medical and health care, pharmaceuticals, and medical equipment
25 purchased with state and federal funds by the department of social
26 and health services, the department of health, the basic health plan,
27 the state health care authority, the department of labor and
28 industries, the department of corrections, the department of veterans
29 affairs, and local school districts.

30 (~~(26)~~) (27) "Tribal government" means an Indian tribal
31 government as defined in section 3(32) of the employee retirement
32 income security act of 1974, as amended, or an agency or
33 instrumentality of the tribal government, that has government offices
34 principally located in this state.

35 NEW SECTION. Sec. 5. A new section is added to chapter 41.05
36 RCW to read as follows:

37 It is the intent of the legislature that the word "board" be read
38 to mean both the school employees' benefits board and the public
39 employees' benefits board throughout this chapter. The use of "board"

1 should be liberally construed to mean both boards, to the extent not
2 in conflict with state or federal law. In no case shall either board
3 be limited from exercising its individual authority as authorized
4 within this chapter.

5 **Sec. 6.** RCW 41.05.021 and 2017 3rd sp.s. c 13 s 803 are each
6 amended to read as follows:

7 (1) The Washington state health care authority is created within
8 the executive branch. The authority shall have a director appointed
9 by the governor, with the consent of the senate. The director shall
10 serve at the pleasure of the governor. The director may employ a
11 deputy director, and such assistant directors and special assistants
12 as may be needed to administer the authority, who shall be exempt
13 from chapter 41.06 RCW, and any additional staff members as are
14 necessary to administer this chapter. The director may delegate any
15 power or duty vested in him or her by law, including authority to
16 make final decisions and enter final orders in hearings conducted
17 under chapter 34.05 RCW. The primary duties of the authority shall be
18 to: Administer insurance benefits for ((state)) employees, retired or
19 disabled state and school employees, and ((~~subject to school~~
20 ~~employees' benefits board direction,~~)) school employees; administer
21 the basic health plan pursuant to chapter 70.47 RCW; administer the
22 children's health program pursuant to chapter 74.09 RCW; study state
23 purchased health care programs in order to maximize cost containment
24 in these programs while ensuring access to quality health care;
25 implement state initiatives, joint purchasing strategies, and
26 techniques for efficient administration that have potential
27 application to all state-purchased health services; and administer
28 grants that further the mission and goals of the authority. The
29 authority's duties include, but are not limited to, the following:

30 (a) To administer health care benefit programs for ((state))
31 employees, retired or disabled state and school employees, and
32 ((~~subject to school employees' benefits board direction,~~)) school
33 employees as specifically authorized in RCW 41.05.065 and 41.05.740
34 and in accordance with the methods described in RCW 41.05.075,
35 41.05.140, and other provisions of this chapter;

36 (b) To analyze state purchased health care programs and to
37 explore options for cost containment and delivery alternatives for
38 those programs that are consistent with the purposes of those
39 programs, including, but not limited to:

1 (i) Creation of economic incentives for the persons for whom the
2 state purchases health care to appropriately utilize and purchase
3 health care services, including the development of flexible benefit
4 plans to offset increases in individual financial responsibility;

5 (ii) Utilization of provider arrangements that encourage cost
6 containment, including but not limited to prepaid delivery systems,
7 utilization review, and prospective payment methods, and that ensure
8 access to quality care, including assuring reasonable access to local
9 providers, especially for employees and school employees residing in
10 rural areas;

11 (iii) Coordination of state agency efforts to purchase drugs
12 effectively as provided in RCW 70.14.050;

13 (iv) Development of recommendations and methods for purchasing
14 medical equipment and supporting services on a volume discount basis;

15 (v) Development of data systems to obtain utilization data from
16 state purchased health care programs in order to identify cost
17 centers, utilization patterns, provider and hospital practice
18 patterns, and procedure costs, utilizing the information obtained
19 pursuant to RCW 41.05.031; and

20 (vi) In collaboration with other state agencies that administer
21 state purchased health care programs, private health care purchasers,
22 health care facilities, providers, and carriers:

23 (A) Use evidence-based medicine principles to develop common
24 performance measures and implement financial incentives in contracts
25 with insuring entities, health care facilities, and providers that:

26 (I) Reward improvements in health outcomes for individuals with
27 chronic diseases, increased utilization of appropriate preventive
28 health services, and reductions in medical errors; and

29 (II) Increase, through appropriate incentives to insuring
30 entities, health care facilities, and providers, the adoption and use
31 of information technology that contributes to improved health
32 outcomes, better coordination of care, and decreased medical errors;

33 (B) Through state health purchasing, reimbursement, or pilot
34 strategies, promote and increase the adoption of health information
35 technology systems, including electronic medical records, by
36 hospitals as defined in RCW 70.41.020, integrated delivery systems,
37 and providers that:

38 (I) Facilitate diagnosis or treatment;

39 (II) Reduce unnecessary duplication of medical tests;

40 (III) Promote efficient electronic physician order entry;

1 (IV) Increase access to health information for consumers and
2 their providers; and

3 (V) Improve health outcomes;

4 (C) Coordinate a strategy for the adoption of health information
5 technology systems using the final health information technology
6 report and recommendations developed under chapter 261, Laws of 2005;

7 (c) To analyze areas of public and private health care
8 interaction;

9 (d) To provide information and technical and administrative
10 assistance to the board (~~((and the school employees' benefits board))~~);

11 (e) To review and approve or deny applications from counties,
12 municipalities, and other political subdivisions of the state to
13 provide state-sponsored insurance or self-insurance programs to their
14 employees in accordance with the provisions of RCW 41.04.205 and (g)
15 of this subsection, setting the premium contribution for approved
16 groups as outlined in RCW 41.05.050;

17 (f) To review and approve or deny the application when the
18 governing body of a tribal government applies to transfer their
19 employees to an insurance or self-insurance program administered
20 (~~((under this chapter))~~) by the public employees' benefits board. In
21 the event of an employee transfer pursuant to this subsection (1)(f),
22 members of the governing body are eligible to be included in such a
23 transfer if the members are authorized by the tribal government to
24 participate in the insurance program being transferred from and
25 subject to payment by the members of all costs of insurance for the
26 members. The authority shall: (i) Establish the conditions for
27 participation; (ii) have the sole right to reject the application;
28 and (iii) set the premium contribution for approved groups as
29 outlined in RCW 41.05.050. Approval of the application by the
30 authority transfers the employees and dependents involved to the
31 insurance, self-insurance, or health care program (~~((approved by the
32 authority))~~) administered by the public employees' benefits board;

33 (g) To ensure the continued status of the employee insurance or
34 self-insurance programs administered under this chapter as a
35 governmental plan under section 3(32) of the employee retirement
36 income security act of 1974, as amended, the authority shall limit
37 the participation of employees of a county, municipal, school
38 district, educational service district, or other political
39 subdivision, the Washington health benefit exchange, or a tribal
40 government, including providing for the participation of those

1 employees whose services are substantially all in the performance of
2 essential governmental functions, but not in the performance of
3 commercial activities. Charter schools established under chapter
4 28A.710 RCW are employers and are school employees' benefits board
5 organizations unless:

6 (i) The authority receives guidance from the internal revenue
7 service or the United States department of labor that participation
8 jeopardizes the status of plans offered under this chapter as
9 governmental plans under the federal employees' retirement income
10 security act or the internal revenue code; or

11 (ii) The charter schools are not in compliance with regulations
12 issued by the internal revenue service and the United States treasury
13 department pertaining to section 414(d) of the federal internal
14 revenue code;

15 (h) To establish billing procedures and collect funds from school
16 (~~districts~~) employees' benefits board organizations in a way that
17 minimizes the administrative burden on districts;

18 (i) Through December 31, 2019, to publish and distribute to
19 nonparticipating school districts and educational service districts
20 by October 1st of each year a description of health care benefit
21 plans available through the authority and the estimated cost if
22 school districts and educational service district employees were
23 enrolled;

24 (j) To apply for, receive, and accept grants, gifts, and other
25 payments, including property and service, from any governmental or
26 other public or private entity or person, and make arrangements as to
27 the use of these receipts to implement initiatives and strategies
28 developed under this section;

29 (k) To issue, distribute, and administer grants that further the
30 mission and goals of the authority;

31 (l) To adopt rules consistent with this chapter as described in
32 RCW 41.05.160 including, but not limited to:

33 (i) Setting forth the criteria established by the public
34 employees' benefits board under RCW 41.05.065, and by the school
35 employees' benefits board under RCW 41.05.740, for determining
36 whether an employee or school employee is eligible for benefits;

37 (ii) Establishing an appeal process in accordance with chapter
38 34.05 RCW by which an employee or school employee may appeal an
39 eligibility determination;

1 (iii) Establishing a process to assure that the eligibility
2 determinations of an employing agency comply with the criteria under
3 this chapter, including the imposition of penalties as may be
4 authorized by the board (~~(or the school employees' benefits board)~~);

5 (m)(i) To administer the medical services programs established
6 under chapter 74.09 RCW as the designated single state agency for
7 purposes of Title XIX of the federal social security act;

8 (ii) To administer the state children's health insurance program
9 under chapter 74.09 RCW for purposes of Title XXI of the federal
10 social security act;

11 (iii) To enter into agreements with the department of social and
12 health services for administration of medical care services programs
13 under Titles XIX and XXI of the social security act. The agreements
14 shall establish the division of responsibilities between the
15 authority and the department with respect to mental health, chemical
16 dependency, and long-term care services, including services for
17 persons with developmental disabilities. The agreements shall be
18 revised as necessary, to comply with the final implementation plan
19 adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

20 (iv) To adopt rules to carry out the purposes of chapter 74.09
21 RCW;

22 (v) To appoint such advisory committees or councils as may be
23 required by any federal statute or regulation as a condition to the
24 receipt of federal funds by the authority. The director may appoint
25 statewide committees or councils in the following subject areas: (A)
26 Health facilities; (B) children and youth services; (C) blind
27 services; (D) medical and health care; (E) drug abuse and alcoholism;
28 (F) rehabilitative services; and (G) such other subject matters as
29 are or come within the authority's responsibilities. The statewide
30 councils shall have representation from both major political parties
31 and shall have substantial consumer representation. Such committees
32 or councils shall be constituted as required by federal law or as the
33 director in his or her discretion may determine. The members of the
34 committees or councils shall hold office for three years except in
35 the case of a vacancy, in which event appointment shall be only for
36 the remainder of the unexpired term for which the vacancy occurs. No
37 member shall serve more than two consecutive terms. Members of such
38 state advisory committees or councils may be paid their travel
39 expenses in accordance with RCW 43.03.050 and 43.03.060 as now
40 existing or hereafter amended;

1 (n) To review and approve or deny the application from the
2 governing board of the Washington health benefit exchange to provide
3 public employees' benefits board state-sponsored insurance or self-
4 insurance programs to employees of the exchange. The authority shall
5 (i) establish the conditions for participation; (ii) have the sole
6 right to reject an application; and (iii) set the premium
7 contribution for approved groups as outlined in RCW 41.05.050.

8 (2) On and after January 1, 1996, the public employees' benefits
9 board and the school employees' benefits board beginning October 1,
10 2017, may implement strategies to promote managed competition among
11 employee and school employee health benefit plans. Strategies may
12 include but are not limited to:

- 13 (a) Standardizing the benefit package;
- 14 (b) Soliciting competitive bids for the benefit package;
- 15 (c) Limiting the state's contribution to a percent of the lowest
16 priced qualified plan within a geographical area;
- 17 (d) Monitoring the impact of the approach under this subsection
18 with regards to: Efficiencies in health service delivery, cost shifts
19 to subscribers, access to and choice of managed care plans statewide,
20 and quality of health services. The health care authority shall also
21 advise on the value of administering a benchmark employer-managed
22 plan to promote competition among managed care plans.

23 **Sec. 7.** RCW 41.05.022 and 2017 3rd sp.s. c 13 s 804 are each
24 amended to read as follows:

25 (1) The health care authority is hereby designated as the single
26 state agent for purchasing health services.

27 (2) On and after January 1, 1995, at least the following state-
28 purchased health services programs shall be merged into a single,
29 community-rated risk pool: Health benefits for groups of employees of
30 school districts and educational service districts that voluntarily
31 purchase health benefits as provided in RCW 41.05.011 through
32 December 31, 2019; health benefits for ((state)) employees; health
33 benefits for eligible retired or disabled school employees not
34 eligible for parts A and B of medicare; and health benefits for
35 eligible state retirees not eligible for parts A and B of medicare.

36 (3) On and after January 1, 2020, health benefits for groups of
37 school employees of ((~~school districts and educational service~~
38 ~~districts~~)) school employees' benefits board organizations shall be

1 merged into a single, community-rated risk pool separate and distinct
2 from the pool described in subsection (2) of this section.

3 (4) By December 15, 2018, the health care authority, in
4 consultation with the (~~public employees' benefits board and the~~
5 ~~school employees' benefits~~) board, shall submit to the appropriate
6 committees of the legislature a complete analysis of the most
7 appropriate risk pool for the retired and disabled school employees,
8 to include at a minimum an analysis of the size of the nonmedicare
9 and medicare retiree enrollment pools, the impacts on cost for state
10 and school district retirees of moving retirees from one pool to
11 another, the need for and the amount of an ongoing retiree subsidy
12 allocation from the active school employees, and the timing and
13 suggested approach for a transition from one risk pool to another.

14 (5) At a minimum, and regardless of other legislative enactments,
15 the state health services purchasing agent shall:

16 (a) Require that a public agency that provides subsidies for a
17 substantial portion of services now covered under the basic health
18 plan use uniform eligibility processes, insofar as may be possible,
19 and ensure that multiple eligibility determinations are not required;

20 (b) Require that a health care provider or a health care facility
21 that receives funds from a public program provide care to state
22 residents receiving a state subsidy who may wish to receive care from
23 them, and that an insuring entity that receives funds from a public
24 program accept enrollment from state residents receiving a state
25 subsidy who may wish to enroll with them;

26 (c) Strive to integrate purchasing for all publicly sponsored
27 health services in order to maximize the cost control potential and
28 promote the most efficient methods of financing and coordinating
29 services;

30 (d) Consult regularly with the governor, the legislature, and
31 state agency directors whose operations are affected by the
32 implementation of this section; and

33 (e) Ensure the control of benefit costs under managed competition
34 by adopting rules to prevent (~~employers~~) an employing agency from
35 entering into an agreement with employees or employee organizations
36 when the agreement would result in increased utilization in (~~public~~
37 ~~employees' benefits board or school employee[s'] benefits~~) board
38 plans or reduce the expected savings of managed competition.

1 **Sec. 8.** RCW 41.05.023 and 2007 c 259 s 6 are each amended to
2 read as follows:

3 (1) The health care authority, in collaboration with the
4 department of health, shall design and implement a chronic care
5 management program for ((state)) employees and school employees
6 enrolled in the state's self-insured uniform medical plan. Programs
7 must be evidence based, facilitating the use of information
8 technology to improve quality of care and must improve coordination
9 of primary, acute, and long-term care for those enrollees with
10 multiple chronic conditions. The authority shall consider expansion
11 of existing medical home and chronic care management programs. The
12 authority shall use best practices in identifying those employees and
13 school employees best served under a chronic care management model
14 using predictive modeling through claims or other health risk
15 information.

16 (2) For purposes of this section:

17 (a) "Medical home" means a site of care that provides
18 comprehensive preventive and coordinated care centered on the patient
19 needs and assures high-quality, accessible, and efficient care.

20 (b) "Chronic care management" means the authority's program that
21 provides care management and coordination activities for health plan
22 enrollees determined to be at risk for high medical costs. "Chronic
23 care management" provides education and training and/or coordination
24 that assist program participants in improving self-management skills
25 to improve health outcomes and reduce medical costs by educating
26 clients to better utilize services.

27 **Sec. 9.** RCW 41.05.026 and 2017 3rd sp.s. c 13 s 805 are each
28 amended to read as follows:

29 (1) When soliciting proposals for the purpose of awarding
30 contracts for goods or services, the director shall, upon written
31 request by the bidder, exempt from public inspection and copying such
32 proprietary data, trade secrets, or other information contained in
33 the bidder's proposal that relate to the bidder's unique methods of
34 conducting business or of determining prices or premium rates to be
35 charged for services under terms of the proposal.

36 (2) When soliciting information for the development, acquisition,
37 or implementation of state purchased health care services, the
38 director shall, upon written request by the respondent, exempt from
39 public inspection and copying such proprietary data, trade secrets,

1 or other information submitted by the respondent that relate to the
2 respondent's unique methods of conducting business, data unique to
3 the product or services of the respondent, or to determining prices
4 or rates to be charged for services.

5 (3) Actuarial formulas, statistics, cost and utilization data, or
6 other proprietary information submitted upon request of the director,
7 board, (~~(school employees' benefits board,~~) or a technical review
8 committee created to facilitate the development, acquisition, or
9 implementation of state purchased health care under this chapter by a
10 contracting insurer, health care service contractor, health
11 maintenance organization, vendor, or other health services
12 organization may be withheld at any time from public inspection when
13 necessary to preserve trade secrets or prevent unfair competition.

14 (4) The board(~~(, school employees' benefits board,~~) or a
15 technical review committee created to facilitate the development,
16 acquisition, or implementation of state purchased health care under
17 this chapter, may hold an executive session in accordance with
18 chapter 42.30 RCW during any regular or special meeting to discuss
19 information submitted in accordance with subsections (1) through (3)
20 of this section.

21 (5) A person who challenges a request for or designation of
22 information as exempt under this section is entitled to seek judicial
23 review pursuant to chapter 42.56 RCW.

24 **Sec. 10.** RCW 41.05.050 and 2017 3rd sp.s. c 13 s 806 are each
25 amended to read as follows:

26 (1) Every: (a) Department, division, or separate agency of state
27 government; (b) county, municipal, school district, educational
28 service district, or other political subdivisions; and (c) tribal
29 governments as are covered by this chapter, shall provide
30 contributions to insurance and health care plans for its employees
31 and their dependents, the content of such plans to be determined by
32 the authority. Contributions, paid by the county, the municipality,
33 other political subdivision, or a tribal government for their
34 employees, shall include an amount determined by the authority to pay
35 such administrative expenses of the authority as are necessary to
36 administer the plans for employees of those groups, except as
37 provided in subsection (4) of this section.

38 (2) To account for increased cost of benefits for the state and
39 for state employees, the authority may develop a rate surcharge

1 applicable to participating counties, municipalities, other political
2 subdivisions, and tribal governments.

3 (3) The contributions of any: (a) Department, division, or
4 separate agency of the state government; (b) county, municipal, or
5 other political subdivisions; (c) any tribal government as are
6 covered by this chapter; and (d) school districts (~~and~~),
7 educational service districts, and charter schools, shall be set by
8 the authority, subject to the approval of the governor for
9 availability of funds as specifically appropriated by the legislature
10 for that purpose. Insurance and health care contributions for ferry
11 employees shall be governed by RCW 47.64.270.

12 (4)(a) Until January 1, 2020, the authority shall collect from
13 each participating school district and educational service district
14 an amount equal to the composite rate charged to state agencies, plus
15 an amount equal to the employee premiums by plan and family size as
16 would be charged to (~~state~~) employees, for groups of school
17 district and educational service district employees enrolled in
18 authority plans. The authority may collect these amounts in
19 accordance with the school district or educational service district
20 fiscal year, as described in RCW 28A.505.030.

21 (b) For all groups of school district or educational service
22 district employees enrolling in authority plans for the first time
23 after September 1, 2003, and until January 1, 2020, the authority
24 shall collect from each participating school district or educational
25 service district an amount equal to the composite rate charged to
26 state agencies, plus an amount equal to the employee premiums by plan
27 and by family size as would be charged to (~~state~~) employees, only
28 if the authority determines that this method of billing the school
29 districts and educational service districts will not result in a
30 material difference between revenues from school districts and
31 educational service districts and expenditures made by the authority
32 on behalf of school districts and educational service districts and
33 their employees. The authority may collect these amounts in
34 accordance with the school district or educational service district
35 fiscal year, as described in RCW 28A.505.030.

36 (c) Until January 1, 2020, if the authority determines at any
37 time that the conditions in (b) of this subsection cannot be met, the
38 authority shall offer enrollment to additional groups of (~~district~~)
39 school and educational service district employees on a tiered rate
40 structure until such time as the authority determines there would be

1 no material difference between revenues and expenditures under a
2 composite rate structure for all (~~district~~) school and educational
3 service district employees enrolled in authority plans.

4 (d) Beginning January 1, 2020, all school districts (~~and~~),
5 educational service districts, and charter schools shall commence
6 participation in the school employees' benefits board program
7 established under RCW 41.05.740. All school districts (~~and~~),
8 educational service districts, charter schools, and all school
9 district employee groups participating in the public employees'
10 benefits board plans before January 1, 2020, shall thereafter
11 participate in the school employees' benefits board program
12 administered by the authority. All school districts, educational
13 service districts, and charter schools shall provide contributions to
14 the authority for insurance and health care plans for school
15 employees and their dependents. These contributions must be provided
16 to the authority for all eligible school employees, including school
17 employees who have waived their coverage.

18 (e) For the purposes of this subsection(~~(+~~

19 ~~(i)~~ ~~"District"~~ ~~means school district and educational service~~
20 ~~district; and~~

21 ~~(ii)~~), "tiered rates" means the amounts the authority must pay
22 to insuring entities by plan and by family size.

23 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
24 authority may allow school districts and educational service
25 districts enrolled on a tiered rate structure prior to September 1,
26 2002, and until January 1, 2020, to continue participation based on
27 the same rate structure and under the same conditions and eligibility
28 criteria.

29 (5) The authority shall transmit a recommendation for the amount
30 of the employer contributions to the governor and the director of
31 financial management for inclusion in the proposed budgets submitted
32 to the legislature.

33 **Sec. 11.** RCW 41.05.055 and 2017 3rd sp.s. c 13 s 807 are each
34 amended to read as follows:

35 (1) The public employees' benefits board is created within the
36 authority. The function of the public employees' benefits board is to
37 design and approve insurance benefit plans for employees and to
38 establish eligibility criteria for participation in insurance benefit
39 plans.

1 (2) The public employees' benefits board shall be composed of
2 nine members through December 31, 2019, and of eight members
3 thereafter, appointed by the governor as follows:

4 (a) Two representatives of state employees, one of whom shall
5 represent an employee union certified as exclusive representative of
6 at least one bargaining unit of classified employees, and one of whom
7 is retired, is covered by a program under the jurisdiction of the
8 public employees' benefits board, and represents an organized group
9 of retired public employees;

10 (b) Through December 31, 2019, two representatives of school
11 district employees, one of whom shall represent an association of
12 school employees as a nonvoting member, and one of whom is retired,
13 and represents an organized group of retired school employees.
14 Thereafter, and only while retired school employees are served by the
15 public employees' benefits board, only the retired representative
16 shall serve on the public employees' benefits board;

17 (c) Four members with experience in health benefit management and
18 cost containment, one of whom shall be a nonvoting member; and

19 (d) The director.

20 (3) The governor shall appoint the initial members of the public
21 employees' benefits board to staggered terms not to exceed four
22 years. Members appointed thereafter shall serve two-year terms.
23 Members of the public employees' benefits board shall be compensated
24 in accordance with RCW 43.03.250 and shall be reimbursed for their
25 travel expenses while on official business in accordance with RCW
26 43.03.050 and 43.03.060. The public employees' benefits board shall
27 prescribe rules for the conduct of its business. The director shall
28 serve as chair of the public employees' benefits board. Meetings of
29 the public employees' benefits board shall be at the call of the
30 chair.

31 **Sec. 12.** RCW 41.05.065 and 2015 c 116 s 3 are each amended to
32 read as follows:

33 (1) The public employees' benefits board shall study all matters
34 connected with the provision of health care coverage, life insurance,
35 liability insurance, accidental death and dismemberment insurance,
36 and disability income insurance or any of, or a combination of, the
37 enumerated types of insurance for employees and their dependents on
38 the best basis possible with relation both to the welfare of the

1 employees and to the state. However, liability insurance shall not be
2 made available to dependents.

3 (2) The public employees' benefits board shall develop employee
4 benefit plans that include comprehensive health care benefits for
5 employees. In developing these plans, the public employees' benefits
6 board shall consider the following elements:

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

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

12 (c) Wellness incentives that focus on proven strategies, such as
13 smoking cessation, injury and accident prevention, reduction of
14 alcohol misuse, appropriate weight reduction, exercise, automobile
15 and motorcycle safety, blood cholesterol reduction, and nutrition
16 education;

17 (d) Utilization review procedures including, but not limited to a
18 cost-efficient method for prior authorization of services, hospital
19 inpatient length of stay review, requirements for use of outpatient
20 surgeries and second opinions for surgeries, review of invoices or
21 claims submitted by service providers, and performance audit of
22 providers;

23 (e) Effective coordination of benefits; and

24 (f) Minimum standards for insuring entities.

25 (3) To maintain the comprehensive nature of employee health care
26 benefits, benefits provided to employees shall be substantially
27 equivalent to the state employees' health benefit((s)) plan in effect
28 on January 1, 1993. Nothing in this subsection shall prohibit changes
29 or increases in employee point-of-service payments or employee
30 premium payments for benefits or the administration of a high
31 deductible health plan in conjunction with a health savings account.
32 The public employees' benefits board may establish employee
33 eligibility criteria which are not substantially equivalent to
34 employee eligibility criteria in effect on January 1, 1993.

35 (4) Except if bargained for under chapter 41.80 RCW, the public
36 employees' benefits board shall design benefits and determine the
37 terms and conditions of employee and retired or disabled school
38 employee participation and coverage, including establishment of
39 eligibility criteria subject to the requirements of this chapter.
40 Employer groups obtaining benefits through contractual agreement with

1 the authority for employees defined in RCW 41.05.011(6)(a) (i)
2 through ~~((d))~~ (vi) may contractually agree with the authority to
3 benefits eligibility criteria which differs from that determined by
4 the public employees' benefits board. The eligibility criteria
5 established by the public employees' benefits board shall be no more
6 restrictive than the following:

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

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

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

23 (b) A seasonal employee is eligible for benefits from the date of
24 employment if the employing agency anticipates that he or she will
25 work an average of at least eighty hours per month and for at least
26 eight hours in each month of the season. A seasonal employee
27 determined ineligible at the beginning of his or her employment who
28 works an average of at least eighty hours per month over a period of
29 six consecutive months and at least eight hours in each of those six
30 consecutive months becomes eligible at the first of the month
31 following the six-month averaging period. A benefits-eligible
32 seasonal employee who works a season of less than nine months shall
33 not be eligible for the employer contribution during the off season,
34 but may continue enrollment in benefits during the off season by
35 self-paying for the benefits. A benefits-eligible seasonal employee
36 who works a season of nine months or more is eligible for the
37 employer contribution through the off season following each season
38 worked.

39 (c) Faculty are eligible as follows:

1 (i) Faculty who the employing agency anticipates will work half-
2 time or more for the entire instructional year or equivalent nine-
3 month period are eligible for benefits from the date of employment.
4 Eligibility shall continue until the beginning of the first full
5 month of the next instructional year, unless the employment
6 relationship is terminated, in which case eligibility shall cease the
7 first month following the notice of termination or the effective date
8 of the termination, whichever is later.

9 (ii) Faculty who the employing agency anticipates will not work
10 for the entire instructional year or equivalent nine-month period are
11 eligible for benefits at the beginning of the second consecutive
12 quarter or semester of employment in which he or she is anticipated
13 to work, or has actually worked, half-time or more. Such an employee
14 shall continue to receive uninterrupted employer contributions for
15 benefits if the employee works at least half-time in a quarter or
16 semester. Faculty who the employing agency anticipates will not work
17 for the entire instructional year or equivalent nine-month period,
18 but who actually work half-time or more throughout the entire
19 instructional year, are eligible for summer or off-quarter or off-
20 semester coverage. Faculty who have met the criteria of this
21 subsection (4)(c)(ii), who work at least two quarters or two
22 semesters of the academic year with an average academic year workload
23 of half-time or more for three quarters or two semesters of the
24 academic year, and who have worked an average of half-time or more in
25 each of the two preceding academic years shall continue to receive
26 uninterrupted employer contributions for benefits if he or she works
27 at least half-time in a quarter or semester or works two quarters or
28 two semesters of the academic year with an average academic workload
29 each academic year of half-time or more for three quarters or two
30 semesters. Eligibility under this section ceases immediately if this
31 criteria is not met.

32 (iii) Faculty may establish or maintain eligibility for benefits
33 by working for more than one institution of higher education. When
34 faculty work for more than one institution of higher education, those
35 institutions shall prorate the employer contribution costs, or if
36 eligibility is reached through one institution, that institution will
37 pay the full employer contribution. Faculty working for more than one
38 institution must alert his or her employers to his or her potential
39 eligibility in order to establish eligibility.

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

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

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

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

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

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

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

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

26 (g) In determining eligibility under this section, the employing
27 agency may disregard training hours, standby hours, or temporary
28 changes in work hours as determined by the authority under this
29 section.

30 (h) Insurance coverage for all eligible employees begins on the
31 first day of the month following the date when eligibility for
32 benefits is established. If the date eligibility is established is
33 the first working day of a month, insurance coverage begins on that
34 date.

35 (i) Eligibility for an employee whose work circumstances are
36 described by more than one of the eligibility categories in (a)
37 through (e) of this subsection shall be determined solely by the
38 criteria of the category that most closely describes the employee's
39 work circumstances.

1 (j) Except for an employee eligible for benefits under (b) or
2 (c)(ii) of this subsection, an employee who has established
3 eligibility for benefits under this section shall remain eligible for
4 benefits each month in which he or she is in pay status for eight or
5 more hours, if (i) he or she remains in a benefits-eligible position
6 and (ii) leave from the benefits-eligible position is approved by the
7 employing agency. A benefits-eligible seasonal employee is eligible
8 for the employer contribution in any month of his or her season in
9 which he or she is in pay status eight or more hours during that
10 month. Eligibility ends if these conditions are not met, the
11 employment relationship is terminated, or the employee voluntarily
12 transfers to a noneligible position.

13 (k) For the purposes of this subsection, the public employees'
14 benefits board shall define "benefits-eligible position."

15 (5) The public employees' benefits board may authorize premium
16 contributions for an employee and the employee's dependents in a
17 manner that encourages the use of cost-efficient managed health care
18 systems.

19 (6)(a) For any open enrollment period following August 24, 2011,
20 the public employees' benefits board shall offer a health savings
21 account option for employees that conforms to section 223, Part VII
22 of subchapter B of chapter 1 of the internal revenue code of 1986.
23 The public employees' benefits board shall comply with all applicable
24 federal standards related to the establishment of health savings
25 accounts.

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

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

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

35 (iii) Any impact of enrollment in alternatives to the most
36 comprehensive plan, including the high deductible health plan with a
37 health savings account, upon the cost of health benefits for those
38 employees who have chosen to remain enrolled in the most
39 comprehensive plan.

1 (7) Notwithstanding any other provision of this chapter, for any
2 open enrollment period following August 24, 2011, the public
3 employees' benefits board shall offer a high deductible health plan
4 in conjunction with a health savings account developed under
5 subsection (6) of this section.

6 (8) Employees shall choose participation in one of the health
7 care benefit plans developed by the public employees' benefits board
8 and may be permitted to waive coverage under terms and conditions
9 established by the public employees' benefits board.

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

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

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

1 (b) The employee, retired employee, and retired school employee
2 are solely responsible for the payment of the premium rates developed
3 by the health care authority. The health care authority is authorized
4 to 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 public employees' benefits board and authority on
17 effective and cost-effective ways to market and distribute the long-
18 term care product. The technical advisory committee shall be
19 comprised, at a minimum, of representatives of the office of the
20 insurance commissioner, providers of long-term care services,
21 licensed insurance agents with expertise in long-term care insurance,
22 employees, retired employees, retired school employees, and other
23 interested parties determined to be appropriate by the public
24 employees' benefits board.

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

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

36 (g) The health care authority, with the cooperation of the office
37 of the insurance commissioner, shall develop a consumer education
38 program for the eligible employees, retired employees, and retired
39 school employees designed to provide education on the potential need
40 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 public employees' benefits board.

3 (11) The public employees' benefits board may establish penalties
4 to be imposed by the authority when the eligibility determinations of
5 an employing agency fail to comply with the criteria under this
6 chapter.

7 **Sec. 13.** RCW 41.05.066 and 2015 c 116 s 4 are each amended to
8 read as follows:

9 A certificate of domestic partnership qualified under the
10 provisions of RCW 26.60.030 shall be recognized as evidence of a
11 qualified domestic partnership fulfilling all necessary eligibility
12 criteria for the partner of the employee or school employee to
13 receive benefits. Nothing in this section affects the requirements of
14 domestic partners to complete documentation related to federal tax
15 status that may currently be required by the board for employees or
16 school employees choosing to make premium payments on a pretax basis.

17 **Sec. 14.** RCW 41.05.075 and 2017 3rd sp.s. c 13 s 808 are each
18 amended to read as follows:

19 (1) The director shall provide benefit plans designed by the
20 board (~~((and the school employees' benefits board))~~) through a contract
21 or contracts with insuring entities, through self-funding, self-
22 insurance, or other methods of providing insurance coverage
23 authorized by RCW 41.05.140. The process of contracting for plans
24 offered by the school employees' benefits board is subject to
25 (~~(oversight)~~) insight and direction by the school employees' benefits
26 board.

27 (2) The director(~~(, subject to school employees' benefits board~~
28 ~~direction for plans offered to school employees,~~) shall establish a
29 contract bidding process that:

30 (a) Encourages competition among insuring entities;

31 (b) Maintains an equitable relationship between premiums charged
32 for similar benefits and between risk pools including premiums
33 charged for retired state and school district employees under the
34 separate risk pools established by RCW 41.05.022 and 41.05.080 such
35 that insuring entities may not avoid risk when establishing the
36 premium rates for retirees eligible for medicare;

37 (c) Is timely to the state budgetary process; and

1 (d) Sets conditions for awarding contracts to any insuring
2 entity.

3 (~~(School districts directly providing medical and dental~~
4 ~~benefits plans and contracted insuring entities providing medical and~~
5 ~~dental benefits plans to school districts on December 31, 2017,)) The
6 entities described in RCW 28A.400.275(2) shall provide the school
7 employees' benefits board and authority specified data by (~~(January~~
8 ~~1, 2019)) April 1, 2018, in a format to be determined by the
9 authority, to support an initial benefits plans procurement. At a
10 minimum, the data must cover the period January 1, 2014, through
11 (~~(August 1, 2018)) December 31, 2017, and include:~~~~~~

12 (a) A summary of the benefit packages offered to each group of
13 (~~(district)) school employees, including covered benefits, point-of-
14 service cost-sharing, member count, and the group policy number;~~

15 (b) Aggregated subscriber and member demographic information,
16 including age band and gender, by insurance tier by month and by
17 benefit packages;

18 (c) Monthly total by benefit package, including premiums paid,
19 inpatient facility claims paid, outpatient facility claims paid,
20 physician claims paid, pharmacy claims paid, capitation amounts paid,
21 and other claims paid;

22 (d) A listing for calendar years 2014 through 2017 of large
23 claims defined as annual amounts paid in excess of one hundred
24 thousand dollars including the amount paid, the member enrollment
25 status, and the primary diagnosis; (~~and~~)

26 (e) A listing of calendar year (~~(2018)) 2017 allowed claims by
27 provider entity; and~~

28 (f) All data needed for design, procurement, rate setting, and
29 administration of all school employees' benefits board benefits.

30 Any data that may be confidential and contain personal health
31 information may be protected in accordance with a data-sharing
32 agreement.

33 (4) The director shall establish a requirement for review of
34 utilization and financial data from participating insuring entities
35 on a quarterly basis.

36 (5) The director shall centralize the enrollment files for all
37 employee, school employee, and retired or disabled school employee
38 health plans offered under chapter 41.05 RCW and develop enrollment
39 demographics on a plan-specific basis.

1 (6) All claims data shall be the property of the state. The
2 director may require of any insuring entity that submits a bid to
3 contract for coverage all information deemed necessary including:

4 (a) Subscriber or member demographic and claims data necessary
5 for risk assessment and adjustment calculations in order to fulfill
6 the director's duties as set forth in this chapter; and

7 (b) Subscriber or member demographic and claims data necessary to
8 implement performance measures or financial incentives related to
9 performance under subsection (8) of this section.

10 (7) All contracts with insuring entities for the provision of
11 health care benefits shall provide that the beneficiaries of such
12 benefit plans may use on an equal participation basis the services of
13 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32,
14 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to
15 registered nurses and advanced registered nurse practitioners.
16 However, nothing in this subsection may preclude the director from
17 establishing appropriate utilization controls approved pursuant to
18 RCW 41.05.065(2) (a), (b), and (d).

19 (8) The director shall, in collaboration with other state
20 agencies that administer state purchased health care programs,
21 private health care purchasers, health care facilities, providers,
22 and carriers:

23 (a) Use evidence-based medicine principles to develop common
24 performance measures and implement financial incentives in contracts
25 with insuring entities, health care facilities, and providers that:

26 (i) Reward improvements in health outcomes for individuals with
27 chronic diseases, increased utilization of appropriate preventive
28 health services, and reductions in medical errors; and

29 (ii) Increase, through appropriate incentives to insuring
30 entities, health care facilities, and providers, the adoption and use
31 of information technology that contributes to improved health
32 outcomes, better coordination of care, and decreased medical errors;

33 (b) Through state health purchasing, reimbursement, or pilot
34 strategies, promote and increase the adoption of health information
35 technology systems, including electronic medical records, by
36 hospitals as defined in RCW 70.41.020, integrated delivery systems,
37 and providers that:

38 (i) Facilitate diagnosis or treatment;

39 (ii) Reduce unnecessary duplication of medical tests;

40 (iii) Promote efficient electronic physician order entry;

1 (iv) Increase access to health information for consumers and
2 their providers; and

3 (v) Improve health outcomes;

4 (c) Coordinate a strategy for the adoption of health information
5 technology systems using the final health information technology
6 report and recommendations developed under chapter 261, Laws of 2005.

7 (9) The director may permit the Washington state health insurance
8 pool to contract to utilize any network maintained by the authority
9 or any network under contract with the authority.

10 **Sec. 15.** RCW 41.05.080 and 2015 c 116 s 5 are each amended to
11 read as follows:

12 (1) Under the qualifications, terms, conditions, and benefits set
13 by the public employees' benefits board:

14 (a) Retired or disabled state employees, retired or disabled
15 school employees, retired or disabled employees of county, municipal,
16 or other political subdivisions, or retired or disabled employees of
17 tribal governments covered by this chapter may continue their
18 participation in insurance plans and contracts after retirement or
19 disablement;

20 (b) Separated employees may continue their participation in
21 insurance plans and contracts if participation is selected
22 immediately upon separation from employment;

23 (c) Surviving spouses, surviving state registered domestic
24 partners, and dependent children of emergency service personnel
25 killed in the line of duty may participate in insurance plans and
26 contracts.

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

33 (3) Rates charged to surviving spouses and surviving state
34 registered domestic partners of emergency service personnel killed in
35 the line of duty, retired or disabled employees, separated employees,
36 spouses, or children who are eligible for parts A and B of medicare
37 shall be calculated from a separate experience risk pool comprised
38 only of individuals eligible for parts A and B of medicare; however,
39 the premiums charged to medicare-eligible retirees and disabled

1 employees shall be reduced by the amount of the subsidy provided
2 under RCW 41.05.085.

3 (4) Surviving spouses, surviving state registered domestic
4 partners, and dependent children of emergency service personnel
5 killed in the line of duty and retired or disabled and separated
6 employees shall be responsible for payment of premium rates developed
7 by the authority which shall include the cost to the authority of
8 providing insurance coverage including any amounts necessary for
9 reserves and administration in accordance with this chapter. These
10 self pay rates will be established based on a separate rate for the
11 employee, the spouse, state registered domestic partners, and the
12 children.

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

17 **Sec. 16.** RCW 41.05.085 and 2005 c 195 s 3 are each amended to
18 read as follows:

19 (1) Beginning with the appropriations act for the 2005-2007
20 biennium, the legislature shall establish as part of both the state
21 employees' and the school and educational service district employees'
22 insurance benefit allocation the portion of the allocation to be used
23 to provide a prescription drug subsidy to reduce the health care
24 insurance premiums charged to retired or disabled school district and
25 educational service district employees, or retired state employees,
26 who are eligible for parts A and B of medicare. The legislature may
27 also establish a separate health care subsidy to reduce insurance
28 premiums charged to individuals who select a medicare supplemental
29 insurance policy option established in RCW 41.05.195.

30 (2) The amount of any premium reduction shall be established by
31 the public employees' benefits board. The amount established shall
32 not result in a premium reduction of more than fifty percent, except
33 as provided in subsection (3) of this section. The public employees'
34 benefits board may also determine the amount of any subsidy to be
35 available to spouses and dependents.

36 (3) The amount of the premium reduction in subsection (2) of this
37 section may exceed fifty percent, if the (~~administrator~~) director,
38 in consultation with the office of financial management, determines
39 that it is necessary in order to meet eligibility requirements to

1 participate in the federal employer incentive program as provided in
2 RCW 41.05.068.

3 **Sec. 17.** RCW 41.05.140 and 2013 c 251 s 10 are each amended to
4 read as follows:

5 (1) Except for property and casualty insurance, the authority may
6 self-fund, self-insure, or enter into other methods of providing
7 insurance coverage for insurance programs under its jurisdiction,
8 including the basic health plan as provided in chapter 70.47 RCW. The
9 authority shall contract for payment of claims or other
10 administrative services for programs under its jurisdiction. If a
11 program does not require the prepayment of reserves, the authority
12 shall establish such reserves within a reasonable period of time for
13 the payment of claims as are normally required for that type of
14 insurance under an insured program. The authority shall endeavor to
15 reimburse basic health plan health care providers under this section
16 at rates similar to the average reimbursement rates offered by the
17 statewide benchmark plan determined through the request for proposal
18 process.

19 (2) Reserves established by the authority for employee and
20 retiree benefit programs shall be held in a separate account in the
21 custody of the state treasurer and shall be known as the public
22 employees' and retirees' insurance reserve fund. The state treasurer
23 may invest the moneys in the reserve fund pursuant to RCW 43.79A.040.

24 (3) Reserves established by the authority for school employee
25 benefit programs shall be held in a separate account in the custody
26 of the state treasurer and shall be known as the school employees'
27 insurance reserve fund. The state treasurer may invest the moneys in
28 the reserve fund pursuant to RCW 43.79A.040.

29 (4) Any savings realized as a result of a program created for
30 employees or school employees and retirees under this section shall
31 not be used to increase benefits unless such use is authorized by
32 statute.

33 ~~((+4))~~ (5) Any program created under this section shall be
34 subject to the examination requirements of chapter 48.03 RCW as if
35 the program were a domestic insurer. In conducting an examination,
36 the commissioner shall determine the adequacy of the reserves
37 established for the program.

1 (~~(5)~~) (6) The authority shall keep full and adequate accounts
2 and records of the assets, obligations, transactions, and affairs of
3 any program created under this section.

4 (~~(6)~~) (7) The authority shall file a quarterly statement of the
5 financial condition, transactions, and affairs of any program created
6 under this section in a form and manner prescribed by the insurance
7 commissioner. The statement shall contain information as required by
8 the commissioner for the type of insurance being offered under the
9 program. A copy of the annual statement shall be filed with the
10 speaker of the house of representatives and the president of the
11 senate.

12 (~~(7)~~) (8) The provisions of this section do not apply to the
13 administration of chapter 74.09 RCW.

14 **Sec. 18.** RCW 41.05.225 and 2002 c 71 s 1 are each amended to
15 read as follows:

16 (1) The public employees' benefits board shall offer a plan of
17 health insurance to blind licensees who are actively operating
18 facilities and participating in the business enterprises program
19 established in RCW 74.18.200 through 74.18.230, and maintained by the
20 department of services for the blind. The plan of health insurance
21 benefits must be the same or substantially similar to the plan of
22 health insurance benefits offered to state employees under this
23 chapter. Enrollment will be at the option of each individual licensee
24 or vendor, under rules established by the public employees' benefits
25 board.

26 (2) All costs incurred by the state or the public employees'
27 benefits board for providing health insurance coverage to active
28 blind vendors, excluding family participation, under subsection (1)
29 of this section may be paid for from net proceeds from vending
30 machine operations in public buildings under RCW 74.18.230.

31 (3) Money from the business enterprises program under the federal
32 Randolph-Sheppard Act may not be used for family participation in the
33 health insurance benefits provided under this section. Family
34 insurance benefits are the sole responsibility of the individual
35 blind vendors.

36 **Sec. 19.** RCW 41.05.300 and 2008 c 229 s 3 are each amended to
37 read as follows:

1 (1) The state of Washington may enter into salary reduction
2 agreements with employees and school employees (~~(of the state)~~)
3 pursuant to the internal revenue code, for the purpose of making it
4 possible for employees and school employees (~~(of the state)~~) to
5 select on a "before-tax basis" certain taxable and nontaxable
6 benefits. The purpose of the salary reduction plan established in
7 this chapter is to attract and retain individuals in governmental
8 service by permitting them to enter into agreements with the state to
9 provide for benefits pursuant to 26 U.S.C. Sec. 125, 26 U.S.C. Sec.
10 129, and other applicable sections of the internal revenue code.

11 (2) Nothing in the salary reduction plan constitutes an
12 employment agreement between the participant and the state, and
13 nothing contained in the participant's salary reduction agreement,
14 the plan, this section, or RCW 41.05.123, 41.05.310 through
15 41.05.360, and 41.05.295 gives a participant any right to be retained
16 in state employment.

17 **Sec. 20.** RCW 41.05.320 and 2008 c 229 s 5 are each amended to
18 read as follows:

19 (1) Elected officials and permanent employees and school
20 employees (~~(of the state)~~) are eligible to participate in the salary
21 reduction plan and reduce their salary by agreement with the
22 authority. The authority may adopt rules to: (a) Limit the
23 participation of employing agencies and their employees in the plan;
24 and (b) permit participation in the plan by temporary employees and
25 school employees (~~(of the state)~~).

26 (2) Persons eligible under subsection (1) of this section may
27 enter into salary reduction agreements with the state.

28 (3)(a) An eligible person may become a participant of the salary
29 reduction plan for a full plan year with annual benefit plan
30 selection for each new plan year made before the beginning of the
31 plan year, as determined by the authority, or upon becoming eligible.

32 (b) Once an eligible person elects to participate in the salary
33 reduction plan and determines the amount his or her gross salary
34 shall be reduced and the benefit plan for which the funds are to be
35 used during the plan year, the agreement shall be irrevocable and may
36 not be amended during the plan year except as provided in (c) of this
37 subsection. Prior to making an election to participate in the salary
38 reduction plan, the eligible person shall be informed in writing of

1 all the benefits and reductions that will occur as a result of such
2 election.

3 (c) The authority shall provide in the salary reduction plan that
4 a participant may enroll, terminate, or change his or her election
5 after the plan year has begun if there is a significant change in a
6 participant's status, as provided by 26 U.S.C. Sec. 125 and the
7 regulations adopted under that section and defined by the authority.

8 (4) The authority shall establish as part of the salary reduction
9 plan the procedures for and effect of withdrawal from the plan by
10 reason of retirement, death, leave of absence, or termination of
11 employment. To the extent possible under federal law, the authority
12 shall protect participants from forfeiture of rights under the plan.

13 (5) Any reduction of salary under the salary reduction plan shall
14 not reduce the reportable compensation for the purpose of computing
15 the state retirement and pension benefits earned by the employee or
16 school employee pursuant to chapters 41.26, 41.32, 41.35, 41.37,
17 41.40, and 43.43 RCW.

18 **Sec. 21.** RCW 41.04.205 and 2016 c 67 s 1 are each amended to
19 read as follows:

20 (1) Notwithstanding the provisions of RCW 41.04.180, the
21 employees, with their dependents, of any county, municipality, or
22 other political subdivision of this state shall be eligible to
23 participate in any insurance or self-insurance program for employees
24 administered under chapter 41.05 RCW if the legislative authority of
25 any such county, municipality, or other political subdivisions of
26 this state determines, subject to collective bargaining under
27 applicable statutes, a transfer to an insurance or self-insurance
28 program administered under chapter 41.05 RCW should be made. In the
29 event of a special district employee transfer pursuant to this
30 section, members of the governing authority shall be eligible to be
31 included in such transfer if such members are authorized by law as of
32 June 25, 1976 to participate in the insurance program being
33 transferred from and subject to payment by such members of all costs
34 of insurance for members.

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

38 (a) Establish the conditions for participation; and

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

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

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

10 (4) Until December 31, 2019, school districts may voluntarily
11 transfer to the public employees' benefits board, except that all
12 eligible employees in a bargaining unit of a school district may
13 transfer only as a unit and all nonrepresented employees in a
14 district may transfer only as a unit.

15 **Sec. 22.** RCW 28A.400.275 and 2017 3rd sp.s. c 13 s 814 and 2017
16 3rd sp.s. c 7 s 1 are each reenacted and amended to read as follows:

17 (1) Any contract or agreement for employee benefits executed
18 after April 13, 1990, between a school district or educational
19 service district and a benefit provider or employee bargaining unit
20 is null and void unless it contains an agreement to abide by state
21 laws relating to school district and educational service district
22 employee benefits. The term of the contract or agreement may not
23 exceed one year, except that the final contract or agreement entered
24 into for the 2018-19 school year may exceed one year only by the
25 months necessary to ensure employee benefits are maintained through
26 December 31, 2019.

27 ~~(2) ((Through December 31, 2019, school districts and their~~
28 ~~benefit providers shall annually submit, by a date determined by the~~
29 ~~office of the insurance commissioner, the following information and~~
30 ~~data for the prior calendar year to the office of the insurance~~
31 ~~commissioner:~~

32 ~~(a) Progress by the district and its benefit providers toward~~
33 ~~greater affordability for full family coverage, health care cost~~
34 ~~savings, and significantly reduced administrative costs;~~

35 ~~(b) Compliance with the requirement to provide a high deductible~~
36 ~~health plan option with a health savings account;~~

37 ~~(c) An overall plan summary including the following:~~

38 ~~(i) The financial plan structure and overall performance of each~~
39 ~~health plan including:~~

1 ~~(A) Total premium expenses;~~
2 ~~(B) Total claims expenses;~~
3 ~~(C) Claims reserves; and~~
4 ~~(D) Plan administration expenses, including compensation paid to~~
5 ~~brokers;~~
6 ~~(ii) A description of the plan's use of innovative health plan~~
7 ~~features designed to reduce health benefit premium growth and reduce~~
8 ~~utilization of unnecessary health services including but not limited~~
9 ~~to the use of enrollee health assessments or health coach services,~~
10 ~~care management for high cost or high risk enrollees, medical or~~
11 ~~health home payment mechanisms, and plan features designed to create~~
12 ~~incentives for improved personal health behaviors;~~
13 ~~(iii) Data to provide an understanding of employee health benefit~~
14 ~~plan coverage and costs, including: The total number of employees~~
15 ~~and, for each employee, the employee's full-time equivalent status,~~
16 ~~types of coverage or benefits received including numbers of covered~~
17 ~~dependents, the number of eligible dependents, the amount of the~~
18 ~~district's contribution to premium, additional premium costs paid by~~
19 ~~the employee through payroll deductions, and the age and sex of the~~
20 ~~employee and each dependent;~~
21 ~~(iv) Data necessary for school districts to more effectively and~~
22 ~~competitively manage and procure health insurance plans for~~
23 ~~employees. The data must include, but not be limited to, the~~
24 ~~following:~~
25 ~~(A) A summary of the benefit packages offered to each group of~~
26 ~~district employees, including covered benefits, employee deductibles,~~
27 ~~coinsurance, and copayments, and the number of employees and their~~
28 ~~dependents in each benefit package;~~
29 ~~(B) Aggregated employee and dependent demographic information,~~
30 ~~including age band and gender, by insurance tier and by benefit~~
31 ~~package;~~
32 ~~(C) Total claim payments by benefit package, including premiums~~
33 ~~paid, inpatient facility claims paid, outpatient facility claims~~
34 ~~paid, physician claims paid, pharmacy claims paid, capitation amounts~~
35 ~~paid, and other claims paid;~~
36 ~~(D) Total premiums paid by benefit package;~~
37 ~~(E) A listing of large claims defined as annual amounts paid in~~
38 ~~excess of one hundred thousand dollars including the amount paid, the~~
39 ~~member enrollment status, and the primary diagnosis;~~

1 ~~(F) After December 31, 2018, school districts shall submit such~~
2 ~~data as required by the school employees' benefits board to~~
3 ~~administer the consolidated purchasing of health services.~~

4 ~~(3) Through December 31, 2018, school districts and their benefit~~
5 ~~providers shall jointly report to the office of the insurance~~
6 ~~commissioner on their health insurance-related efforts and~~
7 ~~achievements to:~~

8 ~~(a) Significantly reduce administrative costs for school~~
9 ~~districts;~~

10 ~~(b) Improve customer service;~~

11 ~~(c) Reduce differential plan premium rates between employee only~~
12 ~~and family health benefit premiums;~~

13 ~~(d) Protect access to coverage for part-time K-12 employees.~~

14 ~~(4) The information and data shall be submitted in a format and~~
15 ~~according to a schedule established by the office of the insurance~~
16 ~~commissioner under RCW 48.02.210 to enable the commissioner to meet~~
17 ~~the reporting obligations under that section.~~

18 ~~(5) Through December 31, 2018,)) School districts, educational~~
19 ~~service districts, and their benefit providers shall submit data to~~
20 ~~the health care authority in accordance with RCW 41.05.075(3).~~

21 ~~(3) Any benefit provider offering a benefit plan by contract or~~
22 ~~agreement with a school district or educational service district~~
23 ~~under subsection (1) of this section shall make available to the~~
24 ~~school district or educational service district the benefit plan~~
25 ~~descriptions and, where available, the demographic information on~~
26 ~~plan subscribers that the school district, educational service~~
27 ~~district, and benefit provider are required to report to the ((office~~
28 ~~of the insurance commissioner)) health care authority under this~~
29 ~~section. ((After December 31, 2018, a benefit provider shall submit~~
30 ~~such data to the school employees' benefits board.~~

31 ~~(6)) (4) Each school district and educational service district~~
32 ~~shall:~~

33 ~~(a) Carry out all actions required by the school employees'~~
34 ~~benefits board and the health care authority under chapter 41.05 RCW~~
35 ~~including, but not limited to, those necessary for the operation of~~
36 ~~benefit plans, education of employees, claims administration, and~~
37 ~~appeals process; and~~

38 ~~(b) Report all data relating to employees eligible to participate~~
39 ~~in benefits or plans administered by the school employees' benefits~~
40 ~~board and the health care authority in a format designed and~~

1 communicated by the school employees' benefits board and the health
2 care authority.

3 **Sec. 23.** RCW 28A.400.350 and 2017 3rd sp.s. c 13 s 816 are each
4 amended to read as follows:

5 (1) The board of directors of any of the state's school districts
6 or educational service districts may make available medical, dental,
7 vision, liability, life, accident, disability, and salary protection
8 or insurance, direct agreements as defined in chapter 48.150 RCW, or
9 any one of, or a combination of the types of employee benefits
10 enumerated in this subsection, or any other type of insurance or
11 protection, for the members of the boards of directors, the students,
12 and employees of the school district or educational service district,
13 and their dependents. Except as provided in subsection (6) of this
14 section, such coverage may be provided by contracts or agreements
15 with private carriers, with the state health care authority, or
16 through self-insurance or self-funding pursuant to chapter 48.62 RCW,
17 or in any other manner authorized by law. Any direct agreement must
18 comply with RCW 48.150.050.

19 (2)(a) Whenever funds are available for these purposes the board
20 of directors of the school district or educational service district
21 may contribute all or a part of the cost of such protection or
22 insurance for the employees of their respective school districts or
23 educational service districts and their dependents. The premiums on
24 such liability insurance shall be borne by the school district or
25 educational service district.

26 (b) After October 1, 1990, school districts may not contribute to
27 any employee protection or insurance other than liability insurance
28 unless the district's employee benefit plan conforms to RCW
29 28A.400.275 and 28A.400.280.

30 (c) After December 31, 2019, school district contributions to any
31 employee insurance that is purchased through the health care
32 authority must conform to the requirements established by chapter
33 41.05 RCW and the school employees' benefits board.

34 (3) For school board members, educational service district board
35 members, and students, the premiums due on such protection or
36 insurance shall be borne by the assenting school board member,
37 educational service district board member, or student. The school
38 district or educational service district may contribute all or part
39 of the costs, including the premiums, of life, health, health care,

1 accident or disability insurance which shall be offered to all
2 students participating in interschool activities on the behalf of or
3 as representative of their school, school district, or educational
4 service district. The school district board of directors and the
5 educational service district board may require any student
6 participating in extracurricular interschool activities to, as a
7 condition of participation, document evidence of insurance or
8 purchase insurance that will provide adequate coverage, as determined
9 by the school district board of directors or the educational service
10 district board, for medical expenses incurred as a result of injury
11 sustained while participating in the extracurricular activity. In
12 establishing such a requirement, the district shall adopt regulations
13 for waiving or reducing the premiums of such coverage as may be
14 offered through the school district or educational service district
15 to students participating in extracurricular activities, for those
16 students whose families, by reason of their low income, would have
17 difficulty paying the entire amount of such insurance premiums. The
18 district board shall adopt regulations for waiving or reducing the
19 insurance coverage requirements for low-income students in order to
20 assure such students are not prohibited from participating in
21 extracurricular interschool activities.

22 (4) All contracts or agreements for insurance or protection
23 written to take advantage of the provisions of this section shall
24 provide that the beneficiaries of such contracts may utilize on an
25 equal participation basis the services of those practitioners
26 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71
27 RCW.

28 (5)(a) Until the creation of the school employees' benefits board
29 under RCW 41.05.740, school districts offering medical, vision, and
30 dental benefits shall:

31 (i) Offer a high deductible health plan option with a health
32 savings account that conforms to section 223, part VII of subchapter
33 1 of the internal revenue code of 1986. School districts shall comply
34 with all applicable federal standards related to the establishment of
35 health savings accounts;

36 (ii) Make progress toward employee premiums that are established
37 to ensure that full family coverage premiums are not more than three
38 times the premiums for employees purchasing single coverage for the
39 same coverage plan, unless a subsequent premium differential target

1 is defined as a result of the review and subsequent actions described
2 in RCW 41.05.655;

3 (iii) Offer employees at least one health benefit plan that is
4 not a high deductible health plan offered in conjunction with a
5 health savings account in which the employee share of the premium
6 cost for a full-time employee, regardless of whether the employee
7 chooses employee-only coverage or coverage that includes dependents,
8 does not exceed the share of premium cost paid by state employees
9 during the state employee benefits year that started immediately
10 prior to the school year.

11 (b) All contracts or agreements for employee benefits must be
12 held to responsible contracting standards, meaning a fair, prudent,
13 and accountable competitive procedure for procuring services that
14 includes an open competitive process, except where an open process
15 would compromise cost-effective purchasing, with documentation
16 justifying the approach.

17 (c) School districts offering medical, vision, and dental
18 benefits shall also make progress on promoting health care
19 innovations and cost savings and significantly reduce administrative
20 costs.

21 (d) All contracts or agreements for insurance or protection
22 described in this section shall be in compliance with chapter 3, Laws
23 of 2012 2nd sp. sess.

24 ~~((e) Upon notification from the office of the insurance
25 commissioner of a school district's substantial noncompliance with
26 the data reporting requirements of RCW 28A.400.275, and the failure
27 is due to the action or inaction of the school district, and if the
28 noncompliance has occurred for two reporting periods, the
29 superintendent is authorized and required to limit the school
30 district's authority provided in subsection (1) of this section
31 regarding employee health benefits to the provision of health benefit
32 coverage provided by the state health care authority.))~~

33 (6) The authority to make available basic and optional benefits
34 to school employees under this section expires December 31, 2019.
35 Beginning January 1, 2020, school districts and educational service
36 districts shall make available basic and optional benefits through
37 plans offered by the health care authority and the school employees'
38 benefits board.

1 NEW SECTION. **Sec. 24.** A new section is added to chapter 28A.710
2 RCW to read as follows:

3 (1) A function of the school employees' benefits board
4 established under RCW 41.05.740 is to design and approve insurance
5 benefit plans and to establish eligibility criteria for participation
6 in insurance benefit plans by January 1, 2020. In order for the
7 school employees' benefits board to develop these benefit plans,
8 charter school employees' information must be provided to the school
9 employees' benefits board and the health care authority.

10 (2) Charter schools and their benefit providers must submit data
11 to the health care authority in accordance with RCW 41.05.075(3).

12 (3) Any benefit provider offering a benefit plan by contract or
13 agreement with a charter school must make available to the charter
14 school the benefit plan descriptions and, where available, the
15 demographic information on plan subscribers that the charter school
16 and benefit providers are required to report to the health care
17 authority under this section.

18 (4) Each charter school must:

19 (a) Carry out all actions required by the school employees'
20 benefits board and the health care authority under chapter 41.05 RCW
21 including, but not limited to, those actions necessary for the
22 operation of benefit plans, education of employees, claims
23 administration, and appeals process; and

24 (b) Report all data relating to employees eligible to participate
25 in benefits or plans administered by the school employees' benefits
26 board and the health care authority in a format designed and
27 communicated by the school employees' benefits board and the health
28 care authority.

29 **Sec. 25.** RCW 42.56.400 and 2017 3rd sp.s. c 30 s 2 and 2017 c
30 193 s 2 are each reenacted and amended to read as follows:

31 The following information relating to insurance and financial
32 institutions is exempt from disclosure under this chapter:

33 (1) Records maintained by the board of industrial insurance
34 appeals that are related to appeals of crime victims' compensation
35 claims filed with the board under RCW 7.68.110;

36 (2) Information obtained and exempted or withheld from public
37 inspection by the health care authority under RCW 41.05.026, whether
38 retained by the authority, transferred to another state purchased
39 health care program by the authority, or transferred by the authority

1 to a technical review committee created to facilitate the
2 development, acquisition, or implementation of state purchased health
3 care under chapter 41.05 RCW;

4 (3) The names and individual identification data of either all
5 owners or all insureds, or both, received by the insurance
6 commissioner under chapter 48.102 RCW;

7 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

8 (5) Information provided under RCW 48.05.510 through 48.05.535,
9 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
10 48.46.600 through 48.46.625;

11 (6) Examination reports and information obtained by the
12 department of financial institutions from banks under RCW 30A.04.075,
13 from savings banks under RCW 32.04.220, from savings and loan
14 associations under RCW 33.04.110, from credit unions under RCW
15 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and
16 from securities brokers and investment advisers under RCW 21.20.100,
17 all of which is confidential and privileged information;

18 (7) Information provided to the insurance commissioner under RCW
19 48.110.040(3);

20 (8) Documents, materials, or information obtained by the
21 insurance commissioner under RCW 48.02.065, all of which are
22 confidential and privileged;

23 (9) Documents, materials, or information obtained by the
24 insurance commissioner under RCW 48.31B.015(2) (l) and (m),
25 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential
26 and privileged;

27 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
28 7.70.140 that, alone or in combination with any other data, may
29 reveal the identity of a claimant, health care provider, health care
30 facility, insuring entity, or self-insurer involved in a particular
31 claim or a collection of claims. For the purposes of this subsection:

32 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).

33 (b) "Health care facility" has the same meaning as in RCW
34 48.140.010(6).

35 (c) "Health care provider" has the same meaning as in RCW
36 48.140.010(7).

37 (d) "Insuring entity" has the same meaning as in RCW
38 48.140.010(8).

39 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

- 1 (11) Documents, materials, or information obtained by the
2 insurance commissioner under RCW 48.135.060;
- 3 (12) Documents, materials, or information obtained by the
4 insurance commissioner under RCW 48.37.060;
- 5 (13) Confidential and privileged documents obtained or produced
6 by the insurance commissioner and identified in RCW 48.37.080;
- 7 (14) Documents, materials, or information obtained by the
8 insurance commissioner under RCW 48.37.140;
- 9 (15) Documents, materials, or information obtained by the
10 insurance commissioner under RCW 48.17.595;
- 11 (16) Documents, materials, or information obtained by the
12 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
13 (7)(a)(ii);
- 14 (17) Documents, materials, or information obtained by the
15 insurance commissioner in the commissioner's capacity as receiver
16 under RCW 48.31.025 and 48.99.017, which are records under the
17 jurisdiction and control of the receivership court. The commissioner
18 is not required to search for, log, produce, or otherwise comply with
19 the public records act for any records that the commissioner obtains
20 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
21 a receiver, except as directed by the receivership court;
- 22 (18) Documents, materials, or information obtained by the
23 insurance commissioner under RCW 48.13.151;
- 24 (19) Data, information, and documents provided by a carrier
25 pursuant to section 1, chapter 172, Laws of 2010;
- 26 (20) Information in a filing of usage-based insurance about the
27 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);
- 28 (21) Data, information, and documents, other than those described
29 in RCW 48.02.210(2) as it existed on October 18, 2017, that are
30 submitted to the office of the insurance commissioner by an entity
31 providing health care coverage pursuant to RCW 28A.400.275 as it
32 existed on October 18, 2017 and 48.02.210 as it existed on October
33 18, 2017;
- 34 (22) Data, information, and documents obtained by the insurance
35 commissioner under RCW 48.29.017;
- 36 (23) Information not subject to public inspection or public
37 disclosure under RCW 48.43.730(5);
- 38 (24) Documents, materials, or information obtained by the
39 insurance commissioner under chapter 48.05A RCW;

1 (25) Documents, materials, or information obtained by the
2 insurance commissioner under RCW 48.74.025, 48.74.028, 48.74.100(6),
3 48.74.110(2) (b) and (c), and 48.74.120 to the extent such documents,
4 materials, or information independently qualify for exemption from
5 disclosure as documents, materials, or information in possession of
6 the commissioner pursuant to a financial conduct examination and
7 exempt from disclosure under RCW 48.02.065; (~~and~~)

8 (26) Nonpublic personal health information obtained by, disclosed
9 to, or in the custody of the insurance commissioner, as provided in
10 RCW 48.02.068; (~~and~~)

11 (27) Data, information, and documents obtained by the insurance
12 commissioner under RCW 48.02.230; and

13 (28) All claims data, including health care and financial-related
14 data received under section 26 of this act, received and held by the
15 health care authority.

16 NEW SECTION. **Sec. 26.** A new section is added to chapter 41.05
17 RCW to read as follows:

18 (1) All health care and financial-related data as required by
19 section 4, chapter 3, Laws of 2012 2nd sp. sess. that was sent by
20 school districts and their benefit providers to the office of the
21 insurance commissioner for plan years ending in 2012 through 2016 for
22 the purposes of studying health benefits provided to school employees
23 will be provided to the authority by March 15, 2018.

24 (2) All claims data, including health care and financial-related
25 data received by the authority under subsection (1) of this section,
26 is the property of the state and is exempt from disclosure and not
27 subject to chapter 42.56 RCW.

28 **PART II**

29 **SCHOOL EMPLOYEES' BENEFITS BOARD FISCAL ACCOUNT CREATIONS**

30 **Sec. 27.** RCW 41.05.120 and 2017 3rd sp.s. c 13 s 809 are each
31 amended to read as follows:

32 (1) The public employees' and retirees' insurance account is
33 hereby established in the custody of the state treasurer, to be used
34 by the director for the deposit of contributions, the remittance paid
35 by school districts and educational service districts under RCW
36 28A.400.410, reserves, dividends, and refunds, for payment of
37 premiums for employee and retiree insurance benefit contracts and

1 subsidy amounts provided under RCW 41.05.085, and transfers from the
2 flexible spending administrative account as authorized in RCW
3 41.05.123. Moneys from the account shall be disbursed by the state
4 treasurer by warrants on vouchers duly authorized by the director.
5 Moneys from the account may be transferred to the flexible spending
6 administrative account to provide reserves and start-up costs for the
7 operation of the flexible spending administrative account program.

8 (2) The state treasurer and the state investment board may invest
9 moneys in the public employees' and retirees' insurance account. All
10 such investments shall be in accordance with RCW 43.84.080 or
11 43.84.150, whichever is applicable. The director shall determine
12 whether the state treasurer or the state investment board or both
13 shall invest moneys in the public employees' and retirees' insurance
14 account.

15 (3) The school employees' insurance account is hereby established
16 in the custody of the state treasurer, to be used by the director for
17 the deposit of contributions, reserves, dividends, and refunds, for
18 payment of premiums for school employee insurance benefit contracts,
19 and for transfers from the flexible spending administrative account
20 as authorized in this subsection. Moneys from the account shall be
21 disbursed by the state treasurer by warrants on vouchers duly
22 authorized by the director. Moneys from the account may be
23 transferred to the flexible spending administrative account to
24 provide reserves and start-up costs for the operation of the flexible
25 spending administrative account program.

26 (4) The state treasurer and the state investment board may invest
27 moneys in the school employees' insurance account. These investments
28 must be in accordance with RCW 43.84.080 or 43.84.150, whichever is
29 applicable. The director shall determine whether the state treasurer
30 or the state investment board or both shall invest moneys in the
31 school employees' insurance account.

32 **Sec. 28.** RCW 41.05.123 and 2008 c 229 s 6 are each amended to
33 read as follows:

34 (1) For the public employees' benefits board program, the
35 flexible spending administrative account is created in the custody of
36 the state treasurer.

37 (a) All receipts from the following must be deposited in the
38 account:

1 ~~((a))~~ (i) Revenues from employing agencies for costs associated
2 with operating the medical flexible spending arrangement program and
3 the dependent care assistance program provided through the salary
4 reduction plan authorized under this chapter;

5 ~~((b))~~ (ii) Funds transferred from the dependent care
6 administrative account; and

7 ~~((c))~~ (iii) Unclaimed moneys at the end of the plan year after
8 all timely submitted claims for that plan year have been processed.
9 Expenditures from the account may be used only for administrative and
10 other expenses related to operating the medical flexible spending
11 arrangement program and the dependent care assistance program
12 provided through the salary reduction plan authorized under this
13 chapter. Only the ~~((administrator))~~ director or the
14 ~~((administrator's))~~ director's designee may authorize expenditures
15 from the account. The account is subject to allotment procedures
16 under chapter 43.88 RCW, but an appropriation is not required for
17 expenditures.

18 ~~((2))~~ (b) The salary reduction account is established in the
19 state treasury. Employee and school employee salary reductions paid
20 to reimburse participants or service providers for benefits provided
21 by the medical flexible spending arrangement program and the
22 dependent care assistance program provided through the salary
23 reduction plan authorized under this chapter shall be paid from the
24 salary reduction account. The funds held by the state to pay for
25 benefits provided by the medical flexible spending arrangement
26 program and the dependent care assistance program provided through
27 the salary reduction plan authorized under this chapter shall be
28 deposited in the salary reduction account. Unclaimed moneys remaining
29 in the salary reduction account at the end of a plan year after all
30 timely submitted claims for that plan year have been processed shall
31 become a part of the flexible spending administrative account. Only
32 the ~~((administrator))~~ director or the ~~((administrator's))~~ director's
33 designee may authorize expenditures from the account. The account is
34 not subject to allotment procedures under chapter 43.88 RCW and an
35 appropriation is not required for expenditures.

36 ~~((3))~~ (c) Program claims reserves and money necessary for
37 start-up costs transferred from the public employees' and retirees'
38 insurance account established in RCW 41.05.120 may be deposited in
39 the flexible spending administrative account. Moneys in excess of the
40 amount necessary for administrative and operating expenses of the

1 medical flexible spending arrangement program may be transferred to
2 the public employees' and retirees' insurance account.

3 ~~((4))~~ (d) The authority may periodically bill employing
4 agencies for costs associated with operating the medical flexible
5 spending arrangement program and the dependent care assistance
6 program provided through the salary reduction plan authorized under
7 this chapter.

8 (2) For the school employees' benefits board program, the school
9 employees' benefits board program flexible spending administrative
10 account is created in the custody of the state treasurer.

11 (a) All receipts from the following must be deposited in the
12 account:

13 (i) Revenues from employing agencies for costs associated with
14 operating the medical flexible spending arrangement program and the
15 dependent care assistance program provided through the salary
16 reduction plan authorized under this chapter;

17 (ii) Funds transferred from the school employees' benefits board
18 program dependent care administrative account; and

19 (iii) Unclaimed moneys at the end of the plan year after all
20 timely submitted claims for that plan year have been processed.
21 Expenditures from the account may be used only for administrative and
22 other expenses related to operating the medical flexible spending
23 arrangement program and the dependent care assistance program
24 provided through the salary reduction plan authorized under this
25 chapter. Only the director or the director's designee may authorize
26 expenditures from the account. The account is subject to allotment
27 procedures under chapter 43.88 RCW, but an appropriation is not
28 required for expenditures.

29 (b) The school employees' benefits board salary reduction account
30 is established in the state treasury. School employee salary
31 reductions paid to reimburse participants or service providers for
32 benefits provided by the medical flexible spending arrangement
33 program and the dependent care assistance program provided through
34 the salary reduction plan authorized under this chapter shall be paid
35 from the salary reduction account. The funds held by the state to pay
36 for benefits provided by the medical flexible spending arrangement
37 program and the dependent care assistance program provided through
38 the salary reduction plan authorized under this chapter shall be
39 deposited in the school employees' benefits board salary reduction
40 account. Unclaimed moneys remaining in the school employees' benefits

1 board salary reduction account at the end of a plan year after all
2 timely submitted claims for that plan year have been processed shall
3 become a part of the school employees' benefits board flexible
4 spending administrative and dependent care account. Only the director
5 or the director's designee may authorize expenditures from the
6 account. The account is not subject to allotment procedures under
7 chapter 43.88 RCW and an appropriation is not required for
8 expenditures.

9 (c) Program claims reserves and money necessary for start-up
10 costs transferred from the school employees' insurance account
11 established in RCW 41.05.120 may be deposited in the school
12 employees' benefits board flexible spending administrative account.
13 Moneys in excess of the amount necessary for administrative and
14 operating expenses of the medical flexible spending arrangement
15 program may be transferred to the school employees' insurance
16 account.

17 (d) The authority may periodically bill school employees'
18 benefits board organizations for costs associated with operating the
19 medical flexible spending arrangement program and the dependent care
20 assistance program provided through the salary reduction plan
21 authorized under this chapter.

22 **Sec. 29.** RCW 41.05.143 and 2017 3rd sp.s. c 13 s 811 are each
23 amended to read as follows:

24 (1) The uniform medical plan benefits administration account is
25 created in the custody of the state treasurer. Only the director or
26 the director's designee may authorize expenditures from the account.
27 Moneys in the account shall be used exclusively for contracted
28 expenditures for uniform medical plan claims administration, data
29 analysis, utilization management, preferred provider administration,
30 and activities related to benefits administration where the level of
31 services provided pursuant to a contract fluctuate as a direct result
32 of changes in uniform medical plan enrollment. Moneys in the account
33 may also be used for administrative activities required to respond to
34 new and unforeseen conditions that impact the uniform medical plan,
35 but only when the authority and the office of financial management
36 jointly agree that such activities must be initiated prior to the
37 next legislative session.

38 (2) Receipts from amounts due from or on behalf of uniform
39 medical plan enrollees for expenditures related to benefits

1 administration, including moneys disbursed from the public employees'
2 and retirees' insurance account, shall be deposited into the account.
3 The account is subject to allotment procedures under chapter 43.88
4 RCW, but no appropriation is required for expenditures. All proposals
5 for allotment increases shall be provided to the house of
6 representatives appropriations committee and to the senate ways and
7 means committee at the same time as they are provided to the office
8 of financial management.

9 (3) The uniform dental plan benefits administration account is
10 created in the custody of the state treasurer. Only the director or
11 the director's designee may authorize expenditures from the account.
12 Moneys in the account shall be used exclusively for contracted
13 expenditures related to benefits administration for the uniform
14 dental plan as established under RCW 41.05.140. Receipts from amounts
15 due from or on behalf of uniform dental plan enrollees for
16 expenditures related to benefits administration, including moneys
17 disbursed from the public employees' and retirees' insurance account,
18 shall be deposited into the account. The account is subject to
19 allotment procedures under chapter 43.88 RCW, but no appropriation is
20 required for expenditures.

21 (4) The public employees' benefits board medical benefits
22 administration account is created in the custody of the state
23 treasurer. Only the director or the director's designee may authorize
24 expenditures from the account. Moneys in the account shall be used
25 exclusively for contracted expenditures related to claims
26 administration, data analysis, utilization management, preferred
27 provider administration, and other activities related to benefits
28 administration for self-insured medical plans other than the uniform
29 medical plan. Receipts from amounts due from or on behalf of
30 enrollees for expenditures related to benefits administration,
31 including moneys disbursed from the public employees' and retirees'
32 insurance account, shall be deposited into the account. The account
33 is subject to allotment procedures under chapter 43.88 RCW, but an
34 appropriation is not required for expenditures.

35 (5) The school employees' benefits board medical benefits
36 administration account is created in the custody of the state
37 treasurer. Only the director or the director's designee may authorize
38 expenditures from the account. Moneys in the account shall be used
39 exclusively for contracted expenditures related to claims
40 administration, data analysis, utilization management, preferred

1 provider administration, and other activities related to benefits
2 administration for self-insured medical plans other than the uniform
3 medical plan. Receipts from amounts due from or on behalf of
4 enrollees for expenditures related to benefits administration,
5 including moneys disbursed from the school employees' insurance
6 account, shall be deposited into the account. The account is subject
7 to allotment procedures under chapter 43.88 RCW, but no appropriation
8 is required for expenditures.

9 (6) The school employees' benefits board dental benefits
10 administration account is created in the custody of the state
11 treasurer. Only the director or the director's designee may authorize
12 expenditures from the account. Moneys in the account shall be used
13 exclusively for contracted expenditures related to benefits
14 administration for the self-insured dental plan as established under
15 RCW 41.05.140. Receipts from amounts due from or on behalf of the
16 self-insured dental plan enrollees for expenditures related to
17 benefits administration, including moneys disbursed from the school
18 employees' insurance account, shall be deposited into the account.
19 The account is subject to allotment procedures under chapter 43.88
20 RCW, but no appropriation is required for expenditures.

21 **Sec. 30.** RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each
22 amended to read as follows:

23 (1) Money in the treasurer's trust fund may be deposited,
24 invested, and reinvested by the state treasurer in accordance with
25 RCW 43.84.080 in the same manner and to the same extent as if the
26 money were in the state treasury, and may be commingled with moneys
27 in the state treasury for cash management and cash balance purposes.

28 (2) All income received from investment of the treasurer's trust
29 fund must be set aside in an account in the treasury trust fund to be
30 known as the investment income account.

31 (3) The investment income account may be utilized for the payment
32 of purchased banking services on behalf of treasurer's trust funds
33 including, but not limited to, depository, safekeeping, and
34 disbursement functions for the state treasurer or affected state
35 agencies. The investment income account is subject in all respects to
36 chapter 43.88 RCW, but no appropriation is required for payments to
37 financial institutions. Payments must occur prior to distribution of
38 earnings set forth in subsection (4) of this section.

1 (4)(a) Monthly, the state treasurer must distribute the earnings
2 credited to the investment income account to the state general fund
3 except under (b), (c), and (d) of this subsection.

4 (b) The following accounts and funds must receive their
5 proportionate share of earnings based upon each account's or fund's
6 average daily balance for the period: The 24/7 sobriety account, the
7 Washington promise scholarship account, the Gina Grant Bull memorial
8 legislative page scholarship account, the Washington advanced college
9 tuition payment program account, the Washington college savings
10 program account, the accessible communities account, the Washington
11 achieving a better life experience program account, the community and
12 technical college innovation account, the agricultural local fund,
13 the American Indian scholarship endowment fund, the foster care
14 scholarship endowment fund, the foster care endowed scholarship trust
15 fund, the contract harvesting revolving account, the Washington state
16 combined fund drive account, the commemorative works account, the
17 county enhanced 911 excise tax account, the toll collection account,
18 the developmental disabilities endowment trust fund, the energy
19 account, the fair fund, the family and medical leave insurance
20 account, the food animal veterinarian conditional scholarship
21 account, the forest health revolving account, the fruit and vegetable
22 inspection account, the future teachers conditional scholarship
23 account, the game farm alternative account, the GET ready for math
24 and science scholarship account, the Washington global health
25 technologies and product development account, the grain inspection
26 revolving fund, the industrial insurance rainy day fund, the juvenile
27 accountability incentive account, the law enforcement officers' and
28 firefighters' plan 2 expense fund, the local tourism promotion
29 account, the low-income home rehabilitation revolving loan program
30 account, the multiagency permitting team account, the northeast
31 Washington wolf-livestock management account, the pilotage account,
32 the produce railcar pool account, the regional transportation
33 investment district account, the rural rehabilitation account, the
34 Washington sexual assault kit account, the stadium and exhibition
35 center account, the youth athletic facility account, the self-
36 insurance revolving fund, the children's trust fund, the Washington
37 horse racing commission Washington bred owners' bonus fund and
38 breeder awards account, the Washington horse racing commission class
39 C purse fund account, the individual development account program
40 account, the Washington horse racing commission operating account,

1 the life sciences discovery fund, the Washington state heritage
2 center account, the reduced cigarette ignition propensity account,
3 the center for childhood deafness and hearing loss account, the
4 school for the blind account, the Millersylvania park trust fund, the
5 public employees' and retirees' insurance reserve fund, the school
6 employees' insurance reserve fund, and the radiation perpetual
7 maintenance fund.

8 (c) The following accounts and funds must receive eighty percent
9 of their proportionate share of earnings based upon each account's or
10 fund's average daily balance for the period: The advanced right-of-
11 way revolving fund, the advanced environmental mitigation revolving
12 account, the federal narcotics asset forfeitures account, the high
13 occupancy vehicle account, the local rail service assistance account,
14 and the miscellaneous transportation programs account.

15 (d) Any state agency that has independent authority over accounts
16 or funds not statutorily required to be held in the custody of the
17 state treasurer that deposits funds into a fund or account in the
18 custody of the state treasurer pursuant to an agreement with the
19 office of the state treasurer shall receive its proportionate share
20 of earnings based upon each account's or fund's average daily balance
21 for the period.

22 (5) In conformance with Article II, section 37 of the state
23 Constitution, no trust accounts or funds shall be allocated earnings
24 without the specific affirmative directive of this section.

25 NEW SECTION. **Sec. 31.** Sections 14, 22, 23, 25, and 26 of this
26 act are necessary for the immediate preservation of the public peace,
27 health, or safety, or support of the state government and its
28 existing public institutions, and take effect immediately."

29 Correct the title.

EFFECT: Removes provisions that:

(1) Permit local bargaining for optional benefits and expanded eligibility as an enhancement or enrichment to the program of basic education;

(2) Require funding to be allocated to school districts at the same or greater level than what is provided to state agencies for public employee benefits;

(3) Eliminate SEBB provision of optional benefits to school employees, and permit school districts to offer optional benefits as an enhancement to basic education after January 1, 2020.

--- END ---