

ESSB 6241 - H AMD 1339

By Representative Taylor

NOT ADOPTED 03/02/2018

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

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

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

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

13 (a) Two members from associations representing certificated
14 employees;

15 (b) Two members from associations representing classified
16 employees;

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

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

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

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

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

30 (b) While school employees' benefits board members are carrying
31 out their powers and duties under chapter 41.05 RCW, if the service
32 of any certificated or classified employee results in a need for a

1 school employees' benefits board organization to employ a substitute
2 for such certificated or classified employee during such service,
3 payment for such a substitute may be made by the authority from funds
4 appropriated by the legislature for the school employees' benefits
5 board program. If such substitute is paid by the authority, no
6 deduction shall be made from the salary of the certificated or
7 classified employee. In no event shall a school employees' benefits
8 board organization deduct from the salary of a certificated or
9 classified employee serving on the school employees' benefits board
10 more than the amount paid the substitute employed by the school
11 employees' benefits board organization.

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

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

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

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

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

33 (ii) Development of provider arrangements that encourage cost
34 containment and ensure access to quality care including, but not
35 limited to, prepaid delivery systems and prospective payment methods;

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

38 (iv) Utilization review procedures to support cost-effective
39 benefits delivery;

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

3 (vi) Effective coordination of benefits; and

4 (vii) Minimum standards for insuring entities;

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

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

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

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

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

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

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

35 ~~((g))~~ (f) Participate with the authority in the preparation of
36 specifications and selection of carriers contracted for school
37 employee benefit plan coverage of eligible school employees in
38 accordance with the criteria set forth in rules. To the extent
39 possible, the school employees' benefits board shall leverage

1 efficient purchasing by coordinating with the public employees'
2 benefits board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (6)(a) "Employee" for the public employees' benefits board
38 program includes all employees of the state, whether or not covered

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

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

39 (7) "Employee group" means employees of a similar employment
40 type, such as administrative, represented classified, nonrepresented

1 classified, confidential, represented certificated, or nonrepresented
2 certificated, within a school (~~district~~) employees' benefits board
3 organization.

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

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

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

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

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

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

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

36 (13) "Insuring entity" means an insurer as defined in chapter
37 48.01 RCW, a health care service contractor as defined in chapter
38 48.44 RCW, or a health maintenance organization as defined in chapter
39 48.46 RCW.

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

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

9 (16) "Plan year" means the time period established by the
10 authority.

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

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

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

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

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

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

30 ((+19)) (20) "Salary" means a state or school employee's monthly
31 salary or wages.

32 ((+20)) (21) "Salary reduction plan" means a benefit plan
33 whereby ((state and)) public employees may agree to a reduction of
34 salary on a pretax basis to participate in the dependent care
35 assistance program, medical flexible spending arrangement, or premium
36 payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections
37 of the internal revenue code.

38 ((+21) "School employees' benefits board" means the board
39 established in RCW 41.05.740.)

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

6 (23) "School year" means school year as defined in RCW
7 28A.150.203(11).

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

11 (~~(+24+)~~) (25) "Separated employees" means persons who separate
12 from employment with an employer as defined in:

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

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

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

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

21 (~~(+25+)~~) (26) "State purchased health care" or "health care"
22 means medical and health care, pharmaceuticals, and medical equipment
23 purchased with state and federal funds by the department of social
24 and health services, the department of health, the basic health plan,
25 the state health care authority, the department of labor and
26 industries, the department of corrections, the department of veterans
27 affairs, and local school districts.

28 (~~(+26+)~~) (27) "Tribal government" means an Indian tribal
29 government as defined in section 3(32) of the employee retirement
30 income security act of 1974, as amended, or an agency or
31 instrumentality of the tribal government, that has government offices
32 principally located in this state.

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

35 It is the intent of the legislature that the word "board" be read
36 to mean both the school employees' benefits board and the public
37 employees' benefits board throughout this chapter. The use of "board"
38 should be liberally construed to mean both boards, to the extent not
39 in conflict with state or federal law. In no case shall either board

1 be limited from exercising its individual authority as authorized
2 within this chapter.

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

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

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

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

38 (i) Creation of economic incentives for the persons for whom the
39 state purchases health care to appropriately utilize and purchase

1 health care services, including the development of flexible benefit
2 plans to offset increases in individual financial responsibility;

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

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

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

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

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

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

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

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

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

36 (I) Facilitate diagnosis or treatment;

37 (II) Reduce unnecessary duplication of medical tests;

38 (III) Promote efficient electronic physician order entry;

39 (IV) Increase access to health information for consumers and
40 their providers; and

1 (V) Improve health outcomes;

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

5 (c) To analyze areas of public and private health care
6 interaction;

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

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

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

31 (g) To ensure the continued status of the employee insurance or
32 self-insurance programs administered under this chapter as a
33 governmental plan under section 3(32) of the employee retirement
34 income security act of 1974, as amended, the authority shall limit
35 the participation of employees of a county, municipal, school
36 district, educational service district, or other political
37 subdivision, the Washington health benefit exchange, or a tribal
38 government, including providing for the participation of those
39 employees whose services are substantially all in the performance of
40 essential governmental functions, but not in the performance of

1 commercial activities. Charter schools established under chapter
2 28A.710 RCW are employers and are school employees' benefits board
3 organizations unless:

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

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

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

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

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

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

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

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

35 (ii) Establishing an appeal process in accordance with chapter
36 34.05 RCW by which an employee or school employee may appeal an
37 eligibility determination;

38 (iii) Establishing a process to assure that the eligibility
39 determinations of an employing agency comply with the criteria under

1 this chapter, including the imposition of penalties as may be
2 authorized by the board (~~(or the school employees' benefits board)~~);

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

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

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

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

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

39 (n) To review and approve or deny the application from the
40 governing board of the Washington health benefit exchange to provide

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

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

11 (a) Standardizing the benefit package;

12 (b) Soliciting competitive bids for the benefit package;

13 (c) Limiting the state's contribution to a percent of the lowest
14 priced qualified plan within a geographical area;

15 (d) Monitoring the impact of the approach under this subsection
16 with regards to: Efficiencies in health service delivery, cost shifts
17 to subscribers, access to and choice of managed care plans statewide,
18 and quality of health services. The health care authority shall also
19 advise on the value of administering a benchmark employer-managed
20 plan to promote competition among managed care plans.

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

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

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

34 (3) On and after January 1, 2020, health benefits for groups of
35 school employees of ((~~school districts and educational service~~
36 ~~districts~~)) school employees' benefits board organizations shall be
37 merged into a single, community-rated risk pool separate and distinct
38 from the pool described in subsection (2) of this section.

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

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

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

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

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

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

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

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

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

14 (2) For purposes of this section:

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

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

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

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

34 (2) When soliciting information for the development, acquisition,
35 or implementation of state purchased health care services, the
36 director shall, upon written request by the respondent, exempt from
37 public inspection and copying such proprietary data, trade secrets,
38 or other information submitted by the respondent that relate to the
39 respondent's unique methods of conducting business, data unique to

1 the product or services of the respondent, or to determining prices
2 or rates to be charged for services.

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

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

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

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

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

36 (2) To account for increased cost of benefits for the state and
37 for state employees, the authority may develop a rate surcharge
38 applicable to participating counties, municipalities, other political
39 subdivisions, and tribal governments.

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

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

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

34 (c) Until January 1, 2020, if the authority determines at any
35 time that the conditions in (b) of this subsection cannot be met, the
36 authority shall offer enrollment to additional groups of ~~((district))~~
37 school and educational service district employees on a tiered rate
38 structure until such time as the authority determines there would be
39 no material difference between revenues and expenditures under a

1 composite rate structure for all (~~district~~) school and educational
2 service district employees enrolled in authority plans.

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

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

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

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

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

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

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

34 (1) The public employees' benefits board is created within the
35 authority. The function of the public employees' benefits board is to
36 design and approve insurance benefit plans for employees and to
37 establish eligibility criteria for participation in insurance benefit
38 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 benefits board insurance reserve fund. The state treasurer may invest
28 the moneys in 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 must 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 41.05.120 and 2017 3rd sp.s. c 13 s 809 are each
30 amended to read as follows:

31 (1) The public employees' and retirees' insurance account is
32 hereby established in the custody of the state treasurer, to be used
33 by the director for the deposit of contributions, the remittance paid
34 by school districts and educational service districts under RCW
35 28A.400.410, reserves, dividends, and refunds, for payment of
36 premiums and claims for employee and retiree insurance benefit
37 contracts and subsidy amounts provided under RCW 41.05.085, and
38 transfers from the flexible spending administrative account as
39 authorized in RCW 41.05.123. Moneys from the account shall be

1 disbursed by the state treasurer by warrants on vouchers duly
2 authorized by the director. Moneys from the account may be
3 transferred to the flexible spending administrative account to
4 provide reserves and start-up costs for the operation of the flexible
5 spending administrative account program.

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

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

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

33 **Sec. 26.** RCW 41.05.123 and 2008 c 229 s 6 are each amended to
34 read as follows:

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

38 (a) All receipts from the following must be deposited in the
39 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; and

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

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

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

1 amount necessary for administrative and operating expenses of the
2 medical flexible spending arrangement program may be transferred to
3 the public employees' and retirees' insurance account.

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

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

13 (a) All receipts from the following must be deposited in the
14 account:

15 (i) Revenues from school employees' benefits board organizations
16 for costs associated with operating the school employees' benefits
17 board medical flexible spending arrangement program and the school
18 employees' benefits board dependent care assistance program provided
19 through the salary reduction plan authorized under this chapter; and

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

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

1 arrangement program and the school employees' benefits board
2 dependent care assistance program provided through the salary
3 reduction plan authorized under this chapter shall be deposited in
4 the school employees' benefits board salary reduction account.
5 Unclaimed moneys remaining in the school employees' benefits board
6 salary reduction account at the end of a plan year after all timely
7 submitted claims for that plan year have been processed shall become
8 a part of the school employees' benefits board flexible spending and
9 dependent care administrative account. Only the director or the
10 director's designee may authorize expenditures from the account. The
11 account is not subject to allotment procedures under chapter 43.88
12 RCW and an appropriation is not required for expenditures.

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

22 (d) The authority may periodically bill school employees'
23 benefits board organizations for costs associated with operating the
24 school employees' benefits board medical flexible spending
25 arrangement program and the school employees' benefits board
26 dependent care assistance program provided through the salary
27 reduction plan authorized under this chapter.

28 **Sec. 27.** RCW 41.05.143 and 2017 3rd sp.s. c 13 s 811 are each
29 amended to read as follows:

30 (1) The uniform medical plan benefits administration account is
31 created in the custody of the state treasurer. Only the director or
32 the director's designee may authorize expenditures from the account.
33 Moneys in the account shall be used exclusively for contracted
34 expenditures for uniform medical plan claims administration, data
35 analysis, utilization management, preferred provider administration,
36 and activities related to benefits administration where the level of
37 services provided pursuant to a contract fluctuate as a direct result
38 of changes in uniform medical plan enrollment. Moneys in the account
39 may also be used for administrative activities required to respond to

1 new and unforeseen conditions that impact the uniform medical plan,
2 but only when the authority and the office of financial management
3 jointly agree that such activities must be initiated prior to the
4 next legislative session.

5 (2) Receipts from amounts due from or on behalf of uniform
6 medical plan enrollees for expenditures related to benefits
7 administration, including moneys disbursed from the public employees'
8 and retirees' insurance account, shall be deposited into the account.
9 The account is subject to allotment procedures under chapter 43.88
10 RCW, but no appropriation is required for expenditures. All proposals
11 for allotment increases shall be provided to the house of
12 representatives appropriations committee and to the senate ways and
13 means committee at the same time as they are provided to the office
14 of financial management.

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

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

1 (5) The school employees' benefits board medical benefits
2 (~~administration~~) administrative account is created in the custody
3 of the state treasurer. Only the director or the director's designee
4 may authorize expenditures from the account. Moneys in the account
5 shall be used exclusively for school employees' benefits board
6 contracted expenditures related to claims administration, data
7 analysis, utilization management, preferred provider administration,
8 and other activities related to benefits administration for self-
9 insured medical plans (~~other than the uniform medical plan~~).
10 Receipts from amounts due from or on behalf of enrollees for
11 expenditures related to benefits administration, including moneys
12 disbursed from the school employees' insurance account, shall be
13 deposited into the account. The account is subject to allotment
14 procedures under chapter 43.88 RCW, but no appropriation is required
15 for expenditures.

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

29 **Sec. 28.** RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each
30 amended to read as follows:

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

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

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

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

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

1 investment district account, the rural rehabilitation account, the
2 Washington sexual assault kit account, the stadium and exhibition
3 center account, the youth athletic facility account, the self-
4 insurance revolving fund, the children's trust fund, the Washington
5 horse racing commission Washington bred owners' bonus fund and
6 breeder awards account, the Washington horse racing commission class
7 C purse fund account, the individual development account program
8 account, the Washington horse racing commission operating account,
9 the life sciences discovery fund, the Washington state heritage
10 center account, the reduced cigarette ignition propensity account,
11 the center for childhood deafness and hearing loss account, the
12 school for the blind account, the Millersylvania park trust fund, the
13 public employees' and retirees' insurance reserve fund, the school
14 employees' benefits board insurance reserve fund, public employees'
15 and retirees' insurance account, school employees' insurance account,
16 and the radiation perpetual maintenance fund.

17 (c) The following accounts and funds must receive eighty percent
18 of their proportionate share of earnings based upon each account's or
19 fund's average daily balance for the period: The advanced right-of-
20 way revolving fund, the advanced environmental mitigation revolving
21 account, the federal narcotics asset forfeitures account, the high
22 occupancy vehicle account, the local rail service assistance account,
23 and the miscellaneous transportation programs account.

24 (d) Any state agency that has independent authority over accounts
25 or funds not statutorily required to be held in the custody of the
26 state treasurer that deposits funds into a fund or account in the
27 custody of the state treasurer pursuant to an agreement with the
28 office of the state treasurer shall receive its proportionate share
29 of earnings based upon each account's or fund's average daily balance
30 for the period.

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

34 **Sec. 29.** RCW 41.05.700 and 2017 c 219 s 2 are each amended to
35 read as follows:

36 (1) A health plan offered to employees, school employees, and
37 their covered dependents under this chapter issued or renewed on or
38 after January 1, 2017, shall reimburse a provider for a health care

1 service provided to a covered person through telemedicine or store
2 and forward technology if:

3 (a) The plan provides coverage of the health care service when
4 provided in person by the provider;

5 (b) The health care service is medically necessary;

6 (c) The health care service is a service recognized as an
7 essential health benefit under section 1302(b) of the federal patient
8 protection and affordable care act in effect on January 1, 2015; and

9 (d) The health care service is determined to be safely and
10 effectively provided through telemedicine or store and forward
11 technology according to generally accepted health care practices and
12 standards, and the technology used to provide the health care service
13 meets the standards required by state and federal laws governing the
14 privacy and security of protected health information.

15 (2)(a) If the service is provided through store and forward
16 technology there must be an associated office visit between the
17 covered person and the referring health care provider. Nothing in
18 this section prohibits the use of telemedicine for the associated
19 office visit.

20 (b) For purposes of this section, reimbursement of store and
21 forward technology is available only for those covered services
22 specified in the negotiated agreement between the health plan and
23 health care provider.

24 (3) An originating site for a telemedicine health care service
25 subject to subsection (1) of this section includes a:

26 (a) Hospital;

27 (b) Rural health clinic;

28 (c) Federally qualified health center;

29 (d) Physician's or other health care provider's office;

30 (e) Community mental health center;

31 (f) Skilled nursing facility;

32 (g) Home or any location determined by the individual receiving
33 the service; or

34 (h) Renal dialysis center, except an independent renal dialysis
35 center.

36 (4) Except for subsection (3)(g) of this section, any originating
37 site under subsection (3) of this section may charge a facility fee
38 for infrastructure and preparation of the patient. Reimbursement must
39 be subject to a negotiated agreement between the originating site and

1 the health plan. A distant site or any other site not identified in
2 subsection (3) of this section may not charge a facility fee.

3 (5) The plan may not distinguish between originating sites that
4 are rural and urban in providing the coverage required in subsection
5 (1) of this section.

6 (6) The plan may subject coverage of a telemedicine or store and
7 forward technology health service under subsection (1) of this
8 section to all terms and conditions of the plan including, but not
9 limited to, utilization review, prior authorization, deductible,
10 copayment, or coinsurance requirements that are applicable to
11 coverage of a comparable health care service provided in person.

12 (7) This section does not require the plan to reimburse:

13 (a) An originating site for professional fees;

14 (b) A provider for a health care service that is not a covered
15 benefit under the plan; or

16 (c) An originating site or health care provider when the site or
17 provider is not a contracted provider under the plan.

18 (8) For purposes of this section:

19 (a) "Distant site" means the site at which a physician or other
20 licensed provider, delivering a professional service, is physically
21 located at the time the service is provided through telemedicine;

22 (b) "Health care service" has the same meaning as in RCW
23 48.43.005;

24 (c) "Hospital" means a facility licensed under chapter 70.41,
25 71.12, or 72.23 RCW;

26 (d) "Originating site" means the physical location of a patient
27 receiving health care services through telemedicine;

28 (e) "Provider" has the same meaning as in RCW 48.43.005;

29 (f) "Store and forward technology" means use of an asynchronous
30 transmission of a covered person's medical information from an
31 originating site to the health care provider at a distant site which
32 results in medical diagnosis and management of the covered person,
33 and does not include the use of audio-only telephone, facsimile, or
34 email; and

35 (g) "Telemedicine" means the delivery of health care services
36 through the use of interactive audio and video technology, permitting
37 real-time communication between the patient at the originating site
38 and the provider, for the purpose of diagnosis, consultation, or
39 treatment. For purposes of this section only, "telemedicine" does not
40 include the use of audio-only telephone, facsimile, or email.

1 NEW SECTION. **Sec. 30.** A new section is added to chapter 41.05
2 RCW to read as follows:

3 (1) All health care and financial related data as required by
4 section 4, chapter 3, Laws of 2012 2nd sp. sess. that was sent by
5 school districts and their benefits providers to the office of the
6 insurance commissioner for plan years ending in 2012 through 2016 for
7 the purposes of studying health benefits provided to school employees
8 must be provided to the authority by March 15, 2018.

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

13 **Sec. 31.** RCW 42.56.400 and 2017 3rd sp.s. c 30 s 2 and 2017 c
14 193 s 2 are each reenacted and amended to read as follows:

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

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

20 (2) Information obtained and exempted or withheld from public
21 inspection by the health care authority under RCW 41.05.026, whether
22 retained by the authority, transferred to another state purchased
23 health care program by the authority, or transferred by the authority
24 to a technical review committee created to facilitate the
25 development, acquisition, or implementation of state purchased health
26 care under chapter 41.05 RCW;

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

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

31 (5) Information provided under RCW 48.05.510 through 48.05.535,
32 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
33 48.46.600 through 48.46.625;

34 (6) Examination reports and information obtained by the
35 department of financial institutions from banks under RCW 30A.04.075,
36 from savings banks under RCW 32.04.220, from savings and loan
37 associations under RCW 33.04.110, from credit unions under RCW
38 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and

1 from securities brokers and investment advisers under RCW 21.20.100,
2 all of which is confidential and privileged information;

3 (7) Information provided to the insurance commissioner under RCW
4 48.110.040(3);

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

8 (9) Documents, materials, or information obtained by the
9 insurance commissioner under RCW 48.31B.015(2) (l) and (m),
10 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential
11 and privileged;

12 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
13 7.70.140 that, alone or in combination with any other data, may
14 reveal the identity of a claimant, health care provider, health care
15 facility, insuring entity, or self-insurer involved in a particular
16 claim or a collection of claims. For the purposes of this subsection:

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

18 (b) "Health care facility" has the same meaning as in RCW
19 48.140.010(6).

20 (c) "Health care provider" has the same meaning as in RCW
21 48.140.010(7).

22 (d) "Insuring entity" has the same meaning as in RCW
23 48.140.010(8).

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

25 (11) Documents, materials, or information obtained by the
26 insurance commissioner under RCW 48.135.060;

27 (12) Documents, materials, or information obtained by the
28 insurance commissioner under RCW 48.37.060;

29 (13) Confidential and privileged documents obtained or produced
30 by the insurance commissioner and identified in RCW 48.37.080;

31 (14) Documents, materials, or information obtained by the
32 insurance commissioner under RCW 48.37.140;

33 (15) Documents, materials, or information obtained by the
34 insurance commissioner under RCW 48.17.595;

35 (16) Documents, materials, or information obtained by the
36 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
37 (7)(a)(ii);

38 (17) Documents, materials, or information obtained by the
39 insurance commissioner in the commissioner's capacity as receiver
40 under RCW 48.31.025 and 48.99.017, which are records under the

1 jurisdiction and control of the receivership court. The commissioner
2 is not required to search for, log, produce, or otherwise comply with
3 the public records act for any records that the commissioner obtains
4 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
5 a receiver, except as directed by the receivership court;

6 (18) Documents, materials, or information obtained by the
7 insurance commissioner under RCW 48.13.151;

8 (19) Data, information, and documents provided by a carrier
9 pursuant to section 1, chapter 172, Laws of 2010;

10 (20) Information in a filing of usage-based insurance about the
11 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

12 (21) Data, information, and documents, other than those described
13 in RCW 48.02.210(2) as it existed prior to repeal by section 2,
14 chapter 7, Laws of 2017 3rd sp.s., that are submitted to the office
15 of the insurance commissioner by an entity providing health care
16 coverage pursuant to RCW 28A.400.275 as it existed on January 1,
17 2017, and 48.02.210 as it existed prior to repeal by section 2,
18 chapter 7, Laws of 2017 3rd sp.s.;

19 (22) Data, information, and documents obtained by the insurance
20 commissioner under RCW 48.29.017;

21 (23) Information not subject to public inspection or public
22 disclosure under RCW 48.43.730(5);

23 (24) Documents, materials, or information obtained by the
24 insurance commissioner under chapter 48.05A RCW;

25 (25) Documents, materials, or information obtained by the
26 insurance commissioner under RCW 48.74.025, 48.74.028, 48.74.100(6),
27 48.74.110(2) (b) and (c), and 48.74.120 to the extent such documents,
28 materials, or information independently qualify for exemption from
29 disclosure as documents, materials, or information in possession of
30 the commissioner pursuant to a financial conduct examination and
31 exempt from disclosure under RCW 48.02.065; (~~and~~))

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

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

37 (28) All claims data, including health care and financial related
38 data received under section 30 of this act, received and held by the
39 health care authority.

1 NEW SECTION. **Sec. 32.** Sections 14, 22, 23, 30, and 31 of this
2 act are necessary for the immediate preservation of the public peace,
3 health, or safety, or support of the state government and its
4 existing public institutions, and take effect immediately."

5 Correct the title.

EFFECT: Eliminates provisions that:

(1) Permit a school district or other School Employees' Benefits Board (SEBB) employer to provide benefits to employees anticipated to work fewer than 630 hours per year as an enrichment to basic education.

(2) Permit individual school employees made eligible by an employer policy with fewer than 630 hours to waive SEBB coverage, and provides that employers do not contribute to SEBB for those locally eligible employees.

(3) Enable school districts, and prohibit SEBB, from offering optional benefits after January 1, 2020. Beginning January 1, 2019, school district optional benefit plans must be reviewed by SEBB and SEBB must seek legislative authority to offer additional benefits.

(4) Require the monthly insurance benefit allocated to school districts be at a rate no less than the per employee rate for state employee benefits, and express intent that the Legislature review state-funded staffing assumptions.

--- END ---