
SENATE BILL 5747

State of Washington 65th Legislature 2017 Regular Session

By Senators Hasegawa, Kuderer, Chase, and Saldaña

Read first time 02/07/17. Referred to Committee on Health Care.

1 AN ACT Relating to health care financing and development of a
2 publicly sponsored integrated delivery system such as the veterans
3 affairs system to ensure access for all; amending RCW 41.05.130,
4 66.24.290, 82.24.020, 82.26.020, 82.08.150, 43.79.480, and 41.05.220;
5 reenacting and amending RCW 41.05.120; adding new sections to chapter
6 82.02 RCW; adding a new chapter to Title 43 RCW; creating new
7 sections; repealing RCW 82.04.260 and 48.14.0201; providing effective
8 dates; and providing an expiration date.

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

10 NEW SECTION. **Sec. 1.** During this time of uncertainty affecting
11 the future options for thousands of Washingtonians to retain their
12 health care coverage, the people of the state of Washington declare
13 their intention to create a single health financing entity called the
14 Washington access for all trust to simplify health care financing and
15 eliminate administrative waste while extending health care coverage
16 to all residents as a basic human need that is essential for a
17 productive society. Through public hearings, research, and consensus
18 building, the trust will: (1) Provide fair, simple, and accountable
19 health care financing for all Washington residents using a single
20 health care financing entity; (2) cover a comprehensive package of
21 effective and necessary personal health services; (3) make health

1 care coverage independent from employment; (4) eliminate excessive
2 administrative costs resulting from the current fragmented system of
3 multiple insurers; (5) generate savings sufficient to ensure coverage
4 for all Washington residents; (6) integrate current publicly
5 sponsored health programs into the access for all trust; (7) preserve
6 choice of providers for Washington residents; (8) protect patient
7 rights; (9) keep clinical decisions in the hands of health
8 professionals and patients, rather than administrative personnel;
9 (10) promote health care quality; and (11) control excessive health
10 care costs. Creating a streamlined, single health care financing
11 approach can also lift the burden from employers of funding health
12 care costs for insurance as well as the costs of a separate medical
13 system for injured workers.

14 NEW SECTION. **Sec. 2.** The definitions in this section apply
15 throughout this chapter unless the context clearly requires
16 otherwise.

17 (1) "Board" means the board of trustees of the Washington access
18 for all trust created in section 3 of this act.

19 (2) "Capitation" means a mechanism of payment in which a provider
20 is paid a negotiated monthly sum and is obliged to provide all
21 covered services for specific patients who enroll with that provider.

22 (3) "Case rate" means a method of payment based on diagnosis.
23 Case rate assumes that a given set of services shall be provided and
24 the rate is based on the total compensation for those services.

25 (4) "Chair" means the presiding officer of the board.

26 (5) "Employer" means any person, partnership, corporation,
27 association, joint venture, or public or private entity operating in
28 Washington state and employing for wages, salary, or other
29 compensation, one or more residents.

30 (6) "Federal poverty level" means the federal poverty guidelines
31 determined annually by the United States department of health and
32 human services or its successor agency.

33 (7) "Group practice" or "group" means a group of practitioners
34 voluntarily joined into an organization for the purpose of sharing
35 administrative costs, negotiating with payers and controlling the
36 circumstances of their medical practice, and, in some cases, sharing
37 revenues. The group may be of a single specialty or include more than
38 one specialty.

1 (8) "Health care facility" or "facility" includes any of the
2 following appropriately accredited entities: Hospices licensed
3 pursuant to chapter 70.127 RCW; hospitals licensed pursuant to
4 chapter 70.41 RCW; rural health care facilities as defined in RCW
5 70.175.020; psychiatric hospitals licensed pursuant to chapter 71.12
6 RCW; nursing homes licensed pursuant to chapter 18.51 RCW; community
7 mental health centers licensed pursuant to chapter 71.05 or 71.24
8 RCW; kidney disease treatment centers licensed pursuant to chapter
9 70.41 RCW; ambulatory diagnostic, treatment, or surgical facilities
10 licensed pursuant to chapter 70.41 RCW; approved drug and alcohol
11 treatment facilities certified by the department of social and health
12 services; home health agencies licensed pursuant to chapter 70.127
13 RCW; and such facilities if owned and operated by a political
14 subdivision or instrumentality of the state and such other facilities
15 as required by federal law and implementing regulations.

16 (9) "Health care practitioner" or "practitioner" means a person
17 licensed or certified under Title 18 RCW or chapter 70.127 RCW, and
18 covered by the all categories of provider law, RCW 48.43.045,
19 providing health care services in Washington state consistent with
20 their lawful scope of practice.

21 (10) "Health care provider" or "provider" means any health care
22 facility, or health care practitioner or group practice licensed or
23 certified under Washington state law to provide health or health-
24 related services in Washington state.

25 (11) "Income" means the adjusted gross household income for
26 federal income tax purposes.

27 (12) "Long-term care" means institutional, residential,
28 outpatient, or community-based services that meet the individual
29 needs of persons of all ages who are limited in their functional
30 capacities or have disabilities and require assistance with
31 performing two or more activities of daily living for an extended or
32 indefinite period of time. These services include case management,
33 protective supervision, in-home care, nursing services, convalescent,
34 custodial, chronic, and terminally ill care.

35 (13) "Native American" means an American Indian or Alaska native
36 as defined under 25 U.S.C. Sec. 1603.

37 (14) "Payroll" means any amount paid to Washington state
38 residents and defined as "wages" under section 3121 of the internal
39 revenue code.

1 (15) "Resident" means an individual who presents evidence of
2 established, permanent residency in the state of Washington, who did
3 not enter the state for the primary purpose of obtaining health
4 services. "Resident" also includes people and their accompanying
5 family members who are residing in the state for the purpose of
6 engaging in employment for at least one month. The confinement of a
7 person in a nursing home, hospital, or other medical institution in
8 the state may not by itself be sufficient to qualify such person as a
9 resident.

10 (16) "Trust" means the Washington access for all trust created in
11 section 3 of this act.

12 NEW SECTION. **Sec. 3.** An agency of state government known as the
13 Washington access for all trust is created. The purpose of the trust
14 is to provide coverage for a set of health services for all
15 residents.

16 NEW SECTION. **Sec. 4.** (1) The trust shall be governed by a board
17 of trustees. The board consists of nine trustees selected for
18 expertise in health care financing and delivery, and representing
19 Washington citizens, business, labor, and health professions. The
20 initial trustees shall be appointed by the governor, subject to
21 confirmation by the senate. The governor shall appoint the initial
22 board by December 31, 2017. Of the initial trustees, three shall be
23 appointed to terms of two years, three shall be appointed to terms of
24 four years, and three shall be appointed to terms of six years.
25 Thereafter, trustees shall be elected to six-year terms, one trustee
26 from each congressional district; the first class of trustees shall
27 be elected from the first, second, and ninth congressional districts;
28 the second class from the third, seventh, and eighth congressional
29 districts; and the third class from the fourth, fifth, and sixth
30 congressional districts. The governor shall appoint a trustee to
31 serve the remaining term for a vacancy from any cause. The initial
32 board shall convene no later than March 15, 2018.

33 (2) Members of the board shall have no pecuniary interest in any
34 business subject to regulation by the board. Members of the board are
35 subject to chapter 42.52 RCW.

36 (3) The initial, appointed members of the board shall occupy
37 their positions on a full-time basis and are exempt from the
38 provisions of chapter 41.06 RCW. The elected trustees shall occupy

1 their positions according to the bylaws, rules, and relevant
2 governing documents of the board. The board and its professional
3 staff are subject to the public disclosure provisions of chapter
4 42.17A RCW. Trustees shall be paid a salary to be fixed by the
5 governor in accordance with RCW 43.03.040. Five trustees constitute a
6 quorum for the conduct of business.

7 (4) One member of the board shall be designated by the governor
8 as chair, subject to confirmation by a majority of the other
9 trustees. The chair shall serve in this capacity, subject to
10 continuing confidence of a majority of the board.

11 (5) If convinced by a preponderance of the evidence in a due
12 process hearing that a trustee has failed to perform required duties
13 or has a conflict with the public interest, the governor may remove
14 that trustee and appoint another to serve the unexpired term.

15 NEW SECTION. **Sec. 5.** (1) Subject to the approval of the board,
16 the chair shall appoint three standing committees:

17 (a) A financial advisory committee consisting of financial
18 experts from the office of financial management, the office of the
19 state treasurer, and the office of the insurance commissioner. The
20 financial advisory committee shall recommend specific details for
21 major budget decisions and for appropriations, taxes, and other
22 funding legislation necessary to conduct the operations of the
23 Washington access for all trust;

24 (b) A citizens' advisory committee consisting of balanced
25 representation from health experts, business, labor, and consumers.
26 The citizens' advisory committee shall hold public hearings on
27 priorities for inclusion in the set of health services, survey public
28 satisfaction, investigate complaints, and identify and report on
29 health care access and other priority issues for residents; and

30 (c) A technical advisory committee consisting of members with
31 broad experience in and knowledge of health care delivery, research,
32 and policy, as well as public and private funding of health care
33 services. The technical advisory committee shall make recommendations
34 to the board on technical issues related to covered benefits, quality
35 assurance, utilization, and other issues as requested by the board.

36 (2) The board shall consult with the citizens' advisory committee
37 at least quarterly, receive its reports and recommendations, and then
38 report to the governor and legislature at least annually on board
39 actions in response to citizens' advisory committee input. The board

1 shall also seek financially sound recommendations from the financial
2 advisory committee whenever the board requests funding legislation
3 necessary to operate the Washington access for all trust and whenever
4 the board considers major budget decisions.

5 (3) Subject to approval of the board, the chair may appoint other
6 committees and task forces as needed.

7 (4) Members of committees shall serve without compensation for
8 their services but shall be reimbursed for their expenses while
9 attending meetings on behalf of the board in accordance with RCW
10 43.03.050 and 43.03.060.

11 NEW SECTION. **Sec. 6.** The chair is the presiding officer of the
12 board and has the following powers and duties:

13 (1) Appoint an executive director with the approval of the board.
14 The executive director, with approval of the board, shall employ
15 staff in accordance with chapter 41.06 RCW necessary to execute the
16 policies and decisions of the board;

17 (2) Enter into contracts on behalf of the board. All contracts
18 are subject to review and binding legal opinions by the attorney
19 general's office if disputed in a due process hearing by a party to
20 such a contract;

21 (3) Subject to explicit approval of a majority of the board,
22 accept and expend gifts, donations, grants, and other funds received
23 by the board; and

24 (4) Delegate administrative functions of the board to the
25 executive director and staff of the trust as necessary to ensure
26 efficient administration.

27 NEW SECTION. **Sec. 7.** (1) The board shall: (a) With advice from
28 the citizens' advisory committee and the technical advisory
29 committee, establish and keep current a set of health services to be
30 financed by the trust, as provided in section 11 of this act; (b)
31 seek all necessary waivers so that (i) current federal and state
32 payments for health services to residents will be paid directly to
33 the trust, and (ii) the trust complies with the federal patient
34 protection and affordable care act; (c) request legislation
35 authorizing the assessments and premiums necessary to operate the
36 trust and make rules, policies, guidelines, and timetables needed for
37 the trust to finance the set of health services for all residents
38 starting May 15, 2020; (d) develop or contract for development of a

1 statewide, anonymous health care data system to use for quality
2 assurance and cost containment; (e) with advice from the technical
3 advisory committee, develop health care practice guidelines and
4 quality standards; (f) develop policies to protect confidentiality of
5 patient records throughout the health care delivery system and the
6 claims payment system; (g) make eligibility rules, including
7 eligibility for residents temporarily out-of-state; (h) develop or
8 contract for development of a streamlined uniform claims processing
9 system that must pay providers in a timely manner for covered health
10 services; (i) develop appeals procedures for residents and providers;
11 (j) integrate functions with other state agencies; (k) work with the
12 citizens' advisory committee and the technical advisory committee to
13 balance benefits and provider payments with revenues, and develop
14 effective measures to control excessive and unnecessary health care
15 costs; (l) address nonfinancial barriers to health care access; (m)
16 monitor population migration into Washington state to detect any
17 trends related to availability of universal health care coverage; (n)
18 develop an annual budget for the trust; (o) develop a plan to
19 implement a publicly sponsored integrated delivery system in which
20 residents would receive care from state-employed providers in state-
21 owned and operated facilities or from nonprofit entities contracting
22 with the state; and (p) comply with all insurance related provisions
23 of the federal patient protection and affordable care act.

24 (2) To the extent that the exercise of any of the powers and
25 duties specified in this section may be inconsistent with the powers
26 and duties of other state agencies, offices, or commissions, the
27 authority of the board supersedes that of such other state agency,
28 office, or commission.

29 NEW SECTION. **Sec. 8.** Beginning May 15, 2019, the board shall
30 adopt, in consultation with the office of financial management, an
31 annual Washington access for all trust budget. Except by legislative
32 approval, each annual budget shall not exceed the budget for the
33 preceding year by more than the Washington state consumer price
34 index. If operations expenses exceed revenues generated in two
35 consecutive years, the board shall recommend adjustments in either
36 benefits or revenues, or both, to the legislature.

37 NEW SECTION. **Sec. 9.** (1) The board shall report annual changes
38 in total Washington health care costs, along with the financial

1 position and the status of the trust, to the governor and legislature
2 at least once a year.

3 (2) The board shall seek audits annually from the state auditor.

4 (3) The board shall contract with the state auditor for a
5 performance audit every two years.

6 (4) The board shall adopt bylaws, rules, and other appropriate
7 governance documents to assure accountable, open, fair, effective
8 operations of the trust, including methods for electing trustees and
9 rules under which reserve funds may be prudently invested subject to
10 advice of the state treasurer and the director of the department of
11 financial management.

12 (5) The board shall submit any internal rules or policies it
13 adopts to the secretary of state. The internal rules or policies must
14 be made available by the secretary of state for public inspection.

15 NEW SECTION. **Sec. 10.** (1) All residents are eligible for
16 coverage through the trust.

17 (2) Private health insurance coverage is not allowed as a
18 substitute for the universal plan, as all residents are covered by
19 the trust; however, supplemental coverage is allowed. Nonresidents
20 are covered for emergency services and emergency transportation only.

21 (3) Until federal waivers are accomplished, residents covered
22 under federal health programs shall continue to use that coverage,
23 and benefits provided by the trust shall extend only to costs not
24 covered by the federal health programs unless: (a) The resident
25 voluntarily elects to participate in the trust; (b) the resident's
26 pay is considered in calculating the employer's assessment defined
27 under section 16 of this act; and (c) either the employer or the
28 employee pays the premium under section 17 of this act.

29 (4) The board shall make provisions for determining eligibility
30 for coverage for residents while they are temporarily out of the
31 state.

32 (5) Pending integration of federally qualified trusts into the
33 access for all trust, employees covered under the trusts are not
34 eligible for coverage through the access for all trust unless: (a)
35 The employee's pay is considered in calculating the employer's
36 assessment defined under section 16 of this act; and (b) either the
37 employer or the employee pays the premium under section 17 of this
38 act.

1 (6) Pending integration of federally qualified trusts into the
2 access for all trust, residents who are retirees covered under the
3 trusts are not eligible for coverage through the access for all trust
4 unless they pay the premium under section 17 of this act.

5 (7) Pending integration into the access for all trust of
6 applicable federal programs described in section 21 of this act,
7 Native American residents are not eligible for coverage through the
8 access for all trust unless: (a) The resident's pay is considered in
9 calculating the employer's assessment under section 16 of this act;
10 and (b) either the employer or the resident pays any premium due
11 under section 17 of this act.

12 (8) Nothing in this act shall be construed to limit a resident's
13 right to seek health care from any provider he or she chooses, or
14 from obtaining coverage for health care benefits in excess of those
15 available under the trust.

16 NEW SECTION. **Sec. 11.** (1) With advice from the citizens'
17 advisory committee and the technical advisory committee, the board
18 shall establish a single benefits package covering health services
19 that are effective and necessary for the good health of residents and
20 that emphasize preventive and primary health care. The board shall
21 ensure that the benefits package constitutes minimum essential
22 coverage for purposes of the federal patient protection and
23 affordable care act.

24 (2) The benefits package shall include, but is not limited to:
25 (a) Inpatient and outpatient hospital care, including twenty-four
26 hour a day emergency services and emergency ambulance services; (b)
27 outpatient, home-based, and office-based care; (c) rehabilitation
28 services, including speech, occupational, and physical therapy; (d)
29 inpatient and outpatient mental health services and substance abuse
30 treatment; (e) hospice care; (f) prescription drugs and prescribed
31 medical nutrition; (g) vision and hearing care; (h) diagnostic tests;
32 (i) durable medical equipment; (j) preventive care; and (k) any other
33 benefits defined as "essential health benefits" by the United States
34 department of health and human services pursuant to the federal
35 patient protection and affordable care act.

36 (3) Subject to a financial analysis demonstrating ongoing
37 sufficient funds in the trust, long-term care shall be a covered
38 benefit as of May 15, 2022. Long-term care coverage shall include a
39 uniform initial assessment and coordination between home health,

1 adult day care, and nursing home services, and other treatment
2 alternatives. The board shall establish a copayment for long-term
3 nursing home care, to cover some costs of room and board, for
4 residents with incomes above one hundred fifty percent of the federal
5 poverty level.

6 (4) The board, in coordination with the office of the insurance
7 commissioner, shall examine by May 15, 2022, possible remedies for
8 residents who have made previous payments for long-term care
9 insurance.

10 (5) Except where otherwise prohibited by federal law, the board
11 shall establish copayments for outpatient visits, emergency room
12 visits, and prescription drugs for residents with incomes above one
13 hundred fifty percent of the federal poverty level. There shall be an
14 annual cap of five hundred dollars per family.

15 (6) The board shall submit to the legislature by July 1, 2020, a
16 plan to incorporate dental care coverage in the benefits package, to
17 be effective January 1, 2021.

18 (7) The board shall submit to the governor and legislature by
19 December 1, 2018, and by December 1st of the following years: (a) The
20 benefits package, and (b) an actuarial analysis of the cost of the
21 package.

22 (8) The board shall consider the extent to which medical research
23 and health professions training activities should be included in the
24 scope of covered activities set forth in this act. The board shall
25 make a report to the governor and the legislature by July 1, 2020.

26 NEW SECTION. **Sec. 12.** (1) When consistent with existing federal
27 law, the board shall require pharmaceutical and durable medical
28 equipment manufacturers to provide their products in Washington state
29 at the lowest rate offered to federal and other government entities.

30 (2) The board may seek other means of financing drugs and durable
31 medical equipment at the lowest possible cost, including bulk
32 purchasing agreements with Washington state tribes.

33 (3) The board may enact drug formularies that do not interfere
34 with treatments necessary for appropriate standards of care.

35 NEW SECTION. **Sec. 13.** (1) The board shall adopt rules
36 permitting providers to collectively negotiate budgets, payment
37 schedules, and other terms and conditions of trust participation.

1 (2) The board shall annually negotiate with each hospital and
2 each facility a prospective global budget for operational and other
3 costs to be covered by the trust. Group practices may also negotiate
4 on a global budget basis. Hospitals and other facilities shall be
5 paid on a fee-for-service or case rate basis, within the limits of
6 their prospective annual budget.

7 (3) Payment to individual practitioners shall be by fee-for-
8 service or on a case rate basis or on a combination of bases. The
9 board shall study the feasibility of paying by capitation to
10 providers, and how resident enrollment would take place under
11 capitation.

12 (4) Individual practitioners who are employed by a group,
13 facility, clinic, or hospital may be paid by salary.

14 (5) The board shall adopt rules ensuring that payment schedules
15 and procedures for mental health services are comparable to other
16 health care services.

17 (6) The board shall study and seek to develop provider payment
18 methods that: (a) Encourage an integrated multispecialty approach to
19 disease management; (b) reward education time spent with patients;
20 and (c) include a medical risk adjustment formula for providers whose
21 practices serve patients with higher than average health risks.

22 (7) Nothing in this act shall be construed to limit a provider's
23 right to receive payments from sources other than the trust. However,
24 any provider who does accept payment from the trust for a service
25 must accept that payment, along with applicable copayments, as
26 payment in full.

27 NEW SECTION. **Sec. 14.** (1) The intent of this section is to
28 exempt activities approved under this act from state antitrust laws
29 and to provide immunity from federal antitrust laws through the state
30 action doctrine.

31 (2) Activities that might otherwise be constrained by antitrust
32 laws, including: (a) Containing the aggregate cost of health care
33 services; (b) promoting cooperative activities among health care
34 providers to develop cost-effective health care delivery systems; and
35 (c) any other lawful actions taken under this act by any person or
36 entity created or regulated by this act, are declared to be pursuant
37 to state statute and for the public purposes of the state of
38 Washington.

1 NEW SECTION. **Sec. 15.** (1) Administrative expenses to operate
2 and maintain the trust shall not exceed eleven percent of the trust's
3 annual budget. The board shall not shift administrative costs or
4 duties of the trust to providers or to resident beneficiaries.

5 (2) The board shall work with providers to develop and apply
6 scientifically based utilization standards, to use encounter and
7 prescribing data to detect excessive utilization, to develop due
8 processes for enforcing appropriate utilization standards, and to
9 identify and prosecute fraud.

10 (3) The board may institute other cost-containment measures in
11 order to maintain a balanced budget. The board shall pursue due
12 diligence to ensure that cost-containment measures do not limit
13 access to clinically necessary care, nor infringe upon legitimate
14 clinical decision making by practitioners.

15 NEW SECTION. **Sec. 16.** A new section is added to chapter 82.02
16 RCW to read as follows:

17 In addition to and not in lieu of taxes imposed at the rates
18 established under chapter 82.04 RCW, all Washington state employers
19 shall pay an assessment to the department of revenue to fund the
20 Washington access for all trust created in section 3 of this act.

21 (1) Effective May 15, 2019, all employers in Washington state
22 shall pay in quarterly installments an assessment on aggregate gross
23 payroll paid to Washington state residents. Except as provided in
24 this section, the assessment shall be: (a) A first step percentage of
25 aggregate gross quarterly payroll up to, and including, one hundred
26 twenty-five thousand dollars; (b) a second step percentage of the
27 amount of aggregate gross quarterly payroll above one hundred twenty-
28 five thousand dollars; and (c) the first step percentage rate shall
29 be one-tenth of the rate of the second step percentage.

30 (2) The tax rates under subsection (1) of this section may be
31 adjusted annually by the office of financial management to reflect
32 changes in the Washington state consumer price index, or other cost-
33 of-living index deemed appropriate by the office of financial
34 management.

35 (3) The department of revenue shall assess a penalty at the rate
36 of two percent per month, or a fraction thereof, on any employer
37 whose applicable payroll assessment is not postmarked by the last day
38 of the month following the quarter in which it is due.

1 (4) The federal government, when an employer of Washington state
2 residents, is exempt from the assessment prior to the repeal,
3 amendment, or waiver of existing state and federal laws delineated in
4 section 21 of this act.

5 (5) Beginning May 15, 2019, until May 15, 2025, employers that
6 face financial hardship in paying the assessment, may, upon
7 application to the board of trustees created in section 4 of this
8 act, be eligible for waivers or reductions in the assessment. The
9 board shall establish rules and procedures governing all aspects of
10 the business assistance program, including application procedures,
11 thresholds regarding firm size, wages, profits, age of firm, and
12 duration of assistance.

13 (6) Pending integration of any federally qualified trusts, the
14 payroll of employees covered under these trusts is exempt from the
15 assessment, although the employer may pay it voluntarily.

16 (7) Pending repeal, amendment, or waiver of applicable state and
17 federal laws delineated in section 21 of this act, payroll of Native
18 American residents who do not elect to participate in the access for
19 all trust is exempt from the assessment.

20 (8) Eighty percent of the revenue collected under this section
21 must be deposited in the benefits account created in section 24 of
22 this act.

23 (9) For the purposes of this section, the terms "employer,"
24 "payroll," and "resident" have the same meaning as defined in section
25 2 of this act.

26 NEW SECTION. **Sec. 17.** A new section is added to chapter 82.02
27 RCW to read as follows:

28 (1) Effective May 15, 2019, all Washington residents eighteen
29 years and older, except medicare and medicaid beneficiaries, with
30 incomes over one hundred fifty percent of the federal poverty level
31 shall pay a standard monthly flat rate premium. The board shall
32 recommend the amount of this premium, and the legislature shall
33 establish the exact amount in separate legislation.

34 (2) Medicare and medicaid beneficiaries with incomes over one
35 hundred fifty percent of the federal poverty level who elect to
36 participate in the trust shall pay reduced, monthly, flat rate
37 premium. The board shall recommend the amount of this premium, and
38 the legislature shall establish the exact amount in separate
39 legislation.

1 (3) All premiums may be adjusted annually by the office of
2 financial management to reflect changes in the Washington state
3 consumer price index, or other cost-of-living index deemed
4 appropriate by the office of financial management.

5 (4) By May 15, 2019, the board of trustees of the Washington
6 access for all trust, created in section 3 of this act, shall develop
7 and implement specific rules and procedures to subsidize the premiums
8 of residents, including medicare and medicaid eligible residents,
9 whose household incomes are less than two hundred fifty percent of
10 the federal poverty level.

11 (5) Federal employees and retirees are exempt from the premium
12 prior to the repeal, amendment, or waiver of existing federal laws
13 delineated in section 21 of this act, although they may elect to
14 participate in the trust and pay it voluntarily.

15 (6) Pending integration of any federally qualified trusts,
16 employees and retirees covered under these trusts are exempt from the
17 premium, although they may elect to participate in the trust and the
18 employee or the employer may pay it voluntarily.

19 (7) Pending repeal, amendment, or waiver of applicable state and
20 federal laws delineated in section 21 of this act, Native American
21 residents are exempt from paying the premium, although they may elect
22 to participate in the trust and they or their employer may pay it
23 voluntarily.

24 (8) Employers shall collect the premiums of their employees
25 through payroll deduction. An employee may also make the premium
26 payment for a nonworking spouse through payroll deduction. Self-
27 employed and nonemployed individuals shall pay their premiums monthly
28 to the department of revenue. The department shall assess an
29 additional nominal fee, such as one dollar, on the monthly premium in
30 lieu of an employer assessment, as well as a penalty at the rate of
31 two percent per month, or fraction thereof, on all self-employed and
32 nonemployed individuals whose premium is not postmarked by the
33 twentieth day following the month it is due. Employers reserve the
34 right to provide private health care coverage to employees;
35 notwithstanding, employers must pay the assessment as provided in
36 section 16 of this act.

37 (9) Retirees who receive retirement benefits from a former
38 employer or a successor to the employer, other than in federally
39 qualified trusts or through federal employment, may claim a credit
40 against the premium otherwise due under this section, if all or a

1 portion of the retirement benefits consists of health care benefits
2 arising from a contract of health insurance entered into between the
3 employer, or successor, and a health insurance provider.

4 (10) For the purposes of this section, the terms "employer,"
5 "federal poverty level," "income," and "resident" have the same
6 meaning as defined in section 2 of this act.

7 NEW SECTION. **Sec. 18.** Revenue derived from the assessment,
8 created in section 16 of this act, and the premium, created in
9 section 17 of this act, shall not be used to pay for medical
10 assistance currently provided under chapter 74.09 RCW or other
11 existing federal and state health care programs. If existing federal
12 and state sources of payment for health services are reduced or
13 terminated after the effective date of this section, the legislature
14 shall replace these appropriations from the general fund.

15 NEW SECTION. **Sec. 19.** (1) The health care authority is hereby
16 abolished and its powers, duties, and functions are hereby
17 transferred to the Washington access for all trust. All references to
18 the administrator or the health care authority in the Revised Code of
19 Washington shall be construed to mean the chair or the Washington
20 access for all trust.

21 (2)(a) All reports, documents, surveys, books, records, files,
22 papers, or written material in the possession of the health care
23 authority shall be delivered to the custody of the Washington access
24 for all trust. All cabinets, furniture, office equipment, motor
25 vehicles, and other tangible property employed by the health care
26 authority shall be made available to the Washington access for all
27 trust. All funds, credits, or other assets held by the health care
28 authority shall be assigned to the Washington access for all trust.

29 (b) Any appropriations made to the health care authority shall,
30 on the effective date of this section, be transferred and credited to
31 the Washington access for all trust.

32 (c) If any question arises as to the transfer of any personnel,
33 funds, books, documents, records, papers, files, equipment, or other
34 tangible property used or held in the exercise of the powers and the
35 performance of the duties and functions transferred, the director of
36 financial management shall make a determination as to the proper
37 allocation and certify the same to the state agencies concerned.

1 (3) All employees of the health care authority are transferred to
2 the jurisdiction of the Washington access for all trust. All
3 employees classified under chapter 41.06 RCW, the state civil service
4 law, are assigned to the Washington access for all trust to perform
5 their usual duties upon the same terms as formerly, without any loss
6 of rights, subject to any action that may be appropriate thereafter
7 in accordance with the laws and rules governing state civil service.

8 (4) All rules and all pending business before the health care
9 authority shall be continued and acted upon by the Washington access
10 for all trust. All existing contracts and obligations shall remain in
11 full force and shall be performed by the Washington access for all
12 trust.

13 (5) The transfer of the powers, duties, functions, and personnel
14 of the health care authority shall not affect the validity of any act
15 performed before the effective date of this section.

16 (6) If apportionments of budgeted funds are required because of
17 the transfers directed by this section, the director of financial
18 management shall certify the apportionments to the affected agencies,
19 the state auditor, and the state treasurer. Each of these shall make
20 the appropriate transfer and adjustments in funds and appropriation
21 accounts and equipment records in accordance with the certification.

22 (7) Nothing contained in this section may be construed to alter
23 any existing collective bargaining unit or the provisions of any
24 existing collective bargaining agreement until the agreement has
25 expired or until the bargaining unit has been modified by action of
26 the personnel board as provided by law.

27 NEW SECTION. **Sec. 20.** Effective January 1, 2019, until April
28 30, 2019, all employers in Washington state shall pay reduced start-
29 up assessments that are thirty percent of the standard monthly flat
30 rate assessment amount to be established by separate legislation. The
31 department of revenue will collect these moneys. Twenty percent of
32 these revenues must be deposited in the reserve account, created in
33 section 22 of this act. Eighty percent of these revenues must be
34 deposited in the benefits account, created in section 24 of this act.
35 Employers who pay this assessment may be eligible for partial or full
36 rebates within two years, if there are sufficient surpluses in the
37 trust.

1 NEW SECTION. **Sec. 21.** (1) The board, in consultation with
2 sovereign tribal governments as called for by the centennial accord,
3 shall determine the state and federal laws that need to be repealed,
4 amended, or waived to implement this act, and report its
5 recommendations, with proposed revisions to the Revised Code of
6 Washington, to the governor and the appropriate committees of the
7 legislature by October 1, 2018.

8 (2) The governor, in consultation with the board and sovereign
9 tribal governments as called for by the centennial accord, shall take
10 the following steps in an effort to receive waivers or exemptions
11 from federal statutes necessary to fully implement this act:

12 (a) Negotiate with the federal department of health and human
13 services to obtain a statutory or regulatory waiver of provisions of
14 the medical assistance statute, Title XIX of the federal social
15 security act and the children's health insurance program;

16 (b) Negotiate with the federal department of health and human
17 services to obtain a statutory or regulatory waiver of provisions of
18 the medicare statute, Title XVIII of the federal social security act,
19 that currently constitute barriers to full implementation of this
20 act;

21 (c) Negotiate with the federal department of health and human
22 services to obtain any statutory or regulatory waivers of provisions
23 of the United States public health services act necessary to ensure
24 integration of federally funded community and migrant health clinics
25 and other health services funded through the public health services
26 act into the trust system under this act;

27 (d) Negotiate with the federal office of personnel management for
28 the inclusion of federal employee health benefits in the trust under
29 this act;

30 (e) Negotiate with the federal department of veterans' affairs
31 for the inclusion of veterans' medical benefits in the trust under
32 this act;

33 (f) Negotiate with the federal department of defense and other
34 federal agencies for the inclusion of the civilian health and medical
35 program of the uniformed services (CHAMPUS) in the trust under this
36 act;

37 (g) Negotiate with the Indian health services and sovereign
38 tribal governments for inclusion and adequate reimbursement of Indian
39 health benefits under the trust created by this act; and

1 (h) Request that the United States congress amend the internal
2 revenue code to treat the employer assessment, created in section 16
3 of this act, and the individual premiums, created in section 17 of
4 this act, as fully deductible from adjusted gross income.

5 NEW SECTION. **Sec. 22.** (1) The reserve account is created in the
6 custody of the state treasurer. The reserve account will accumulate
7 moneys until its value equals ten percent of the total annual
8 budgeted expenditures of the trust and then will be considered fully
9 funded, unless the legislature determines that a different level of
10 reserve is necessary and prudent. Whenever the reserve account is
11 fully funded, additional moneys shall be transferred to the benefits
12 account created in section 24 of this act.

13 (2) Receipts from the following sources must be deposited into
14 the reserve account: (a) Twenty percent of the assessments paid by
15 employers under section 20 of this act between January 1, 2019, and
16 April 30, 2019; (b) effective May 15, 2019, seven percent of receipts
17 from the assessment created under section 16 of this act and seven
18 percent of the receipts from the premium created under section 17 of
19 this act; and (c) ten percent of all moneys received pursuant to RCW
20 41.05.120, 41.05.130, 66.24.290, 82.24.020, 82.26.020, 82.08.150,
21 43.79.480, 41.05.220, and section 33 of this act.

22 (3) Expenditures from the reserve account may be used only for
23 the purposes of health care services and maintenance of the trust.
24 Only the board or the board's designee may authorize expenditures
25 from the account. The account is subject to allotment procedures
26 under chapter 43.88 RCW, but an appropriation is not required for
27 expenditures.

28 NEW SECTION. **Sec. 23.** (1) The displaced worker training account
29 is created in the custody of the state treasurer. Between May 15,
30 2019, and January 1, 2021, three percent of the receipts from the
31 assessment created in section 16 of this act and three percent of the
32 premium created in section 17 of this act must be deposited into the
33 account. Expenditures from the account may be used only for
34 retraining and job placement of workers displaced by the transition
35 to the trust. Only the board or the board's designee may authorize
36 expenditures from the account. The account is subject to allotment
37 procedures under chapter 43.88 RCW, but an appropriation is not
38 required for expenditures.

1 (2) Any funds remaining in the account on December 31, 2021, must
2 be deposited into the benefits account created in section 24 of this
3 act.

4 (3) This section expires January 1, 2022.

5 NEW SECTION. **Sec. 24.** The benefits account is created in the
6 custody of the state treasurer. All receipts from the assessment
7 created under section 16 of this act and the premium created under
8 section 17 of this act that are not dedicated to the reserve account
9 created in section 22 of this act or the displaced worker training
10 account created in section 23 of this act, as well as receipts from
11 other sources, must be deposited into the account. Expenditures from
12 the account may be used only for health care services and maintenance
13 of the trust. Only the board or the board's designee may authorize
14 expenditures from the account. The account is subject to allotment
15 procedures under chapter 43.88 RCW, but an appropriation is not
16 required for expenditures.

17 **Sec. 25.** RCW 41.05.120 and 2005 c 518 s 921 and 2005 c 143 s 3
18 are each reenacted and amended to read as follows:

19 (1) Contributions from RCW 41.05.050, and reserves, dividends,
20 and refunds currently in the public employees' and retirees'
21 insurance account ((is hereby established in the custody of the state
22 treasurer, to be used by the administrator for the deposit of
23 contributions, the remittance paid by school districts and
24 educational service districts under RCW 28A.400.410, reserves,
25 dividends, and refunds, for payment of premiums for employee and
26 retiree insurance benefit contracts and subsidy amounts provided
27 under RCW 41.05.085, and transfers from the medical flexible spending
28 account as authorized in RCW 41.05.123. Moneys from the account shall
29 be disbursed by the state treasurer by warrants on vouchers duly
30 authorized by the administrator. Moneys from the account may be
31 transferred to the medical flexible spending account to provide
32 reserves and start-up costs for the operation of the medical flexible
33 spending account program.

34 (2) ~~The state treasurer and the state investment board may invest~~
35 ~~moneys in the public employees' and retirees' insurance account. All~~
36 ~~such investments shall be in accordance with RCW 43.84.080 or~~
37 ~~43.84.150, whichever is applicable. The administrator shall determine~~
38 ~~whether the state treasurer or the state investment board or both~~

1 shall invest moneys in the public employees' [and retirees']
2 insurance account.

3 ~~(3) During the 2005-07 fiscal biennium, the legislature may~~
4 ~~transfer from the public employees' and retirees' insurance account~~
5 ~~such amounts as reflect the excess fund balance of the fund)) must be~~
6 ~~deposited in the reserve account pursuant to section 22 of this act~~
7 ~~and the benefits account pursuant to section 24 of this act.~~

8 **Sec. 26.** RCW 41.05.130 and 2014 c 221 s 914 are each amended to
9 read as follows:

10 The state health care authority administrative account is
11 ((~~hereby created in the state treasury~~)) transferred to the reserve
12 account created in section 22 of this act and the benefits account
13 created in section 24 of this act. Moneys in the account, including
14 unanticipated revenues under RCW 43.79.270, ((~~may be spent only after~~
15 ~~appropriation by statute, and may be used only for operating expenses~~
16 ~~of the authority~~)) are transferred to the reserve account created in
17 section 22 of this act and the benefits account created in section 24
18 of this act, and during the 2013-2015 fiscal biennium, for health
19 care related analysis provided to the legislature by the office of
20 the state actuary.

21 **Sec. 27.** RCW 66.24.290 and 2010 1st sp.s. c 23 s 1301 are each
22 amended to read as follows:

23 (1) Any microbrewer or domestic brewery or beer distributor
24 licensed under this title may sell and deliver beer and strong beer
25 to holders of authorized licenses direct, but to no other person,
26 other than the board. Any certificate of approval holder authorized
27 to act as a distributor under RCW 66.24.270 shall pay the taxes
28 imposed by this section.

29 (a) Every such brewery or beer distributor shall report all sales
30 to the board monthly, pursuant to the regulations, and shall pay to
31 the board as an added tax for the privilege of manufacturing and
32 selling the beer and strong beer within the state a tax of one dollar
33 and thirty cents per barrel of thirty-one gallons on sales to
34 licensees within the state and on sales to licensees within the state
35 of bottled and canned beer, including strong beer, shall pay a tax
36 computed in gallons at the rate of one dollar and thirty cents per
37 barrel of thirty-one gallons.

1 (b) Any brewery or beer distributor whose applicable tax payment
2 is not postmarked by the twentieth day following the month of sale
3 will be assessed a penalty at the rate of two percent per month or
4 fraction thereof. Beer and strong beer shall be sold by breweries and
5 distributors in sealed barrels or packages.

6 (c) The moneys collected under this subsection shall be
7 distributed as follows: (i) Three-tenths of a percent shall be
8 distributed to border areas under RCW 66.08.195; and (ii) of the
9 remaining moneys: (A) Twenty percent shall be distributed to counties
10 in the same manner as under RCW 66.08.200; and (B) eighty percent
11 shall be distributed to incorporated cities and towns in the same
12 manner as under RCW 66.08.210.

13 (d) Any licensed retailer authorized to purchase beer from a
14 certificate of approval holder with a direct shipment endorsement or
15 a brewery or microbrewery shall make monthly reports to the liquor
16 (~~control~~) and cannabis board on beer purchased during the preceding
17 calendar month in the manner and upon such forms as may be prescribed
18 by the board.

19 (2) An additional tax is imposed on all beer and strong beer
20 subject to tax under subsection (1) of this section. The additional
21 tax is equal to two dollars per barrel of thirty-one gallons. All
22 revenues collected during any month from this additional tax shall be
23 deposited in the state general fund by the twenty-fifth day of the
24 following month.

25 (3)(a) An additional tax is imposed on all beer and strong beer
26 subject to tax under subsection (1) of this section. The additional
27 tax is equal to ninety-six cents per barrel of thirty-one gallons
28 through June 30, 1995, two dollars and thirty-nine cents per barrel
29 of thirty-one gallons for the period July 1, 1995, through June 30,
30 1997, and four dollars and seventy-eight cents per barrel of thirty-
31 one gallons thereafter.

32 (b) The additional tax imposed under this subsection does not
33 apply to the sale of the first sixty thousand barrels of beer each
34 year by breweries that are entitled to a reduced rate of tax under
35 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent
36 date as may be provided by the board by rule consistent with the
37 purposes of this exemption.

38 (c) All revenues collected from the additional tax imposed under
39 this subsection (3) shall be deposited in the (~~state general fund~~)

1 reserve account created in section 22 of this act and the benefits
2 account created in section 24 of this act.

3 (4) An additional tax is imposed on all beer and strong beer that
4 is subject to tax under subsection (1) of this section that is in the
5 first sixty thousand barrels of beer and strong beer by breweries
6 that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051,
7 as existing on July 1, 1993, or such subsequent date as may be
8 provided by the board by rule consistent with the purposes of the
9 exemption under subsection (3)(b) of this section. The additional tax
10 is equal to one dollar and forty-eight and two-tenths cents per
11 barrel of thirty-one gallons. By the twenty-fifth day of the
12 following month, three percent of the revenues collected from this
13 additional tax shall be distributed to border areas under RCW
14 66.08.195 and the remaining moneys shall be transferred to the state
15 general fund.

16 (5)(a) From June 1, 2010, through June 30, 2013, an additional
17 tax is imposed on all beer and strong beer subject to tax under
18 subsection (1) of this section. The additional tax is equal to
19 fifteen dollars and fifty cents per barrel of thirty-one gallons.

20 (b) The additional tax imposed under this subsection does not
21 apply to the sale of the first sixty thousand barrels of beer each
22 year by breweries that are entitled to a reduced rate of tax under 26
23 U.S.C. Sec. 5051 of the federal internal revenue code, as existing on
24 July 1, 1993, or such subsequent date as may be provided by the board
25 by rule consistent with the purposes of this exemption.

26 (c) All revenues collected from the additional tax imposed under
27 this subsection shall be deposited in the state general fund.

28 (6) The board may make refunds for all taxes paid on beer and
29 strong beer exported from the state for use outside the state.

30 (7) The board may require filing with the board of a bond to be
31 approved by it, in such amount as the board may fix, securing the
32 payment of the tax. If any licensee fails to pay the tax when due,
33 the board may forthwith suspend or cancel his or her license until
34 all taxes are paid.

35 **Sec. 28.** RCW 82.24.020 and 2010 1st sp.s. c 22 s 2 are each
36 amended to read as follows:

37 (1) There is levied and collected as provided in this
38 chapter((~~7~~)) a tax upon the sale, use, consumption, handling,

1 possession, or distribution of all cigarettes, in an amount equal to
2 12.125 cents per cigarette.

3 (2) Wholesalers subject to the payment of this tax may, if they
4 wish, absorb five one-hundredths cents per cigarette of the tax and
5 not pass it on to purchasers without being in violation of this
6 section or any other act relating to the sale or taxation of
7 cigarettes.

8 (3) For purposes of this chapter, "possession" means both (a)
9 physical possession by the purchaser, and ((7)) (b) when cigarettes
10 are being transported to or held for the purchaser or his or her
11 designee by a person other than the purchaser, constructive
12 possession by the purchaser or his or her designee, which
13 constructive possession is deemed to occur at the location of the
14 cigarettes being so transported or held.

15 (4) In accordance with federal law and rules prescribed by the
16 department, an enrolled member of a federally recognized Indian tribe
17 may purchase cigarettes from an Indian tribal organization under the
18 jurisdiction of the member's tribe for the member's own use exempt
19 from the applicable taxes imposed by this chapter. Except as provided
20 in subsection (5) of this section, any person, who purchases
21 cigarettes from an Indian tribal organization and who is not an
22 enrolled member of the federally recognized Indian tribe within whose
23 jurisdiction the sale takes place, is not exempt from the applicable
24 taxes imposed by this chapter.

25 (5) If the state enters into a cigarette tax contract or
26 agreement with a federally recognized Indian tribe under chapter
27 43.06 RCW, the terms of the contract or agreement take precedence
28 over any conflicting provisions of this chapter while the contract or
29 agreement is in effect. The revenue collected under this section must
30 be deposited in the reserve account created in section 22 of this act
31 and the benefits account created in section 24 of this act.

32 **Sec. 29.** RCW 82.26.020 and 2010 1st sp.s. c 22 s 5 are each
33 amended to read as follows:

34 (1) There is levied and collected a tax upon the sale, handling,
35 or distribution of all tobacco products in this state at the
36 following rate:

37 (a) For cigars except little cigars, ninety-five percent of the
38 taxable sales price of cigars, not to exceed sixty-five cents per
39 cigar;

1 (b) For all tobacco products except those covered under separate
2 provisions of this subsection, ninety-five percent of the taxable
3 sales price;

4 (c) For moist snuff, as established in this subsection (1)(c) and
5 computed on the net weight listed by the manufacturer:

6 (i) On each single unit consumer-sized can or package whose net
7 weight is one and two-tenths ounces or less, a rate per single unit
8 that is equal to the greater of 2.526 dollars or eighty-three and
9 one-half percent of the cigarette tax under chapter 82.24 RCW
10 multiplied by twenty; or

11 (ii) On each single unit consumer-sized can or package whose net
12 weight is more than one and two-tenths ounces, a proportionate tax at
13 the rate established in (c)(i) of this subsection (1) on each ounce
14 or fractional part of an ounce; and

15 (d) For little cigars, an amount per cigar equal to the cigarette
16 tax under chapter 82.24 RCW.

17 (2) Taxes under this section must be imposed at the time the
18 distributor (a) brings, or causes to be brought, into this state from
19 without the state tobacco products for sale, (b) makes, manufactures,
20 fabricates, or stores tobacco products in this state for sale in this
21 state, (c) ships or transports tobacco products to retailers in this
22 state, to be sold by those retailers, or (d) handles for sale any
23 tobacco products that are within this state but upon which tax has
24 not been imposed.

25 (3) The moneys collected under this section must be deposited
26 into the (~~state general fund~~) reserve account created in section 22
27 of this act and the benefits account created in section 24 of this
28 act.

29 **Sec. 30.** RCW 82.08.150 and 2012 c 2 s 106 (Initiative Measure
30 No. 1183) are each amended to read as follows:

31 (1) There is levied and collected a tax upon each retail sale of
32 spirits in the original package at the rate of fifteen percent of the
33 selling price.

34 (2) There is levied and collected a tax upon each sale of spirits
35 in the original package at the rate of ten percent of the selling
36 price on sales by a spirits distributor licensee or other licensee
37 acting as a spirits distributor pursuant to Title 66 RCW to
38 restaurant spirits retailers.

1 (3) There is levied and collected an additional tax upon each
2 sale of spirits in the original package by a spirits distributor
3 licensee or other licensee acting as a spirits distributor pursuant
4 to Title 66 RCW to a restaurant spirits retailer and upon each retail
5 sale of spirits in the original package by a licensee of the board at
6 the rate of one dollar and seventy-two cents per liter.

7 (4) An additional tax is imposed equal to fourteen percent
8 multiplied by the taxes payable under subsections (1), (2), and (3)
9 of this section.

10 (5) An additional tax is imposed upon each sale of spirits in the
11 original package by a spirits distributor licensee or other licensee
12 acting as a spirits distributor pursuant to Title 66 RCW to a
13 restaurant spirits retailer and upon each retail sale of spirits in
14 the original package by a licensee of the board at the rate of seven
15 cents per liter. All revenues collected during any month from this
16 additional tax must be deposited in the state general fund by the
17 twenty-fifth day of the following month.

18 (6)(a) An additional tax is imposed upon retail sale of spirits
19 in the original package at the rate of three and four-tenths percent
20 of the selling price.

21 (b) An additional tax is imposed upon retail sale of spirits in
22 the original package to a restaurant spirits retailer at the rate of
23 two and three-tenths percent of the selling price.

24 (c) An additional tax is imposed upon each sale of spirits in the
25 original package by a spirits distributor licensee or other licensee
26 acting as a spirits distributor pursuant to Title 66 RCW to a
27 restaurant spirits retailer and upon each retail sale of spirits in
28 the original package by a licensee of the board at the rate of forty-
29 one cents per liter.

30 (d) All revenues collected during any month from additional taxes
31 under this subsection must be deposited in the (~~state general fund~~)
32 reserve account created in section 22 of this act and the benefits
33 account created in section 24 of this act by the twenty-fifth day of
34 the following month.

35 (7)(a) An additional tax is imposed upon each retail sale of
36 spirits in the original package at the rate of one dollar and thirty-
37 three cents per liter.

38 (b) All revenues collected during any month from additional taxes
39 under this subsection must be deposited by the twenty-fifth day of
40 the following month into the (~~general fund~~) reserve account created

1 in section 22 of this act and the benefits account created in section
2 24 of this act.

3 (8) The tax imposed in RCW 82.08.020 does not apply to sales of
4 spirits in the original package.

5 (9) The taxes imposed in this section must be paid by the buyer
6 to the seller, and each seller must collect from the buyer the full
7 amount of the tax payable in respect to each taxable sale under this
8 section. The taxes required by this section to be collected by the
9 seller must be stated separately from the selling price, and for
10 purposes of determining the tax due from the buyer to the seller, it
11 is conclusively presumed that the selling price quoted in any price
12 list does not include the taxes imposed by this section. Sellers must
13 report and return all taxes imposed in this section in accordance
14 with rules adopted by the department.

15 (10) As used in this section, the terms, "spirits" and "package"
16 have the same meaning as provided in chapter 66.04 RCW.

17 **Sec. 31.** RCW 43.79.480 and 2015 3rd sp.s. c 4 s 956 are each
18 amended to read as follows:

19 (1) Moneys received by the state of Washington in accordance with
20 the settlement of the state's legal action against tobacco product
21 manufacturers, exclusive of costs and attorneys' fees, shall be
22 deposited in the tobacco settlement account created in this section
23 except as these moneys are sold or assigned under chapter 43.340 RCW.

24 (2) The tobacco settlement account is created in the state
25 treasury. Moneys in the tobacco settlement account may only be
26 transferred to the ~~((state general fund))~~ reserve account created in
27 section 22 of this act and the benefits account created in section 24
28 of this act, and to the tobacco prevention and control account for
29 purposes set forth in this section. ~~((The legislature shall transfer~~
30 ~~amounts received as strategic contribution payments as defined in RCW~~
31 ~~43.350.010 to the life sciences discovery fund created in RCW~~
32 ~~43.350.070. During the 2013-2015 and 2015-2017 fiscal biennia, the~~
33 ~~legislature may transfer less than the entire strategic contribution~~
34 ~~payments, and may transfer amounts attributable to strategic~~
35 ~~contribution payments into the state general fund.))~~

36 (3) The tobacco prevention and control account is created in the
37 state treasury. The source of revenue for this account is moneys
38 transferred to the account from the tobacco settlement account,
39 investment earnings, donations to the account, and other revenues as

1 directed by law. Expenditures from the account are subject to
2 appropriation.

3 **Sec. 32.** RCW 41.05.220 and 1998 c 245 s 38 are each amended to
4 read as follows:

5 ~~((1))~~ State general funds appropriated to the department of
6 health for the purposes of funding community health centers to
7 provide primary health and dental care services, migrant health
8 services, and maternity health care services shall be transferred to
9 the ~~((state health care authority))~~ reserve account created in
10 section 22 of this act and the benefits account created in section 24
11 of this act. Any related administrative funds expended by the
12 department of health for this purpose shall also be transferred to
13 the ~~((health care authority))~~ reserve account created in section 22
14 of this act and the benefits account created in section 24 of this
15 act. The ~~((health care authority))~~ Washington access for all trust
16 shall exclusively expend these funds through contracts with community
17 health centers to provide primary health and dental care services,
18 migrant health services, and maternity health care services. The
19 ~~((administrator))~~ chair of the ~~((health care authority))~~ Washington
20 access for all trust shall establish requirements necessary to assure
21 community health centers provide quality health care services that
22 are appropriate and effective and are delivered in a cost-efficient
23 manner. The ~~((administrator))~~ chair of the Washington access for all
24 trust shall further assure that community health centers have
25 appropriate referral arrangements for acute care and medical
26 specialty services not provided by the community health centers.

27 ~~((2) The authority, in consultation with the department of~~
28 ~~health, shall work with community and migrant health clinics and~~
29 ~~other providers of care to underserved populations, to ensure that~~
30 ~~the number of people of color and underserved people receiving access~~
31 ~~to managed care is expanded in proportion to need, based upon~~
32 ~~demographic data.))~~

33 NEW SECTION. **Sec. 33.** Following the repeal, amendment, or
34 waiver of existing state and federal laws delineated in section 21 of
35 this act, all other revenues currently deposited in the health
36 services account for personal health care services shall be deposited
37 to the reserve account created in section 22 of this act and the
38 benefits account created in section 24 of this act.

1 NEW SECTION. **Sec. 34.** Nothing in this act shall be construed to
2 limit an employer's right to maintain employee benefit plans under
3 the federal employee retirement income security act of 1974.

4 NEW SECTION. **Sec. 35.** No later than January 1, 2020, the board
5 shall submit to the legislature a proposal to integrate those current
6 and future federally qualified trusts that choose to participate in
7 the trust.

8 NEW SECTION. **Sec. 36.** On or before January 1, 2020, the board,
9 in coordination with the department of labor and industries, shall
10 study and make a report to the governor and appropriate committees of
11 the legislature on the provision of medical benefits for injured
12 workers under the trust.

13 NEW SECTION. **Sec. 37.** An appropriation by separate act of the
14 legislature may be necessary for the fiscal year ending June 30,
15 2019, from the general fund to the benefits account of the Washington
16 access for all trust for start-up moneys for purposes of this act.

17 NEW SECTION. **Sec. 38.** The following acts or parts of acts are
18 each repealed:

19 (1) RCW 82.04.260 (Tax on manufacturers and processors of various
20 foods and by-products—Research and development organizations—Travel
21 agents—Certain international activities—Stevedoring and associated
22 activities—Low-level waste disposers—Insurance producers, surplus
23 line brokers, and title insurance agents—Hospitals—Commercial
24 airplane activities—Timber product activities—Canned salmon
25 processors) and 2015 3rd sp.s. c 6 s 602 & 2015 3rd sp.s. c 6 s 205;
26 and

27 (2) RCW 48.14.0201 (Premiums and prepayments tax—Health care
28 services—Exemptions—State preemption) and 2016 c 133 s 2, 2013 2nd
29 sp.s. c 6 s 5, 2013 c 325 s 3, 2011 c 47 s 8, & 2009 c 479 s 41.

30 NEW SECTION. **Sec. 39.** Sections 1 through 15, 18, 19, 21 through
31 24, and 33 through 35 of this act constitute a new chapter in Title
32 43 RCW.

1 NEW SECTION. **Sec. 40.** (1) Sections 22 through 24 of this act
2 take effect January 1, 2019.

3 (2) Sections 19, 25 through 34, and 38 of this act take effect
4 May 15, 2019.

5 NEW SECTION. **Sec. 41.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

9 NEW SECTION. **Sec. 42.** If any part of this act is found to be in
10 conflict with federal requirements that are a prescribed condition to
11 the allocation of federal funds to the state, the conflicting part of
12 this act is inoperative solely to the extent of the conflict and with
13 respect to the agencies directly affected, and this finding does not
14 affect the operation of the remainder of this act in its application
15 to the agencies concerned. Rules adopted under this act must meet
16 federal requirements that are a necessary condition to the receipt of
17 federal funds by the state.

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