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**SENATE BILL 6020**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senators Mullet and Braun

1 AN ACT Relating to health care benefits for public school  
2 employees; amending RCW 41.05.740, 41.59.105, 41.05.011, 41.05.050,  
3 and 28A.400.350; creating new sections; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that health care  
6 provided by school districts has resulted in many part-time employees  
7 opting out of or not being offered affordable family coverage. The  
8 legislature further finds that current provisions consolidating  
9 school employee health care under the school employees' benefits  
10 board would result in excessive costs to the state and local  
11 districts for employees working in part-time positions. As such, the  
12 legislature intends to modify the part-time threshold to one thousand  
13 forty hours and to provide affordable prorated benefits to employees  
14 working less than one thousand forty hours.

15 **Sec. 2.** RCW 41.05.740 and 2018 c 260 s 1 are each amended to  
16 read as follows:

17 (1) The school employees' benefits board is created within the  
18 authority. The function of the school employees' benefits board is to  
19 design and approve insurance benefit plans for school employees and

1 to establish eligibility criteria for participation in insurance  
2 benefit plans.

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

6 (a) Two members from associations representing certificated  
7 employees;

8 (b) Two members from associations representing classified  
9 employees;

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

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

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

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

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

23 (b) While school employees' benefits board members are carrying  
24 out their powers and duties under this chapter (~~(41.05-RCW)~~), if the  
25 service of any certificated or classified employee results in a need  
26 for a school employees' benefits board organization to employ a  
27 substitute for such certificated or classified employee during such  
28 service, payment for such a substitute may be made by the authority  
29 from funds appropriated by the legislature for the school employees'  
30 benefits board program. If such substitute is paid by the authority,  
31 no deduction shall be made from the salary of the certificated or  
32 classified employee. In no event shall a school employees' benefits  
33 board organization deduct from the salary of a certificated or  
34 classified employee serving on the school employees' benefits board  
35 more than the amount paid the substitute employed by the school  
36 employees' benefits board organization.

37 (5) The director of the authority or his or her designee shall be  
38 the chair and another member shall be selected by the school  
39 employees' benefits board as vice chair. The chair shall conduct  
40 meetings of the school employees' benefits board. The vice chair

1 shall preside over meetings in the absence of the chair. The school  
2 employees' benefits board shall develop bylaws for the conduct of its  
3 business.

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

5 (a) Study all matters connected with the provision of health care  
6 coverage, life insurance, liability insurance, accidental death and  
7 dismemberment, and disability insurance, or any of, or combination  
8 of, the enumerated types of insurance for eligible school employees  
9 and their dependents on the best basis possible with relation both to  
10 the welfare of the school employees and the state. However, liability  
11 insurance should not be made available to dependents;

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

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

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

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

23 (iv) Utilization review procedures to support cost-effective  
24 benefits delivery;

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

27 (vi) Effective coordination of benefits; and

28 (vii) Minimum standards for insuring entities;

29 (c) Authorize premium contributions for a school employee and the  
30 employee's dependents in a manner that encourages the use of cost-  
31 efficient health care systems. For participating school employees,  
32 the required school employee share of the cost for family coverage  
33 premiums may not exceed three times the premiums for a school  
34 employee purchasing single coverage for the same coverage plan;

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

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

1 (ii) The benefits eligibility criteria, (~~but the school~~  
2 ~~employees' benefits board's criteria shall be no more restrictive~~  
3 ~~than requiring that a school employee be anticipated to work at least~~  
4 ~~six hundred thirty hours per school year to be benefits eligible~~))  
5 except that:

6 (A) An employee who is anticipated to have compensated work for  
7 at least one thousand forty hours per school year is benefits  
8 eligible and will receive the entire full-time employer contribution  
9 for benefits;

10 (B) Beginning January 1, 2021, an employee who is anticipated to  
11 have compensated work between six hundred thirty hours and one  
12 thousand forty hours is benefits eligible and will receive a prorated  
13 portion of the full-time employer contribution that is equal to the  
14 proportion between the anticipated hours of work and two thousand  
15 eighty hours. The authority must provide a health plan option for  
16 employees that are provided a prorated benefit under this subsection;  
17 and

18 (C) Substitute teachers are not benefits eligible. Districts may  
19 opt to provide benefits to substitute teachers in a manner consistent  
20 with eligibility requirements under this subsection (6)(d) as an  
21 enrichment to the state's definition of basic education; and

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

27 (e) Establish terms and conditions for a school employees'  
28 benefits board organization to have the ability to locally negotiate  
29 eligibility criteria for a school employee who is anticipated to work  
30 less than (~~six hundred thirty~~) one thousand forty hours in a school  
31 year. A school employees' benefits board organization that elects to  
32 use a lower threshold of hours for benefits eligibility must use  
33 benefits authorized by the school employees' benefits board and shall  
34 do so as an enrichment to the state's definition of basic education;

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

38 (g) Participate with the authority in the preparation of  
39 specifications and selection of carriers contracted for school  
40 employee benefit plan coverage of eligible school employees in

1 accordance with the criteria set forth in rules. To the extent  
2 possible, the school employees' benefits board shall leverage  
3 efficient purchasing by coordinating with the public employees'  
4 benefits board.

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

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

19 (9) Beginning January 1, 2020, and until December 31, 2020, or  
20 until the school employees' benefits board has provided a plan to  
21 employees receiving a prorated benefit under subsection (6) of this  
22 section, school districts and charter schools must provide employees  
23 who are anticipated to have compensated work between six hundred  
24 thirty hours and one thousand forty hours with a health care benefit  
25 that is based on the prorated portion of the full-time employer  
26 contribution of the benefit that is provided by the school employees'  
27 benefits board that is equal to the proportion between the  
28 anticipated hours of work and two thousand eighty hours.

29 **Sec. 3.** RCW 41.59.105 and 2017 3rd sp.s. c 13 s 818 are each  
30 amended to read as follows:

31 (1) All collective bargaining agreements entered into between a  
32 school district employer and school district employees under this  
33 chapter after June 10, 2010, as well as bargaining agreements  
34 existing on June 10, 2010, but renewed or extended after June 10,  
35 2010, shall be consistent with RCW 28A.657.050.

36 (2) All collective bargaining agreements entered into between a  
37 school district employer and school district employees under this  
38 chapter shall be consistent with RCW 28A.400.280 and 28A.400.350.

1 (3) Employee bargaining shall be initiated after July 1, 2018,  
2 over the dollar amount to be contributed beginning January 1, 2020,  
3 (~~on behalf of~~) by the employer for each employee for health care  
4 benefits. Bargaining must subsequently be conducted in even-numbered  
5 years between the governor or governor's designee and one coalition  
6 of all the exclusive bargaining representatives impacted by benefit  
7 purchasing with the school employees' benefits board established in  
8 RCW 41.05.740, consistent with RCW 28A.400.280 and 28A.400.350. The  
9 coalition bargaining must follow the model initially established for  
10 state employees in RCW 41.80.020. Beginning with agreements for the  
11 2021-2023 fiscal biennium, matters related to the proportion of state  
12 funding allocated to districts are a prohibited subject of  
13 bargaining.

14 (4) (a) The governor shall submit a request for funds necessary to  
15 implement the collective bargaining agreement for the dollar amount  
16 to be expended for school employee health benefits, or for  
17 legislation necessary to implement the agreement. A request for funds  
18 shall not be submitted to the legislature by the governor unless such  
19 request:

20 (~~(a)~~) (i) Has been submitted to the director of the office of  
21 financial management by October 1st prior to the legislative session  
22 at which the request is to be considered; and

23 (~~(b)~~) (ii) Has been certified by the director of the office of  
24 financial management as being feasible financially for the state.

25 (b) The legislature shall approve or reject the submission of the  
26 request for funds. The legislature shall not consider a request for  
27 funds unless the request is transmitted to the legislature as part of  
28 the governor's budget document submitted under RCW 43.88.030 and  
29 43.88.060.

30 (c) If the legislature rejects or fails to act on the submission,  
31 either party may reopen all or part of the agreement. However, if the  
32 director of the office of financial management does not certify a  
33 request under this section as being feasible financially for the  
34 state, the parties shall enter into collective bargaining solely for  
35 the purpose of reaching a mutually agreed upon modification of the  
36 agreement necessary to address the absence of those requested funds.  
37 The legislature may act upon the health care benefit provisions of  
38 the modified collective bargaining agreement if those provisions are  
39 agreed upon and submitted to the office of financial management and  
40 legislative budget committees before final legislative action on the

1 biennial or supplemental operating budget. If the legislature rejects  
2 or fails to act on the submission, either party may reopen all or  
3 part of the agreement.

4 **Sec. 4.** RCW 41.05.011 and 2018 c 260 s 4 are each amended to  
5 read as follows:

6 The definitions in this section apply throughout this chapter  
7 unless the context clearly requires otherwise.

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

9 (2) "Board" means the public employees' benefits board  
10 established under RCW 41.05.055 and the school employees' benefits  
11 board established under RCW 41.05.740.

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

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

18 (5) "Emergency service personnel killed in the line of duty"  
19 means law enforcement officers and firefighters as defined in RCW  
20 41.26.030, members of the Washington state patrol retirement fund as  
21 defined in RCW 43.43.120, and reserve officers and firefighters as  
22 defined in RCW 41.24.010 who die as a result of injuries sustained in  
23 the course of employment as determined consistent with Title 51 RCW  
24 by the department of labor and industries.

25 (6) (a) "Employee" for the public employees' benefits board  
26 program includes all employees of the state, whether or not covered  
27 by civil service; elected and appointed officials of the executive  
28 branch of government, including full-time members of boards,  
29 commissions, or committees; justices of the supreme court and judges  
30 of the court of appeals and the superior courts; and members of the  
31 state legislature. Pursuant to contractual agreement with the  
32 authority, "employee" may also include: (i) Employees of a county,  
33 municipality, or other political subdivision of the state and members  
34 of the legislative authority of any county, city, or town who are  
35 elected to office after February 20, 1970, if the legislative  
36 authority of the county, municipality, or other political subdivision  
37 of the state submits application materials to the authority to  
38 provide any of its insurance programs by contract with the authority,  
39 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of

1 employee organizations representing state civil service employees, at  
2 the option of each such employee organization; (iii) through December  
3 31, 2019, employees of a school district if the authority agrees to  
4 provide any of the school districts' insurance programs by contract  
5 with the authority as provided in RCW 28A.400.350; (iv) employees of  
6 a tribal government, if the governing body of the tribal government  
7 seeks and receives the approval of the authority to provide any of  
8 its insurance programs by contract with the authority, as provided in  
9 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health  
10 benefit exchange if the governing board of the exchange established  
11 in RCW 43.71.020 seeks and receives approval of the authority to  
12 provide any of its insurance programs by contract with the authority,  
13 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through  
14 December 31, 2019, employees of a charter school established under  
15 chapter 28A.710 RCW. "Employee" does not include: Adult family home  
16 providers; unpaid volunteers; patients of state hospitals; inmates;  
17 employees of the Washington state convention and trade center as  
18 provided in RCW 41.05.110; students of institutions of higher  
19 education as determined by their institution; and any others not  
20 expressly defined as employees under this chapter or by the authority  
21 under this chapter.

22 (b) Effective January 1, 2020, "school employee" for the school  
23 employees' benefits board program includes:

24 (i) All employees of school districts(~~(, educational service~~  
25 ~~districts,))~~ and charter schools established under chapter 28A.710  
26 RCW;

27 (ii) Represented employees of educational service districts; and

28 (iii) Effective January 1, 2024, all employees of educational  
29 service districts.

30 (7) "Employee group" means employees of a similar employment  
31 type, such as administrative, represented classified, nonrepresented  
32 classified excluding such employees in educational service districts  
33 until December 31, 2023, confidential, represented certificated, or  
34 nonrepresented certificated excluding such employees in educational  
35 service districts until December 31, 2023, within a school employees'  
36 benefits board organization.

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



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

4 (9) "Employer group" means those counties, municipalities,  
5 political subdivisions, the Washington health benefit exchange,  
6 tribal governments, employee organizations representing state civil  
7 service employees, and through December 31, 2019, school districts,  
8 (~~educational service districts, and~~) charter schools, and through  
9 December 31, 2023, educational service districts obtaining employee  
10 benefits through a contractual agreement with the authority to  
11 participate in benefit plans developed by the public employees'  
12 benefits board.

13 (10)(a) "Employing agency" for the public employees' benefits  
14 board program means a division, department, or separate agency of  
15 state government, including an institution of higher education; a  
16 county, municipality, or other political subdivision; and a tribal  
17 government covered by this chapter.

18 (b) "Employing agency" for the school employees' benefits board  
19 program means school districts, educational service districts, and  
20 charter schools.

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

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

31 (13) "Insuring entity" means an insurer as defined in chapter  
32 48.01 RCW, a health care service contractor as defined in chapter  
33 48.44 RCW, or a health maintenance organization as defined in chapter  
34 48.46 RCW.

35 (14) "Medical flexible spending arrangement" means a benefit plan  
36 whereby state and school employees may reduce their salary before  
37 taxes to pay for medical expenses not reimbursed by insurance as  
38 provided in the salary reduction plan under this chapter pursuant to  
39 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

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

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

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

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

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

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

17 (b) Persons who separate from employment with a school district,  
18 educational service district, or charter school on or after October  
19 1, 1993, and immediately upon separation receive a retirement  
20 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

25 (20) "Salary" means a state or school employee's monthly salary  
26 or wages.

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

33 (22) "School employees' benefits board organization" means a  
34 public school district or educational service district or charter  
35 school established under chapter 28A.710 RCW that is required to  
36 participate in benefit plans provided by the school employees'  
37 benefits board.

38 (23) "School year" means school year as defined in RCW  
39 28A.150.203(11).

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

4 (25) "Separated employees" means persons who separate from  
5 employment with an employer as defined in:

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

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

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

9 and who are at least age fifty-five and have at least ten years of  
10 service under the teachers' retirement system plan 3 as defined in  
11 RCW 41.32.010(33), the Washington school employees' retirement system  
12 plan 3 as defined in RCW 41.35.010, or the public employees'  
13 retirement system plan 3 as defined in RCW 41.40.010.

14 (26) "State purchased health care" or "health care" means medical  
15 and health care, pharmaceuticals, and medical equipment purchased  
16 with state and federal funds by the department of social and health  
17 services, the department of health, the basic health plan, the state  
18 health care authority, the department of labor and industries, the  
19 department of corrections, the department of veterans affairs, and  
20 local school districts.

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

26 **Sec. 5.** RCW 41.05.050 and 2018 c 260 s 10 are each amended to  
27 read as follows:

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

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

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

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

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

38 (ii) For all groups of educational service district employees'  
39 enrolling in plans developed by the public employees' benefits board  
40 after January 1, 2020, and until January 1, 2024, the authority shall

1 collect from each participating educational service district an  
2 amount equal to the composite rate charged to state agencies, plus an  
3 amount equal to the employee premiums by plan and by family size as  
4 would be charged to employees, only if the authority determines that  
5 this method of billing the educational service districts will not  
6 result in a material difference between revenues from educational  
7 service districts and expenditures made by the authority on behalf of  
8 educational service districts and their employees. The authority may  
9 collect these amounts in accordance with the educational service  
10 district fiscal year, as described in RCW 28A.505.030.

11 (c) Until January 1, 2020, if the authority determines at any  
12 time that the conditions in (b) of this subsection cannot be met, the  
13 authority shall offer enrollment to additional groups of school and  
14 educational service district employees on a tiered rate structure  
15 until such time as the authority determines there would be no  
16 material difference between revenues and expenditures under a  
17 composite rate structure for all school and educational service  
18 district employees enrolled in authority plans.

19 (d) (i) Beginning January 1, 2020, all school districts,  
20 represented employees of educational service districts, and charter  
21 schools shall commence participation in the school employees'  
22 benefits board program established under RCW 41.05.740. All school  
23 districts, represented employees of educational service districts,  
24 charter schools, and all school district employee groups  
25 participating in the public employees' benefits board plans before  
26 January 1, 2020, shall thereafter participate in the school  
27 employees' benefits board program administered by the authority. All  
28 school districts, represented employees of educational service  
29 districts, and charter schools shall provide contributions to the  
30 authority for insurance and health care plans for school employees  
31 and their dependents. These contributions must be provided to the  
32 authority for all eligible school employees eligible for benefits  
33 under RCW 41.05.740(6) (d), including school employees who have waived  
34 their coverage; contributions to the authority are not required for  
35 individuals eligible for benefits under RCW 41.05.740(6) (e) who waive  
36 their coverage.

37 (ii) Beginning January 1, 2024, all educational service districts  
38 shall participate in the school employees' benefits board program.

1 (e) For the purposes of this subsection, "tiered rates" means the  
2 amounts the authority must pay to insuring entities by plan and by  
3 family size.

4 (f) Notwithstanding this subsection and RCW 41.05.065(4), the  
5 authority may allow school districts and educational service  
6 districts enrolled on a tiered rate structure prior to September 1,  
7 2002, and until January 1, 2020, to continue participation based on  
8 the same rate structure and under the same conditions and eligibility  
9 criteria.

10 (5) The authority shall transmit a recommendation for the amount  
11 of the employer contributions to the governor and the director of  
12 financial management for inclusion in the proposed budgets submitted  
13 to the legislature.

14 **Sec. 6.** RCW 28A.400.350 and 2018 c 260 s 23 are each amended to  
15 read as follows:

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

30 (2)(a) Whenever funds are available for these purposes the board  
31 of directors of the school district or educational service district  
32 may contribute all or a part of the cost of such protection or  
33 insurance for the employees of their respective school districts or  
34 educational service districts and their dependents. The premiums on  
35 such liability insurance shall be borne by the school district or  
36 educational service district.

37 (b) After October 1, 1990, school districts may not contribute to  
38 any employee protection or insurance other than liability insurance

1 unless the district's employee benefit plan conforms to RCW  
2 28A.400.275 and 28A.400.280.

3 (c) After December 31, 2019, school district contributions to any  
4 employee insurance that is purchased through the health care  
5 authority must conform to the requirements established by chapter  
6 41.05 RCW and the school employees' benefits board.

7 (3) For school board members, educational service district board  
8 members, and students, the premiums due on such protection or  
9 insurance shall be borne by the assenting school board member,  
10 educational service district board member, or student. The school  
11 district or educational service district may contribute all or part  
12 of the costs, including the premiums, of life, health, health care,  
13 accident or disability insurance which shall be offered to all  
14 students participating in interschool activities on the behalf of or  
15 as representative of their school, school district, or educational  
16 service district. The school district board of directors and the  
17 educational service district board may require any student  
18 participating in extracurricular interschool activities to, as a  
19 condition of participation, document evidence of insurance or  
20 purchase insurance that will provide adequate coverage, as determined  
21 by the school district board of directors or the educational service  
22 district board, for medical expenses incurred as a result of injury  
23 sustained while participating in the extracurricular activity. In  
24 establishing such a requirement, the district shall adopt regulations  
25 for waiving or reducing the premiums of such coverage as may be  
26 offered through the school district or educational service district  
27 to students participating in extracurricular activities, for those  
28 students whose families, by reason of their low income, would have  
29 difficulty paying the entire amount of such insurance premiums. The  
30 district board shall adopt regulations for waiving or reducing the  
31 insurance coverage requirements for low-income students in order to  
32 assure such students are not prohibited from participating in  
33 extracurricular interschool activities.

34 (4) All contracts or agreements for insurance or protection  
35 written to take advantage of the provisions of this section shall  
36 provide that the beneficiaries of such contracts may utilize on an  
37 equal participation basis the services of those practitioners  
38 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71  
39 RCW.

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

4 (i) Offer a high deductible health plan option with a health  
5 savings account that conforms to section 223, part VII of subchapter  
6 1 of the internal revenue code of 1986. School districts shall comply  
7 with all applicable federal standards related to the establishment of  
8 health savings accounts;

9 (ii) Make progress toward employee premiums that are established  
10 to ensure that full family coverage premiums are not more than three  
11 times the premiums for employees purchasing single coverage for the  
12 same coverage plan, unless a subsequent premium differential target  
13 is defined as a result of the review and subsequent actions described  
14 in RCW 41.05.655;

15 (iii) Offer employees at least one health benefit plan that is  
16 not a high deductible health plan offered in conjunction with a  
17 health savings account in which the employee share of the premium  
18 cost for a full-time employee, regardless of whether the employee  
19 chooses employee-only coverage or coverage that includes dependents,  
20 does not exceed the share of premium cost paid by state employees  
21 during the state employee benefits year that started immediately  
22 prior to the school year.

23 (b) All contracts or agreements for employee benefits must be  
24 held to responsible contracting standards, meaning a fair, prudent,  
25 and accountable competitive procedure for procuring services that  
26 includes an open competitive process, except where an open process  
27 would compromise cost-effective purchasing, with documentation  
28 justifying the approach.

29 (c) School districts offering medical, vision, and dental  
30 benefits shall also make progress on promoting health care  
31 innovations and cost savings and significantly reduce administrative  
32 costs.

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

36 (6) The authority to make available basic and optional benefits  
37 to school employees under this section expires December 31, 2019,  
38 except for nonrepresented employees of educational service districts  
39 for which the authority expires December 31, 2023. Beginning January  
40 1, 2020, school districts, for all school employees, and educational



1 service districts, for represented employees, shall make available  
2 basic and optional benefits through plans offered by the health care  
3 authority and the school employees' benefits board. Beginning January  
4 1, 2024, educational service districts, for nonrepresented employees,  
5 shall make available basic and optional benefits through plans  
6 offered by the health care authority and the school employees'  
7 benefits board.

8 NEW SECTION. **Sec. 7.** (1) The Washington state health care  
9 authority, in consultation with the office of the superintendent of  
10 public instruction, educational service districts, and the office of  
11 financial management, shall study employee health benefits in  
12 educational service districts and the impact of participation in the  
13 school employees' benefits board program on educational service  
14 districts and their employees. The study must include an analysis of:

15 (a) Health benefit plans provided to educational service district  
16 employees and their costs;

17 (b) Estimated costs to educational service districts to  
18 participate in the school employees' benefits board program;

19 (c) Comparisons of costs, benefits offered, and employees  
20 covered, between educational service district health benefits and  
21 school employees' benefits board health benefits if adopted; and

22 (d) Revenue from school districts, state, federal, and other  
23 sources that support educational service district services and their  
24 ability to support rates negotiated for the school employees'  
25 benefits board program.

26 (2) By December 31, 2020, and in compliance with RCW 43.01.036,  
27 the Washington state health care authority must report findings from  
28 the study to the fiscal committees of the legislature.

29 NEW SECTION. **Sec. 8.** This act is necessary for the immediate  
30 preservation of the public peace, health, or safety, or support of  
31 the state government and its existing public institutions, and takes  
32 effect immediately.

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