
SENATE BILL 6290

State of Washington 66th Legislature 2020 Regular Session

By Senators Short, Mullet, and Wilson, C.

Read first time 01/15/20. Referred to Committee on Ways & Means.

1 AN ACT Relating to contributions to and eligibility for school
2 employee benefit plans; and amending RCW 41.05.050 and 41.05.740.

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

4 **Sec. 1.** RCW 41.05.050 and 2019 c 411 s 5 are each amended to
5 read as follows:

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

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

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

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

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

34 (ii) For all groups of educational service district employees
35 enrolling in plans developed by the public employees' benefits board
36 after January 1, 2020, and until January 1, 2024, the authority shall
37 collect from each participating educational service district an
38 amount equal to the composite rate charged to state agencies, plus an
39 amount equal to the employee premiums by plan and by family size as
40 would be charged to employees, only if the authority determines that

1 this method of billing the educational service districts will not
2 result in a material difference between revenues from educational
3 service districts and expenditures made by the authority on behalf of
4 educational service districts and their employees. The authority may
5 collect these amounts in accordance with the educational service
6 district fiscal year, as described in RCW 28A.505.030.

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

15 (d) (i) Beginning January 1, 2020, all school districts,
16 represented employees of educational service districts, and charter
17 schools shall commence participation in the school employees'
18 benefits board program established under RCW 41.05.740. All school
19 districts, represented employees of educational service districts,
20 charter schools, and all school district employee groups
21 participating in the public employees' benefits board plans before
22 January 1, 2020, shall thereafter participate in the school
23 employees' benefits board program administered by the authority. All
24 school districts, represented employees of educational service
25 districts, and charter schools shall provide contributions to the
26 authority for insurance and health care plans for school employees
27 and their dependents. These contributions must be provided to the
28 authority for all eligible school employees eligible for benefits
29 under RCW 41.05.740(6)(d) (~~(, including school employees who have~~
30 ~~waived their coverage;)~~). For school employee benefits beginning July
31 1, 2021, for the 2021-22 school year, contributions to the authority
32 are not required for individuals (~~(eligible for benefits under RCW~~
33 ~~41.05.740(6)(e))~~) who waive their coverage.

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

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

39 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
40 authority may allow school districts and educational service

1 districts enrolled on a tiered rate structure prior to September 1,
2 2002, and until January 1, 2020, to continue participation based on
3 the same rate structure and under the same conditions and eligibility
4 criteria.

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

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

11 (1) The school employees' benefits board is created within the
12 authority. The function of the school employees' benefits board is to
13 design and approve insurance benefit plans for school employees and
14 to establish eligibility criteria for participation in insurance
15 benefit plans.

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

19 (a) Two members from associations representing certificated
20 employees;

21 (b) Two members from associations representing classified
22 employees;

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

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

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

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

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

36 (b) While school employees' benefits board members are carrying
37 out their powers and duties under this chapter (~~(41.05-RCW)~~), if the
38 service of any certificated or classified employee results in a need
39 for a school employees' benefits board organization to employ a

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

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

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

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

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

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

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

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

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

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

1 (vi) Effective coordination of benefits; and

2 (vii) Minimum standards for insuring entities;

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

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

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

14 (ii) The benefits eligibility criteria, but the school employees'
15 benefits board's criteria shall be no more restrictive than requiring
16 that a school employee be anticipated to work at least six hundred
17 thirty hours per school year to be benefits eligible; and

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

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

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

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

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

7 (8) Substitute employees and coaches are not eligible for
8 benefits beginning with the 2021-22 school year through the school
9 employees' benefits board.

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

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