
HOUSE BILL 1246

State of Washington

68th Legislature

2023 Regular Session

By Representatives Ortiz-Self, Berry, Reeves, Bronoske, Reed, Bergquist, Macri, Fosse, Santos, and Pollet

Read first time 01/12/23. Referred to Committee on Appropriations.

1 AN ACT Relating to eligibility for health benefits from the
2 school employees' benefits board for school employees; amending RCW
3 41.05.740 and 28A.400.275; creating a new section; providing an
4 effective date; and providing an expiration date.

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

6 **Sec. 1.** RCW 41.05.740 and 2018 c 260 s 1 are each amended to
7 read as follows:

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

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

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

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

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

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

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

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

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

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

28 (5) The director of the authority or his or her designee shall be
29 the chair and another member shall be selected by the school
30 employees' benefits board as vice chair. The chair shall conduct
31 meetings of the school employees' benefits board. The vice chair
32 shall preside over meetings in the absence of the chair. The school
33 employees' benefits board shall develop bylaws for the conduct of its
34 business.

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

36 (a) Study all matters connected with the provision of health care
37 coverage, life insurance, liability insurance, accidental death and
38 dismemberment, and disability insurance, or any of, or combination
39 of, the enumerated types of insurance for eligible school employees
40 and their dependents on the best basis possible with relation both to

1 the welfare of the school employees and the state. However, liability
2 insurance should not be made available to dependents;

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

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

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

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

14 (iv) Utilization review procedures to support cost-effective
15 benefits delivery;

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

18 (vi) Effective coordination of benefits; and

19 (vii) Minimum standards for insuring entities;

20 (c) Authorize premium contributions for a school employee and the
21 employee's dependents in a manner that encourages the use of cost-
22 efficient health care systems. For participating school employees,
23 the required school employee share of the cost for family coverage
24 premiums may not exceed three times the premiums for a school
25 employee purchasing single coverage for the same coverage plan;

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

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

31 (ii) The benefits eligibility criteria, but the school employees'
32 benefits board's criteria shall be no more restrictive than requiring
33 that a school employee be anticipated to work at least (~~six hundred~~
34 ~~thirty~~) 630 hours per school year to be benefits eligible, and must
35 allow for the following:

36 (A) School employees anticipated to work less than 630 hours in
37 any single school employees' benefits board organization may
38 establish eligibility for benefits by working for more than one
39 school employees' benefits board organization if the combined hours
40 the school employee is anticipated to work is at least 630 hours per

1 school year. Employer contributions for an employee eligible under
2 this subsection (6)(d)(ii) shall be prorated across the employee's
3 school employees' benefits board organizations based on data reported
4 under RCW 28A.400.275. For employers establishing less restrictive
5 local eligibility criteria under (e) of this subsection, employer
6 contributions shall not be prorated;

7 (B) A school employee who gained benefits eligibility during a
8 school year and who is returning in the following school year, shall
9 be presumed eligible for benefits for the following school year if
10 the school employee's schedule has not changed such that the school
11 employee would no longer work at least 630 hours in the school year;
12 and

13 (C) In determining how many hours a school employee is
14 anticipated to work in the school year, all hours for which a school
15 employee is anticipated to receive compensation from any school
16 employees' benefits board organization during an approved leave
17 period or a paid holiday must be included; and

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

24 (e) Establish terms and conditions for a school employees'
25 benefits board organization to have the ability to locally negotiate
26 eligibility criteria for a school employee who is anticipated to work
27 less than (~~six hundred thirty~~) 630 hours in a school year. A school
28 employees' benefits board organization that elects to use a lower
29 threshold of hours for benefits eligibility must use benefits
30 authorized by the school employees' benefits board and shall do so as
31 an enrichment to the state's definition of basic education;

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

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

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

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

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

17 **Sec. 2.** RCW 28A.400.275 and 2018 c 260 s 22 are each amended to
18 read as follows:

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

29 (2) School districts, educational service districts, and their
30 benefit providers shall submit data to the health care authority in
31 accordance with RCW 41.05.075(3).

32 (3) Any benefit provider offering a benefit plan by contract or
33 agreement with a school district or educational service district
34 under subsection (1) of this section shall make available to the
35 school district or educational service district the benefit plan
36 descriptions and, where available, the demographic information on
37 plan subscribers that the school district, educational service
38 district, and benefit provider are required to report to the health
39 care authority under this section.

1 (4) Each school district and educational service district shall:

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

7 (b) Report all data relating to employees eligible to participate
8 in benefits or plans administered by the school employees' benefits
9 board and the health care authority in a format designed and
10 communicated by the school employees' benefits board and the health
11 care authority. The reported data must include details necessary for
12 the school employees' benefits board and health care authority to
13 determine eligibility of employees employed by more than one school
14 employees' benefits board organization and prorate employer
15 contributions under RCW 41.05.740(6)(d)(ii)(A).

16 NEW SECTION. **Sec. 3.** (1) The health care authority and the
17 office of the superintendent of public instruction must convene and
18 facilitate a work group of school employees' benefits board
19 organizations to establish a process for using or modifying data
20 currently required to be reported to determine eligibility and
21 prorate employer contributions under RCW 41.05.740 for employees
22 employed by more than one school employees' benefits board
23 organization.

24 (2) This section expires December 31, 2023.

25 NEW SECTION. **Sec. 4.** Sections 1 and 2 of this act take effect
26 January 1, 2024.

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