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**SUBSTITUTE HOUSE BILL 1740**

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**State of Washington                      64th Legislature                      2015 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Appleton and Ryu)

READ FIRST TIME 02/27/15.

1            AN ACT Relating to political subdivisions purchasing health  
2 coverage through the public employees' benefits board program; and  
3 amending RCW 41.04.205 and 41.05.011.

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

5            **Sec. 1.** RCW 41.04.205 and 1995 1st sp.s. c 6 s 8 are each  
6 amended to read as follows:

7            (1) Notwithstanding the provisions of RCW 41.04.180, the  
8 employees, with their dependents, of any county, municipality, or  
9 other political subdivision of this state shall be eligible to  
10 participate in any insurance or self-insurance program for employees  
11 administered under chapter 41.05 RCW if the legislative authority of  
12 any such county, municipality, or other political subdivisions of  
13 this state determines, subject to collective bargaining under  
14 applicable statutes, a transfer to an insurance or self-insurance  
15 program administered under chapter 41.05 RCW should be made. In the  
16 event of a special district employee transfer pursuant to this  
17 section, members of the governing authority shall be eligible to be  
18 included in such transfer if such members are authorized by law as of  
19 June 25, 1976 to participate in the insurance program being  
20 transferred from and subject to payment by such members of all costs  
21 of insurance for members.

1 (2) When the legislative authority of a county, municipality, or  
2 other political subdivision determines to so transfer, the state  
3 health care authority shall:

4 (a) Establish the conditions for participation; and

5 (b) Have the sole right to reject the application, except a group  
6 application from a county or other political subdivision of the state  
7 with fewer than five thousand employees must be approved.

8 Approval of the application by the state health care authority  
9 shall effect a transfer of the employees involved to the insurance,  
10 self-insurance, or health care program applied for.

11 (3) Any application of this section to members of the law  
12 enforcement officers' and firefighters' retirement system under  
13 chapter 41.26 RCW is subject to chapter 41.56 RCW.

14 (4) School districts may voluntarily transfer, except that all  
15 eligible employees in a bargaining unit of a school district may  
16 transfer only as a unit and all nonrepresented employees in a  
17 district may transfer only as a unit.

18 **Sec. 2.** RCW 41.05.011 and 2013 c 2 s 306 are each amended to  
19 read as follows:

20 The definitions in this section apply throughout this chapter  
21 unless the context clearly requires otherwise.

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

23 (2) "Board" means the public employees' benefits board  
24 established under RCW 41.05.055.

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

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

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

38 (6) "Employee" includes all employees of the state, whether or  
39 not covered by civil service; elected and appointed officials of the

1 executive branch of government, including full-time members of  
2 boards, commissions, or committees; justices of the supreme court and  
3 judges of the court of appeals and the superior courts; and members  
4 of the state legislature. Pursuant to contractual agreement with the  
5 authority, "employee" may also include: (a) Employees of a county,  
6 municipality, or other political subdivision of the state and members  
7 of the legislative authority of any county, city, or town who are  
8 elected to office after February 20, 1970, if the legislative  
9 authority of the county, municipality, or other political subdivision  
10 of the state (~~seeks and receives the approval of~~) submits  
11 application materials to the authority to provide any of its  
12 insurance programs by contract with the authority, as provided in RCW  
13 41.04.205 and 41.05.021(1)(g); (b) employees of employee  
14 organizations representing state civil service employees, at the  
15 option of each such employee organization, and, effective October 1,  
16 1995, employees of employee organizations currently pooled with  
17 employees of school districts for the purpose of purchasing insurance  
18 benefits, at the option of each such employee organization; (c)  
19 employees of a school district if the authority agrees to provide any  
20 of the school districts' insurance programs by contract with the  
21 authority as provided in RCW 28A.400.350; (d) employees of a tribal  
22 government, if the governing body of the tribal government seeks and  
23 receives the approval of the authority to provide any of its  
24 insurance programs by contract with the authority, as provided in RCW  
25 41.05.021(1) (f) and (g); (e) employees of the Washington health  
26 benefit exchange if the governing board of the exchange established  
27 in RCW 43.71.020 seeks and receives approval of the authority to  
28 provide any of its insurance programs by contract with the authority,  
29 as provided in RCW 41.05.021(1) (g) and (n); and (f) employees of a  
30 charter school established under chapter 28A.710 RCW. "Employee" does  
31 not include: Adult family homeowners; unpaid volunteers; patients of  
32 state hospitals; inmates; employees of the Washington state  
33 convention and trade center as provided in RCW 41.05.110; students of  
34 institutions of higher education as determined by their institution;  
35 and any others not expressly defined as employees under this chapter  
36 or by the authority under this chapter.

37 (7) "Employer" means the state of Washington.

38 (8) "Employing agency" means a division, department, or separate  
39 agency of state government, including an institution of higher  
40 education; a county, municipality, school district, educational

1 service district, or other political subdivision; charter school; and  
2 a tribal government covered by this chapter.

3 (9) "Faculty" means an academic employee of an institution of  
4 higher education whose workload is not defined by work hours but  
5 whose appointment, workload, and duties directly serve the  
6 institution's academic mission, as determined under the authority of  
7 its enabling statutes, its governing body, and any applicable  
8 collective bargaining agreement.

9 (10) "Flexible benefit plan" means a benefit plan that allows  
10 employees to choose the level of health care coverage provided and  
11 the amount of employee contributions from among a range of choices  
12 offered by the authority.

13 (11) "Insuring entity" means an insurer as defined in chapter  
14 48.01 RCW, a health care service contractor as defined in chapter  
15 48.44 RCW, or a health maintenance organization as defined in chapter  
16 48.46 RCW.

17 (12) "Medical flexible spending arrangement" means a benefit plan  
18 whereby state and public employees may reduce their salary before  
19 taxes to pay for medical expenses not reimbursed by insurance as  
20 provided in the salary reduction plan under this chapter pursuant to  
21 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

22 (13) "Participant" means an individual who fulfills the  
23 eligibility and enrollment requirements under the salary reduction  
24 plan.

25 (14) "Plan year" means the time period established by the  
26 authority.

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

32 (16) "Retired or disabled school employee" means:

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

36 (b) Persons who separate from employment with a school district,  
37 educational service district, or charter school on or after October  
38 1, 1993, and immediately upon separation receive a retirement  
39 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

5 (17) "Salary" means a state employee's monthly salary or wages.

6 (18) "Salary reduction plan" means a benefit plan whereby state  
7 and public employees may agree to a reduction of salary on a pretax  
8 basis to participate in the dependent care assistance program,  
9 medical flexible spending arrangement, or premium payment plan  
10 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the  
11 internal revenue code.

12 (19) "Seasonal employee" means an employee hired to work during a  
13 recurring, annual season with a duration of three months or more, and  
14 anticipated to return each season to perform similar work.

15 (20) "Separated employees" means persons who separate from  
16 employment with an employer as defined in:

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

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

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

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

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

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

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