
SENATE BILL 5275

State of Washington

68th Legislature

2023 Regular Session

By Senator Robinson

1 AN ACT Relating to expanding access to benefits provided by the
2 school employees' benefits board; amending RCW 41.05.011, 41.05.050,
3 and 41.05.740; reenacting and amending RCW 41.05.021; and creating a
4 new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that employees and
7 employers are benefited by consistency and mobility in public
8 employee health care.

9 Therefore it is the intent of the legislature to expand access to
10 benefits provided by the school employees' benefits board to
11 employees of tribal schools and employee organizations representing
12 school employees.

13 **Sec. 2.** RCW 41.05.011 and 2019 c 411 s 4 are each amended to
14 read as follows:

15 The definitions in this section apply throughout this chapter
16 unless the context clearly requires otherwise.

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

18 (2) "Board" means the public employees' benefits board
19 established under RCW 41.05.055 and the school employees' benefits
20 board established under RCW 41.05.740.

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

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

7 (5) "Emergency service personnel killed in the line of duty"
8 means law enforcement officers and firefighters as defined in RCW
9 41.26.030, members of the Washington state patrol retirement fund as
10 defined in RCW 43.43.120, and reserve officers and firefighters as
11 defined in RCW 41.24.010 who die as a result of injuries sustained in
12 the course of employment as determined consistent with Title 51 RCW
13 by the department of labor and industries.

14 (6) (a) "Employee" for the public employees' benefits board
15 program includes all employees of the state, whether or not covered
16 by civil service; elected and appointed officials of the executive
17 branch of government, including full-time members of boards,
18 commissions, or committees; justices of the supreme court and judges
19 of the court of appeals and the superior courts; and members of the
20 state legislature. Pursuant to contractual agreement with the
21 authority, "employee" may also include: (i) Employees of a county,
22 municipality, or other political subdivision of the state and members
23 of the legislative authority of any county, city, or town who are
24 elected to office after February 20, 1970, if the legislative
25 authority of the county, municipality, or other political subdivision
26 of the state submits application materials to the authority to
27 provide any of its insurance programs by contract with the authority,
28 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
29 employee organizations representing state civil service employees, at
30 the option of each such employee organization; (iii) through December
31 31, 2019, employees of a school district if the authority agrees to
32 provide any of the school districts' insurance programs by contract
33 with the authority as provided in RCW 28A.400.350; (iv) employees of
34 a tribal government, if the governing body of the tribal government
35 seeks and receives the approval of the authority to provide any of
36 its insurance programs by contract with the authority, as provided in
37 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
38 benefit exchange if the governing board of the exchange established
39 in RCW 43.71.020 seeks and receives approval of the authority to
40 provide any of its insurance programs by contract with the authority,

1 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
2 December 31, 2019, employees of a charter school established under
3 chapter 28A.710 RCW. "Employee" does not include: Adult family home
4 providers; unpaid volunteers; patients of state hospitals; inmates;
5 employees of the Washington state convention and trade center as
6 provided in RCW 41.05.110; students of institutions of higher
7 education as determined by their institution; and any others not
8 expressly defined as employees under this chapter or by the authority
9 under this chapter.

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

12 (i) All employees of school districts and charter schools
13 established under chapter 28A.710 RCW;

14 (ii) Represented employees of educational service districts;
15 (~~and~~)

16 (iii) Effective January 1, 2024, all employees of educational
17 service districts; and

18 (iv) Pursuant to contractual agreement with the authority,
19 "employee" may also include: (A) Employees of employee organizations
20 representing school employees, at the option of each such employee
21 organization; (B) school board directors, through agreement with the
22 school district; and (C) employees of a tribal school as defined in
23 RCW 28A.715.010, if the governing body of the tribal school seeks and
24 receives the approval of the authority to provide any of its
25 insurance programs by contract with the authority, as provided in RCW
26 41.05.021(1) (f) and (g).

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

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

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

39 (9) (a) "Employer group" for the public employees' benefits board
40 program means those counties, municipalities, political subdivisions,

1 the Washington health benefit exchange, tribal governments, employee
2 organizations representing state civil service employees, and through
3 December 31, 2019, school districts, charter schools, and through
4 December 31, 2023, educational service districts obtaining employee
5 benefits through a contractual agreement with the authority to
6 participate in benefit plans developed by the public employees'
7 benefits board.

8 (b) "Employer group" for the school employees' benefits board
9 program means an employee organization representing school employees,
10 a school district for the purposes of covering a school board
11 director, and a tribal school as defined in RCW 28A.715.010,
12 obtaining employee benefits through a contractual agreement with the
13 authority to participate in benefit plans developed by the public
14 employees' benefits board.

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

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

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

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

33 (13) "Insuring entity" means an insurer as defined in chapter
34 48.01 RCW, a health care service contractor as defined in chapter
35 48.44 RCW, or a health maintenance organization as defined in chapter
36 48.46 RCW.

37 (14) "Medical flexible spending arrangement" means a benefit plan
38 whereby state and school employees may reduce their salary before
39 taxes to pay for medical expenses not reimbursed by insurance as

1 provided in the salary reduction plan under this chapter pursuant to
2 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

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

6 (16) "Plan year" means the time period established by the
7 authority.

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

13 (18) "Public employee" has the same meaning as employee and
14 school employee.

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

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

19 (b) Persons who separate from employment with a school district,
20 educational service district, or charter school on or after October
21 1, 1993, and immediately upon separation receive a retirement
22 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

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

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

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

1 (23) "School year" means school year as defined in RCW
2 28A.150.203(11).

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

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

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

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

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

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

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

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

28 **Sec. 3.** RCW 41.05.021 and 2018 c 260 s 6 and 2018 c 201 s 7002
29 are each reenacted and amended to read as follows:

30 (1) The Washington state health care authority is created within
31 the executive branch. The authority shall have a director appointed
32 by the governor, with the consent of the senate. The director shall
33 serve at the pleasure of the governor. The director may employ a
34 deputy director, and such assistant directors and special assistants
35 as may be needed to administer the authority, who shall be exempt
36 from chapter 41.06 RCW, and any additional staff members as are
37 necessary to administer this chapter. The director may delegate any
38 power or duty vested in him or her by law, including authority to
39 make final decisions and enter final orders in hearings conducted

1 under chapter 34.05 RCW. The primary duties of the authority shall be
2 to: Administer insurance benefits for employees, retired or disabled
3 state and school employees, and school employees; administer the
4 basic health plan pursuant to chapter 70.47 RCW; administer the
5 children's health program pursuant to chapter 74.09 RCW; study state
6 purchased health care programs in order to maximize cost containment
7 in these programs while ensuring access to quality health care;
8 implement state initiatives, joint purchasing strategies, and
9 techniques for efficient administration that have potential
10 application to all state-purchased health services; and administer
11 grants that further the mission and goals of the authority. The
12 authority's duties include, but are not limited to, the following:

13 (a) To administer health care benefit programs for employees,
14 retired or disabled state and school employees, and school employees
15 as specifically authorized in RCW 41.05.065 and 41.05.740 and in
16 accordance with the methods described in RCW 41.05.075, 41.05.140,
17 and other provisions of this chapter;

18 (b) To analyze state purchased health care programs and to
19 explore options for cost containment and delivery alternatives for
20 those programs that are consistent with the purposes of those
21 programs, including, but not limited to:

22 (i) Creation of economic incentives for the persons for whom the
23 state purchases health care to appropriately utilize and purchase
24 health care services, including the development of flexible benefit
25 plans to offset increases in individual financial responsibility;

26 (ii) Utilization of provider arrangements that encourage cost
27 containment, including but not limited to prepaid delivery systems,
28 utilization review, and prospective payment methods, and that ensure
29 access to quality care, including assuring reasonable access to local
30 providers, especially for employees and school employees residing in
31 rural areas;

32 (iii) Coordination of state agency efforts to purchase drugs
33 effectively as provided in RCW 70.14.050;

34 (iv) Development of recommendations and methods for purchasing
35 medical equipment and supporting services on a volume discount basis;

36 (v) Development of data systems to obtain utilization data from
37 state purchased health care programs in order to identify cost
38 centers, utilization patterns, provider and hospital practice
39 patterns, and procedure costs, utilizing the information obtained
40 pursuant to RCW 41.05.031; and

1 (vi) In collaboration with other state agencies that administer
2 state purchased health care programs, private health care purchasers,
3 health care facilities, providers, and carriers:

4 (A) Use evidence-based medicine principles to develop common
5 performance measures and implement financial incentives in contracts
6 with insuring entities, health care facilities, and providers that:

7 (I) Reward improvements in health outcomes for individuals with
8 chronic diseases, increased utilization of appropriate preventive
9 health services, and reductions in medical errors; and

10 (II) Increase, through appropriate incentives to insuring
11 entities, health care facilities, and providers, the adoption and use
12 of information technology that contributes to improved health
13 outcomes, better coordination of care, and decreased medical errors;

14 (B) Through state health purchasing, reimbursement, or pilot
15 strategies, promote and increase the adoption of health information
16 technology systems, including electronic medical records, by
17 hospitals as defined in RCW 70.41.020, integrated delivery systems,
18 and providers that:

19 (I) Facilitate diagnosis or treatment;

20 (II) Reduce unnecessary duplication of medical tests;

21 (III) Promote efficient electronic physician order entry;

22 (IV) Increase access to health information for consumers and
23 their providers; and

24 (V) Improve health outcomes;

25 (C) Coordinate a strategy for the adoption of health information
26 technology systems using the final health information technology
27 report and recommendations developed under chapter 261, Laws of 2005;

28 (c) To analyze areas of public and private health care
29 interaction;

30 (d) To provide information and technical and administrative
31 assistance to the board;

32 (e) To review and approve or deny applications from counties,
33 municipalities, and other political subdivisions of the state to
34 provide state-sponsored insurance or self-insurance programs to their
35 employees in accordance with the provisions of RCW 41.04.205 and (g)
36 of this subsection, setting the premium contribution for approved
37 groups as outlined in RCW 41.05.050;

38 (f) To review and approve or deny the application when the
39 governing body of a tribal government applies to transfer their
40 employees to an insurance or self-insurance program administered by

1 the public employees' benefits board or by the school employees'
2 benefits board. In the event of an employee transfer pursuant to this
3 subsection (1)(f), members of the governing body are eligible to be
4 included in such a transfer if the members are authorized by the
5 tribal government to participate in the insurance program being
6 transferred from and subject to payment by the members of all costs
7 of insurance for the members. The authority shall: (i) Establish the
8 conditions for participation; (ii) have the sole right to reject the
9 application; and (iii) set the premium contribution for approved
10 groups as outlined in RCW 41.05.050. Approval of the application by
11 the authority transfers the employees and dependents involved to the
12 insurance, self-insurance, or health care program administered by the
13 public employees' benefits board or the school employees' benefits
14 board;

15 (g) To ensure the continued status of the employee insurance or
16 self-insurance programs administered under this chapter as a
17 governmental plan under section 3(32) of the employee retirement
18 income security act of 1974, as amended, the authority shall limit
19 the participation of (~~employees of a county, municipal, school~~
20 ~~district, educational service district, or other political~~
21 ~~subdivision, the Washington health benefit exchange, or a tribal~~
22 ~~government~~)) employer groups, including providing for the
23 participation of those employees whose services are substantially all
24 in the performance of essential governmental functions, but not in
25 the performance of commercial activities. Charter schools established
26 under chapter 28A.710 RCW are employers and are school employees'
27 benefits board organizations unless:

28 (i) The authority receives guidance from the internal revenue
29 service or the United States department of labor that participation
30 jeopardizes the status of plans offered under this chapter as
31 governmental plans under the federal employees' retirement income
32 security act or the internal revenue code; or

33 (ii) The charter schools are not in compliance with regulations
34 issued by the internal revenue service and the United States treasury
35 department pertaining to section 414(d) of the federal internal
36 revenue code;

37 (h) To establish billing procedures and collect funds from school
38 employees' benefits board organizations in a way that minimizes the
39 administrative burden on districts;

1 (i) Through December 31, 2019, to publish and distribute to
2 nonparticipating school districts and educational service districts
3 by October 1st of each year a description of health care benefit
4 plans available through the authority and the estimated cost if
5 school districts and educational service district employees were
6 enrolled;

7 (j) To apply for, receive, and accept grants, gifts, and other
8 payments, including property and service, from any governmental or
9 other public or private entity or person, and make arrangements as to
10 the use of these receipts to implement initiatives and strategies
11 developed under this section;

12 (k) To issue, distribute, and administer grants that further the
13 mission and goals of the authority;

14 (l) To adopt rules consistent with this chapter as described in
15 RCW 41.05.160 including, but not limited to:

16 (i) Setting forth the criteria established by the public
17 employees' benefits board under RCW 41.05.065, and by the school
18 employees' benefits board under RCW 41.05.740, for determining
19 whether an employee or school employee is eligible for benefits;

20 (ii) Establishing an appeal process in accordance with chapter
21 34.05 RCW by which an employee or school employee may appeal an
22 eligibility determination;

23 (iii) Establishing a process to assure that the eligibility
24 determinations of an employing agency comply with the criteria under
25 this chapter, including the imposition of penalties as may be
26 authorized by the board;

27 (m)(i) To administer the medical services programs established
28 under chapter 74.09 RCW as the designated single state agency for
29 purposes of Title XIX of the federal social security act;

30 (ii) To administer the state children's health insurance program
31 under chapter 74.09 RCW for purposes of Title XXI of the federal
32 social security act;

33 (iii) To enter into agreements with the department of social and
34 health services for administration of medical care services programs
35 under Titles XIX and XXI of the social security act and programs
36 under chapters 71.05, 71.24, and 71.34 RCW. The agreements shall
37 establish the division of responsibilities between the authority and
38 the department with respect to mental health, chemical dependency,
39 and long-term care services, including services for persons with
40 developmental disabilities. The agreements shall be revised as

1 necessary, to comply with the final implementation plan adopted under
2 section 116, chapter 15, Laws of 2011 1st sp. sess.;

3 (iv) To adopt rules to carry out the purposes of chapter 74.09
4 RCW;

5 (v) To appoint such advisory committees or councils as may be
6 required by any federal statute or regulation as a condition to the
7 receipt of federal funds by the authority. The director may appoint
8 statewide committees or councils in the following subject areas: (A)
9 Health facilities; (B) children and youth services; (C) blind
10 services; (D) medical and health care; (E) drug abuse and alcoholism;
11 (F) rehabilitative services; and (G) such other subject matters as
12 are or come within the authority's responsibilities. The statewide
13 councils shall have representation from both major political parties
14 and shall have substantial consumer representation. Such committees
15 or councils shall be constituted as required by federal law or as the
16 director in his or her discretion may determine. The members of the
17 committees or councils shall hold office for three years except in
18 the case of a vacancy, in which event appointment shall be only for
19 the remainder of the unexpired term for which the vacancy occurs. No
20 member shall serve more than two consecutive terms. Members of such
21 state advisory committees or councils may be paid their travel
22 expenses in accordance with RCW 43.03.050 and 43.03.060 as now
23 existing or hereafter amended;

24 (n) To review and approve or deny the application from the
25 governing board of the Washington health benefit exchange to provide
26 public employees' benefits board state-sponsored insurance or self-
27 insurance programs to employees of the exchange. The authority shall
28 (i) establish the conditions for participation; (ii) have the sole
29 right to reject an application; and (iii) set the premium
30 contribution for approved groups as outlined in RCW 41.05.050.

31 (2) The public employees' benefits board and the school
32 employees' benefits board may implement strategies to promote managed
33 competition among employee and school employee health benefit plans.
34 Strategies may include but are not limited to:

35 (a) Standardizing the benefit package;

36 (b) Soliciting competitive bids for the benefit package;

37 (c) Limiting the state's contribution to a percent of the lowest
38 priced qualified plan within a geographical area;

39 (d) Monitoring the impact of the approach under this subsection
40 with regards to: Efficiencies in health service delivery, cost shifts

1 to subscribers, access to and choice of managed care plans statewide,
2 and quality of health services. The health care authority shall also
3 advise on the value of administering a benchmark employer-managed
4 plan to promote competition among managed care plans.

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

7 (1) Every: (a) Department, division, or separate agency of state
8 government; (b) county, municipal, school district, educational
9 service district, or other political subdivisions; ~~((and))~~ (c) tribal
10 governments as are covered by this chapter; and (d) other employer
11 groups as defined in RCW 41.05.011, shall provide contributions to
12 insurance and health care plans for its employees and their
13 dependents, the content of such plans to be determined by the
14 authority. Contributions, paid by the county, the municipality, other
15 political subdivision, or a tribal government for their employees,
16 shall include an amount determined by the authority to pay such
17 administrative expenses of the authority as are necessary to
18 administer the plans for employees of those groups, except as
19 provided in subsection (4) of this section.

20 (2) To account for increased cost of benefits for the state ~~((and~~
21 ~~for))~~, state employees, school districts, and school district
22 employees, the authority may develop a rate surcharge applicable to
23 participating counties, municipalities, other political subdivisions,
24 and tribal governments.

25 (3) The contributions of any: (a) Department, division, or
26 separate agency of the state government; (b) county, municipal, or
27 other political subdivisions; (c) any tribal government as are
28 covered by this chapter; and (d) school districts, educational
29 service districts, and charter schools, shall be set by the
30 authority, subject to the approval of the governor for availability
31 of funds as specifically appropriated by the legislature for that
32 purpose. Insurance and health care contributions for ferry employees
33 shall be governed by RCW 47.64.270.

34 (4) ~~(a) ((Until January 1, 2020, the authority shall collect from~~
35 ~~each participating school district and educational service district~~
36 ~~an amount equal to the composite rate charged to state agencies, plus~~
37 ~~an amount equal to the employee premiums by plan and family size as~~
38 ~~would be charged to employees, for groups of school district and~~
39 ~~educational service district employees enrolled in authority plans.~~

1 ~~The authority may collect these amounts in accordance with the school~~
2 ~~district or educational service district fiscal year, as described in~~
3 ~~RCW 28A.505.030.~~

4 ~~(b) (i) For all groups of school district or educational service~~
5 ~~district employees enrolling in authority plans for the first time~~
6 ~~after September 1, 2003, and until January 1, 2020, the authority~~
7 ~~shall collect from each participating school district or educational~~
8 ~~service district an amount equal to the composite rate charged to~~
9 ~~state agencies, plus an amount equal to the employee premiums by plan~~
10 ~~and by family size as would be charged to employees, only if the~~
11 ~~authority determines that this method of billing the school districts~~
12 ~~and educational service districts will not result in a material~~
13 ~~difference between revenues from school districts and educational~~
14 ~~service districts and expenditures made by the authority on behalf of~~
15 ~~school districts and educational service districts and their~~
16 ~~employees. The authority may collect these amounts in accordance with~~
17 ~~the school district or educational service district fiscal year, as~~
18 ~~described in RCW 28A.505.030.~~

19 ~~(ii)) For all groups of educational service district employees~~
20 ~~enrolling in plans developed by the public employees' benefits board~~
21 ~~after January 1, 2020, and until January 1, 2024, the authority shall~~
22 ~~collect from each participating educational service district an~~
23 ~~amount equal to the composite rate charged to state agencies, plus an~~
24 ~~amount equal to the employee premiums by plan and by family size as~~
25 ~~would be charged to employees, only if the authority determines that~~
26 ~~this method of billing the educational service districts will not~~
27 ~~result in a material difference between revenues from educational~~
28 ~~service districts and expenditures made by the authority on behalf of~~
29 ~~educational service districts and their employees. The authority may~~
30 ~~collect these amounts in accordance with the educational service~~
31 ~~district fiscal year, as described in RCW 28A.505.030.~~

32 ~~((c) Until January 1, 2020, if the authority determines at any~~
33 ~~time that the conditions in (b) of this subsection cannot be met, the~~
34 ~~authority shall offer enrollment to additional groups of school and~~
35 ~~educational service district employees on a tiered rate structure~~
36 ~~until such time as the authority determines there would be no~~
37 ~~material difference between revenues and expenditures under a~~
38 ~~composite rate structure for all school and educational service~~
39 ~~district employees enrolled in authority plans.~~

1 ~~(d))~~ (b)(i) Beginning January 1, 2020, all school districts,
2 represented employees of educational service districts, and charter
3 schools shall commence participation in the school employees'
4 benefits board program established under RCW 41.05.740. All school
5 districts, represented employees of educational service districts,
6 charter schools, and all school district employee groups
7 participating in the public employees' benefits board plans before
8 January 1, 2020, shall thereafter participate in the school
9 employees' benefits board program administered by the authority. All
10 school districts, represented employees of educational service
11 districts, and charter schools shall provide contributions to the
12 authority for insurance and health care plans for school employees
13 and their dependents. These contributions must be provided to the
14 authority for all eligible school employees eligible for benefits
15 under RCW 41.05.740(6) (d), including school employees who have waived
16 their coverage; contributions to the authority are not required for
17 individuals eligible for benefits under RCW 41.05.740(6) (e) who waive
18 their coverage.

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

21 ~~((e))~~ (c) For the purposes of this subsection, "tiered rates"
22 means the amounts the authority must pay to insuring entities by plan
23 and by family size.

24 ~~((f) Notwithstanding this subsection and RCW 41.05.065(4), the
25 authority may allow school districts and educational service
26 districts enrolled on a tiered rate structure prior to September 1,
27 2002, and until January 1, 2020, to continue participation based on
28 the same rate structure and under the same conditions and eligibility
29 criteria.))~~

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

34 **Sec. 5.** RCW 41.05.740 and 2018 c 260 s 1 are each amended to
35 read as follows:

36 (1) The school employees' benefits board is created within the
37 authority. The function of the school employees' benefits board is to
38 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. Employer groups obtaining benefits through contractual
38 agreement with the authority for employees defined in RCW
39 41.05.011(6) (a) (i) through (vi) may contractually agree with the
40 authority to benefits eligibility criteria which differs from that

1 determined by the public employees' benefits board. At a minimum, the
2 eligibility criteria established by the school employees' benefits
3 board shall address the following:

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

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

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

14 (e) Establish terms and conditions for a school employees'
15 benefits board organization to have the ability to locally negotiate
16 eligibility criteria for a school employee who is anticipated to work
17 less than six hundred thirty hours in a school year. A school
18 employees' benefits board organization that elects to use a lower
19 threshold of hours for benefits eligibility must use benefits
20 authorized by the school employees' benefits board and shall do so as
21 an enrichment to the state's definition of basic education;

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

25 (g) Participate with the authority in the preparation of
26 specifications and selection of carriers contracted for school
27 employee benefit plan coverage of eligible school employees in
28 accordance with the criteria set forth in rules. To the extent
29 possible, the school employees' benefits board shall leverage
30 efficient purchasing by coordinating with the public employees'
31 benefits board.

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

38 (8) By November 30, 2021, the authority shall review the benefit
39 plans provided through the school employees' benefits board, complete
40 an analysis of the benefits provided and the administration of the

1 benefits plans, and determine whether provisions in chapter 13, Laws
2 of 2017 3rd sp. sess. have resulted in cost savings to the state. The
3 authority shall submit a report to the relevant legislative policy
4 and fiscal committees summarizing the results of the review and
5 analysis.

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