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HOUSE BILL 1330

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State of Washington

69th Legislature

2025 Regular Session

By Representative Lekanoff

1 AN ACT Relating to consolidating the public employees' benefits  
2 board and the school employees' benefits board; RCW 41.05.004,  
3 41.05.008, 41.05.0091, 41.05.022, 41.05.023, 41.05.050, 41.05.075,  
4 41.05.080, 41.05.083, 41.05.085, 41.05.095, 41.05.120, 41.05.123,  
5 41.05.130, 41.05.140, 41.05.143, 41.05.183, 41.05.195, 41.05.197,  
6 41.05.225, 41.05.300, 41.05.320, 41.05.405, 41.05.430, 41.05.525,  
7 41.05.526, 41.05.528, 41.05.540, 41.05.670, 41.05.700, and 41.05.820;  
8 reenacting and amending RCW 41.05.011 and 41.05.021; adding new  
9 sections to chapter 41.05 RCW; and repealing RCW 41.05.055,  
10 41.05.065, 41.05.068, 41.05.740, 41.05.742, 41.05.743, 41.05.744,  
11 41.05.745, 41.05.890, 41.05.950, and 41.05.951.

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

13 **Sec. 1.** RCW 41.05.004 and 2018 c 260 s 5 are each amended to  
14 read as follows:

15 It is the intent of the legislature that the word "board" be read  
16 to mean (~~both~~) the (~~school employees' benefits board and the~~  
17 ~~public employees'~~) Washington employees and retirees benefits board  
18 throughout this chapter. The use of "board" should be liberally  
19 construed to mean (~~both boards~~) this board, to the extent not in  
20 conflict with state or federal law. In no case shall (~~either~~) the

1 board be limited from exercising its (~~individual~~) authority as  
2 authorized within this chapter.

3 **Sec. 2.** RCW 41.05.008 and 2009 c 537 s 1 are each amended to  
4 read as follows:

5 (1) Every employing agency shall carry out all actions required  
6 by the authority under this chapter including, but not limited to,  
7 those necessary for the operation of benefit plans, education of  
8 employees, claims administration, and appeals process.

9 (2) Employing agencies shall report all data relating to public  
10 employees eligible to participate in benefits or plans administered  
11 by the authority in a format designed and communicated by the  
12 authority.

13 **Sec. 3.** RCW 41.05.0091 and 2009 c 537 s 10 are each amended to  
14 read as follows:

15 (~~An~~) A state employee or employee of an employer group  
16 determined eligible for benefits prior to January 1, 2010, shall not  
17 have his or her eligibility terminated pursuant to the criteria  
18 established under chapter 537, Laws of 2009 unless the termination is  
19 the result of: (1) A voluntary reduction in work hours; or (2) the  
20 state employee(~~'s~~) or employee of an employer group's employment  
21 with an agency other than the agency by which he or she was  
22 determined eligible prior to January 1, 2010.

23 **Sec. 4.** RCW 41.05.011 and 2023 c 164 s 1, 2023 c 51 s 3, and  
24 2023 c 13 s 2 are each reenacted and amended to read as follows:

25 The definitions in this section apply throughout this chapter  
26 unless the context clearly requires otherwise.

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

28 (2) "Board" means the (~~public employees'~~) Washington employees  
29 and retirees benefits board established under (~~(RCW 41.05.055 and the~~  
30 ~~school employees' benefits board established under RCW 41.05.740))~~  
31 section 34 of this act.

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

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

1 (5) "Emergency service personnel killed in the line of duty"  
2 means law enforcement officers and firefighters as defined in RCW  
3 41.26.030, members of the Washington state patrol retirement fund as  
4 defined in RCW 43.43.120, and reserve officers and firefighters as  
5 defined in RCW 41.24.010 who die as a result of injuries sustained in  
6 the course of employment as determined consistent with Title 51 RCW  
7 by the department of labor and industries.

8 (6) ~~((a) — "Employee"))~~ "State employee" for the ~~((public~~  
9 ~~employees'))~~ Washington employees and retirees benefits board program  
10 includes ~~((all))~~:

11 (a) All employees of the state, whether or not covered by civil  
12 service; ~~((elected))~~

13 (b) Elected and appointed officials of the executive branch of  
14 government, including full-time members of boards, commissions, or  
15 committees; ~~((justices))~~

16 (c) Justices of the supreme court and judges of the court of  
17 appeals and the superior courts; and ~~((members))~~

18 (d) Members of the state legislature. ~~((Pursuant to contractual~~  
19 ~~agreement with the authority, "employee" may also include: (i)~~  
20 ~~Employees of a county, municipality, or other political subdivision~~  
21 ~~of the state and members of the legislative authority of any county,~~  
22 ~~city, or town who are elected to office after February 20, 1970, if~~  
23 ~~the legislative authority of the county, municipality, or other~~  
24 ~~political subdivision of the state submits application materials to~~  
25 ~~the authority to provide any of its insurance programs by contract~~  
26 ~~with the authority, as provided in RCW 41.04.205 and 41.05.021(1)(g);~~  
27 ~~(ii) employees of employee organizations representing state civil~~  
28 ~~service employees, at the option of each such employee organization;~~  
29 ~~(iii) through December 31, 2019, employees of a school district if~~  
30 ~~the authority agrees to provide any of the school districts'~~  
31 ~~insurance programs by contract with the authority as provided in RCW~~  
32 ~~28A.400.350; (iv) employees of a tribal government, if the governing~~  
33 ~~body of the tribal government seeks and receives the approval of the~~  
34 ~~authority to provide any of its insurance programs by contract with~~  
35 ~~the authority, as provided in RCW 41.05.021(1) (f) and (g); (v)~~  
36 ~~employees of the Washington health benefit exchange if the governing~~  
37 ~~board of the exchange established in RCW 43.71.020 seeks and receives~~  
38 ~~approval of the authority to provide any of its insurance programs by~~  
39 ~~contract with the authority, as provided in RCW 41.05.021(1) (g) and~~  
40 ~~(n); and (vi) through December 31, 2019, employees of a charter~~

1 ~~school established under chapter 28A.710 RCW. "Employee"))~~ "State  
2 employee" does not include: Adult family home providers; unpaid  
3 volunteers; patients of state hospitals; inmates; students of  
4 institutions of higher education as determined by their institution;  
5 and any others not expressly defined as state employees under this  
6 chapter or by the authority under this chapter.

7 ~~((b) Effective January 1, 2020, "school"))~~ (7) "School employee"  
8 for the ~~((school employees'))~~ Washington employees and retirees  
9 benefits board program includes:

10 ~~((i))~~ (a) All employees of school districts and charter schools  
11 established under chapter 28A.710 RCW; and

12 ~~((ii) Represented employees of educational service districts;~~  
13 ~~(iii) Effective January 1, 2024, all))~~ (b) All employees of  
14 educational service districts ~~(; and~~

15 ~~(iv) Effective January 1, 2024, pursuant to contractual agreement~~  
16 ~~with the authority, "school employee" may also include: (A) Employees~~  
17 ~~of employee organizations representing school employees, at the~~  
18 ~~option of each such employee organization; and (B) employees of a~~  
19 ~~tribal school as defined in RCW 28A.715.010, if the governing body of~~  
20 ~~the tribal school seeks and receives the approval of the authority to~~  
21 ~~provide any of its insurance programs by contract with the authority,~~  
22 ~~as provided in RCW 41.05.021(1) (f) and (g).~~

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

30 (8) "Employee of an employer group" for the Washington employees  
31 and retirees benefits board program includes pursuant to contractual  
32 agreement with the authority:

33 (a) Employees of a county, municipality, or other political  
34 subdivision of the state and members of the legislative authority of  
35 any county, city, or town who are elected to office after February  
36 20, 1970, if the legislative authority of the county, municipality,  
37 or other political subdivision of the state submits application  
38 materials to the authority to provide any of its insurance programs  
39 by contract with the authority, as provided in RCW 41.04.205 and  
40 41.05.021(1) (h);

1 (b) Employees of employee organizations representing state civil  
2 service employees or school employees;

3 (c) Employees of a tribal government or a tribal school if the  
4 governing body of the tribal government or tribal school seeks and  
5 receives the approval of the authority to provide any of its  
6 insurance programs by contract with the authority, as provided in RCW  
7 41.05.021(1) (g) and (h); and

8 (d) Employees of the Washington health benefit exchange if the  
9 governing board of the exchange established in RCW 43.71.020 seeks  
10 and receives approval of the authority to provide any of its  
11 insurance programs by contract with the authority, as provided in RCW  
12 41.05.021(1) (f) and (h).

13 ~~(9)(a) "Employer" for ((the public employees' benefits board~~  
14 ~~program)) state employees means the state of Washington.~~

15 (b) "Employer" for ~~((the school employees' benefits board~~  
16 ~~program)) school employees means school districts ~~((and)),~~  
17 educational service districts, and charter schools established under  
18 chapter 28A.710 RCW.~~

19 ~~((9)(a))~~ (10) "Employer group" ((for the public employees'  
20 ~~benefits board program))~~ means those counties, municipalities,  
21 political subdivisions, the Washington health benefit exchange,  
22 tribal governments, tribal schools, and employee organizations  
23 representing state civil service employees or school employees  
24 obtaining employee benefits through a contractual agreement with the  
25 authority to participate in benefit plans developed by the ~~((public~~  
26 ~~employees')) Washington employees and retirees benefits board.~~

27 ~~((b) "Employer group" for the school employees' benefits board~~  
28 ~~program means an employee organization representing school employees~~  
29 ~~and a tribal school as defined in RCW 28A.715.010, obtaining employee~~  
30 ~~benefits through a contractual agreement with the authority to~~  
31 ~~participate in benefit plans developed by the school employees'~~  
32 ~~benefits board.~~

33 ~~(10)(a))~~ (11) "Employing agency" ((for the public employees'  
34 ~~benefits board program))~~ means a division, department, or separate  
35 agency of state government, including an institution of higher  
36 education; a school district, educational service district, or  
37 charter school; a county, municipality, or other political  
38 subdivision; the Washington health benefit exchange; an employee  
39 organization representing state civil service employees or school

1 employees; and a tribal government, or a tribal school, covered by  
2 this chapter.

3 ~~((b)) "Employing agency" for the school employees' benefits board~~  
4 ~~program means school districts, educational service districts, and~~  
5 ~~charter schools.~~

6 ~~(11))~~ (12) "Faculty" means an academic state employee of an  
7 institution of higher education whose workload is not defined by work  
8 hours but whose appointment, workload, and duties directly serve the  
9 institution's academic mission, as determined under the authority of  
10 its enabling statutes, its governing body, and any applicable  
11 collective bargaining agreement.

12 ~~((12))~~ (13) "Flexible benefit plan" means a benefit plan that  
13 allows ~~((public))~~ state employees and school employees to choose the  
14 level of health care coverage provided and the amount of state  
15 employee or school employee contributions from among a range of  
16 choices offered by the authority.

17 ~~((13))~~ (14) "Flexible spending arrangement" means a benefit  
18 plan whereby ~~((public))~~ state employees and school employees may  
19 reduce their salary before taxes to pay for medical expenses not  
20 reimbursed by insurance as provided in the salary reduction plan  
21 under this chapter pursuant to 26 U.S.C. Sec. 125 or other sections  
22 of the internal revenue code.

23 ~~((14))~~ (15) "Insuring entity" means an insurer as defined in  
24 chapter 48.01 RCW, a health care service contractor as defined in  
25 chapter 48.44 RCW, or a health maintenance organization as defined in  
26 chapter 48.46 RCW.

27 ~~((15))~~ (16) "Participant" means an individual who fulfills the  
28 eligibility and enrollment requirements under the salary reduction  
29 plan.

30 ~~((16))~~ (17) "Plan year" means the time period established by  
31 the authority.

32 ~~((17))~~ (18) "Premium payment plan" means a benefit plan whereby  
33 ~~((public))~~ state employees and school employees may pay their share  
34 of group health plan premiums with pretax dollars as provided in the  
35 salary reduction plan under this chapter pursuant to 26 U.S.C. Sec.  
36 125 or other sections of the internal revenue code.

37 ~~((18))~~ (19) "Public employee" has the same meaning as state  
38 employee ~~((and)),~~ school employee, and employee of an employer group.

39 ~~((19))~~ (20) "Retired or disabled ~~((school))~~ public employee"  
40 means:

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

4 (b) Persons who separate from employment with a school district,  
5 educational service district, or charter school on or after October  
6 1, 1993, ~~((and immediately upon separation receive a retirement  
7 allowance under chapter 41.32, 41.35, or 41.40 RCW;~~

8 ~~(c) Persons who separate from employment with a school district,  
9 educational service district, or charter school due to a total and  
10 permanent disability, and are eligible to receive a deferred  
11 retirement allowance under chapter 41.32, 41.35, or 41.40 RCW))~~ or  
12 persons who separate from employment with the state of Washington or  
13 an employer group under contractual agreement with the authority:

14 (i) Who immediately upon separation receive a monthly retirement  
15 allowance under chapter 2.10, 2.12, 41.26, 41.32, 41.35, 41.37,  
16 41.40, or 43.43 RCW; or

17 (ii) Are eligible to receive a deferred monthly retirement  
18 allowance due to a total and permanent disability under chapter 2.10,  
19 2.12, 41.26, 41.32, 41.35, 41.37, 41.40, or 43.43 RCW;

20 (c) Persons who separate from employment from an institution of  
21 higher education, including due to a condition of health, who are  
22 members of a higher education retirement plan:

23 (i) Who immediately receive a monthly retirement allowance from  
24 an annuity or retirement income plan authorized under RCW 28B.10.400;

25 (ii) Meet their higher education retirement plan's retirement  
26 eligibility criteria; or

27 (iii) Are at least age 55 with 10 years of state service; or

28 (d) Persons who voluntarily or involuntarily leave state office:

29 (i) A member of the state legislature;

30 (ii) A statewide elected official of the executive branch;

31 (iii) Appointed members of the governor's cabinet; or

32 (iv) An official appointed directly by a state legislative  
33 committee as the head of the legislative branch agency or an official  
34 appointed to secretary of the senate or chief clerk of the house of  
35 representatives.

36 ~~((20))~~ (21) "Salary" means a ((public)) state employee's or  
37 school employee's monthly salary or wages.

38 ~~((21))~~ (22) "Salary reduction plan" means a benefit plan  
39 whereby ((public)) state employees or school employees may agree to a  
40 reduction of salary on a pretax basis to participate in the dependent

1 care assistance program, flexible spending arrangement, or premium  
2 payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections  
3 of the internal revenue code.

4 ~~((22) "School employees' benefits board organization" means a~~  
5 ~~public school district or educational service district or charter~~  
6 ~~school established under chapter 28A.710 RCW that is required to~~  
7 ~~participate in benefit plans provided by the school employees'~~  
8 ~~benefits board.))~~

9 (23) "School board member" means a member of the board of  
10 directors of a school district as governed by chapter 28A.343 RCW or  
11 the board of directors of an educational service district as governed  
12 by chapter 28A.310 RCW.

13 (24) "School year" means school year as defined in RCW  
14 28A.150.203(11).

15 ~~((24))~~ (25) "Seasonal employee" means a state employee hired to  
16 work during a recurring, annual season with a duration of three  
17 months or more, and anticipated to return each season to perform  
18 similar work.

19 ~~((25))~~ (26) "Separated employees" means persons who separate  
20 from employment with an employer as defined in:

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

22 (ii) RCW 41.35.010 on or after September 1, 2000; or

23 (iii) RCW 41.40.010 on or after March 1, 2002;

24 and who are at least age fifty-five and have at least ten years of  
25 service under the teachers' retirement system plan 3 as defined in  
26 RCW 41.32.010(33), the Washington school employees' retirement system  
27 plan 3 as defined in RCW 41.35.010, or the public employees'  
28 retirement system plan 3 as defined in RCW 41.40.010; or

29 (b) For the purposes of ~~((RCW 41.05.080))~~ section 36(5) of this  
30 act:

31 (i) RCW 41.32.010 on or after January 1, 2024; or

32 (ii) RCW 41.35.010 on or after January 1, 2024; or

33 (iii) RCW 41.40.010 on or after January 1, 2024; and who are at  
34 least age 55 and have at least 20 years of service under the  
35 teachers' retirement system plan 2 as defined in RCW 41.32.010, the  
36 Washington school employees' retirement system plan 2 as defined in  
37 RCW 41.35.010, or the public employees' retirement system plan 2 as  
38 defined in RCW 41.40.010.

39 ~~((26))~~ (27) "State purchased health care" or "health care"  
40 means medical and behavioral health care, pharmaceuticals, and



1 medical equipment purchased with state and federal funds by the  
2 department of social and health services, the department of health,  
3 the basic health plan, the state health care authority, the  
4 department of labor and industries, the department of corrections,  
5 the department of veterans affairs, and local school districts.

6 ~~((27))~~ (28) "Tribal government" means an Indian tribal  
7 government as defined in section 3(32) of the employee retirement  
8 income security act of 1974, as amended, or an agency or  
9 instrumentality of the tribal government, that has government offices  
10 principally located in this state.

11 (29) "Tribal school" has the meaning defined in RCW 28A.715.010.

12 **Sec. 5.** RCW 41.05.021 and 2023 c 51 s 6 and 2023 c 13 s 3 are  
13 each reenacted and amended to read as follows:

14 (1) The Washington state health care authority is created within  
15 the executive branch. The authority shall have a director appointed  
16 by the governor, with the consent of the senate. The director shall  
17 serve at the pleasure of the governor. The director may employ a  
18 deputy director, and such assistant directors and special assistants  
19 as may be needed to administer the authority, who shall be exempt  
20 from chapter 41.06 RCW, and any additional staff members as are  
21 necessary to administer this chapter. The director may delegate any  
22 power or duty vested in him or her by law, including authority to  
23 make final decisions and enter final orders in hearings conducted  
24 under chapter 34.05 RCW. The primary duties of the authority shall be  
25 to: Administer insurance benefits for public employees, and retired  
26 or disabled ~~((state and school))~~ public employees ~~((, and school~~  
27 ~~employees))~~; administer the basic health plan pursuant to chapter  
28 70.47 RCW; administer the children's health program pursuant to  
29 chapter 74.09 RCW; study state purchased health care programs in  
30 order to maximize cost containment in these programs while ensuring  
31 access to quality health care; implement state initiatives, joint  
32 purchasing strategies, and techniques for efficient administration  
33 that have potential application to all state-purchased health  
34 services; and administer grants that further the mission and goals of  
35 the authority. The authority's duties include, but are not limited  
36 to, the following:

37 (a) To administer health care benefit programs for public  
38 employees, and retired or disabled ~~((state and school))~~ public  
39 employees ~~((, and school employees))~~ as specifically authorized in

1 ((~~RCW 41.05.065 and 41.05.740~~)) section 36 of this act and in  
2 accordance with the methods described in RCW 41.05.075, 41.05.140,  
3 and other provisions of this chapter;

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

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

12 (ii) Utilization of provider arrangements that encourage cost  
13 containment, including but not limited to prepaid delivery systems,  
14 utilization review, and prospective payment methods, and that ensure  
15 access to quality care, including assuring reasonable access to local  
16 providers, especially for public employees ((~~and school employees~~))  
17 residing in rural areas;

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

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

22 (v) Development of data systems to obtain utilization data from  
23 state purchased health care programs in order to identify cost  
24 centers, utilization patterns, provider and hospital practice  
25 patterns, and procedure costs, utilizing the information obtained  
26 pursuant to RCW 41.05.031; and

27 (vi) In collaboration with other state agencies that administer  
28 state purchased health care programs, private health care purchasers,  
29 health care facilities, providers, and carriers:

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

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

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

1 (B) Through state health purchasing, reimbursement, or pilot  
2 strategies, promote and increase the adoption of health information  
3 technology systems, including electronic medical records, by  
4 hospitals as defined in RCW 70.41.020, integrated delivery systems,  
5 and providers that:

6 (I) Facilitate diagnosis or treatment;

7 (II) Reduce unnecessary duplication of medical tests;

8 (III) Promote efficient electronic physician order entry;

9 (IV) Increase access to health information for consumers and  
10 their providers; and

11 (V) Improve health outcomes;

12 (C) Coordinate a strategy for the adoption of health information  
13 technology systems;

14 (c) To analyze areas of public and private health care  
15 interaction;

16 (d) To provide information and technical and administrative  
17 assistance to the board;

18 (e) To review and approve or deny applications from counties,  
19 municipalities, and other political subdivisions of the state to  
20 provide state-sponsored insurance or self-insurance programs to their  
21 employees in accordance with the provisions of RCW 41.04.205 and  
22 ~~((g))~~ (h) of this subsection, setting the premium contribution for  
23 approved groups as outlined in RCW 41.05.050;

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

31 (g) To review and approve or deny the application when the  
32 governing body of a tribal government or tribal school applies to  
33 transfer their employees to an insurance or self-insurance program  
34 administered by the ~~((public employees' benefits board or by the~~  
35 ~~school employees')) Washington employees and retirees benefits board.~~  
36 In the event of an employee transfer pursuant to this subsection (1)  
37 ~~((f))~~ (g), members of the governing body are eligible to be  
38 included in such a transfer if the members are authorized by the  
39 tribal government or tribal school to participate in the insurance  
40 program being transferred from and subject to payment by the members

1 of all costs of insurance for the members. The authority shall: (i)  
2 Establish the conditions for participation; (ii) have the sole right  
3 to reject the application; and (iii) set the premium contribution for  
4 approved groups as outlined in RCW 41.05.050. Approval of the  
5 application by the authority transfers the employees and dependents  
6 involved to the insurance, self-insurance, or health care program  
7 administered by the (~~public employees' benefits board or the school~~  
8 ~~employees' benefits~~) board;

9 ((~~g~~)) (h) To ensure the continued status of the public employee  
10 insurance or self-insurance programs administered under this chapter  
11 as a governmental plan under section 3(32) of the employee retirement  
12 income security act of 1974, as amended, the authority shall limit  
13 the participation of employer groups, including providing for the  
14 participation of those employees or employer groups whose services  
15 are substantially all in the performance of essential governmental  
16 functions, but not in the performance of commercial activities.  
17 Charter schools established under chapter 28A.710 RCW are employers  
18 and are (~~school employees' benefits board organizations~~) employing  
19 agencies unless:

20 (i) The authority receives guidance from the internal revenue  
21 service or the United States department of labor that participation  
22 jeopardizes the status of plans offered under this chapter as  
23 governmental plans under the federal employees' retirement income  
24 security act or the internal revenue code; or

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

29 ((~~h~~)) (i) To establish billing procedures and collect funds  
30 from (~~school employees' benefits board organizations~~) employing  
31 agencies in a way that minimizes the administrative burden on  
32 districts;

33 (~~(i) Through December 31, 2019, to publish and distribute to~~  
34 ~~nonparticipating school districts and educational service districts~~  
35 ~~by October 1st of each year a description of health care benefit~~  
36 ~~plans available through the authority and the estimated cost if~~  
37 ~~school districts and educational service district employees were~~  
38 ~~enrolled;~~)

39 (j) To apply for, receive, and accept grants, gifts, and other  
40 payments, including property and service, from any governmental or

1 other public or private entity or person, and make arrangements as to  
2 the use of these receipts to implement initiatives and strategies  
3 developed under this section;

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

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

8 (i) Setting forth the criteria established by the (~~public~~  
9 ~~employees' benefits~~) board under (~~RCW 41.05.065, and by the school~~  
10 ~~employees' benefits board under RCW 41.05.740~~) section 36(2) of this  
11 act, for determining whether a public employee is eligible for  
12 benefits;

13 (ii) Establishing an appeal process in accordance with chapter  
14 34.05 RCW by which a public employee may appeal an eligibility  
15 determination;

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

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

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

26 (iii) To enter into agreements with the department of social and  
27 health services for administration of medical care services programs  
28 under Titles XIX and XXI of the social security act and programs  
29 under chapters 71.05, 71.24, and 71.34 RCW. The agreements shall  
30 establish the division of responsibilities between the authority and  
31 the department with respect to mental health, substance use  
32 disorders, and long-term care services, including services for  
33 persons with developmental disabilities. The agreements shall be  
34 revised as necessary, to comply with the final implementation plan  
35 adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

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

38 (v) To appoint such advisory committees or councils as may be  
39 required by any federal statute or regulation as a condition to the  
40 receipt of federal funds by the authority. The director may appoint

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

17 ~~(n) To review and approve or deny the application from the~~  
18 ~~governing board of the Washington health benefit exchange to provide~~  
19 ~~public employees' benefits board state-sponsored insurance or self-~~  
20 ~~insurance programs to employees of the exchange. The authority shall~~  
21 ~~(i) establish the conditions for participation; (ii) have the sole~~  
22 ~~right to reject an application; and (iii) set the premium~~  
23 ~~contribution for approved groups as outlined in RCW 41.05.050)).~~

24 (2) The ~~((public employees' benefits board and the school~~  
25 ~~employees' benefits))~~ board may implement strategies to promote  
26 managed competition among ~~((employee and school))~~ public employee  
27 health benefit plans. Strategies may include but are not limited to:

- 28 (a) Standardizing the benefit package;  
29 (b) Soliciting competitive bids for the benefit package;  
30 (c) Limiting the state's contribution to a percent of the lowest  
31 priced qualified plan within a geographical area;  
32 (d) Monitoring the impact of the approach under this subsection  
33 with regards to: Efficiencies in health service delivery, cost shifts  
34 to subscribers, access to and choice of managed care plans statewide,  
35 and quality of health services. The health care authority shall also  
36 advise on the value of administering a benchmark employer-managed  
37 plan to promote competition among managed care plans.

38 **Sec. 6.** RCW 41.05.022 and 2018 c 260 s 7 are each amended to  
39 read as follows:

1 (1) The health care authority is hereby designated as the single  
2 state agent for purchasing health services.

3 (2) On and after January 1, (~~(1995)~~) 2027, at least the following  
4 state-purchased health services programs shall be merged into a  
5 single, community-rated risk pool:

6 (a) Health benefits for (~~(groups of)~~) eligible public employees  
7 (~~(of school districts and educational service districts that~~  
8 voluntarily purchase health benefits as provided in RCW 41.05.011  
9 through December 31, 2019; health benefits for employees));  
10 ((health))

11 (b) Health benefits for (~~(eligible retired or disabled school~~  
12 employees)) the following individuals not eligible for parts A and B  
13 of medicare(~~(; and health benefits for eligible state retirees not~~  
14 eligible for parts A and B of medicare)):

15 (i) Retired or disabled public employees, or separated employees;

16 (ii) Surviving spouses, surviving state registered domestic  
17 partners, and surviving dependent children of public employees,  
18 separated employees, retired or disabled public employees, and  
19 emergency service personnel killed in the line of duty;

20 (iii) Individuals described in section 36(7) of this act; and

21 (iv) Eligible school board members.

22 (~~(3) (On and after January 1, 2020, health benefits for groups of~~  
23 ~~school employees of school employees' benefits board organizations~~  
24 ~~shall be merged into a single, community-rated risk pool separate and~~  
25 ~~distinct from the pool described in subsection (2) of this section.~~

26 (~~(4) By December 15, 2018, the health care authority, in~~  
27 ~~consultation with the board, shall submit to the appropriate~~  
28 ~~committees of the legislature a complete analysis of the most~~  
29 ~~appropriate risk pool for the retired and disabled school employees,~~  
30 ~~to include at a minimum an analysis of the size of the nonmedicare~~  
31 ~~and medicare retiree enrollment pools, the impacts on cost for state~~  
32 ~~and school district retirees of moving retirees from one pool to~~  
33 ~~another, the need for and the amount of an ongoing retiree subsidy~~  
34 ~~allocation from the active school employees, and the timing and~~  
35 ~~suggested approach for a transition from one risk pool to another.~~

36 ~~(5))~~ Rates charged to individuals described in this section,  
37 including spouses, state registered domestic partners, and dependent  
38 children, shall be based on the experience of this community-rated  
39 risk pool.

1       (4) The individuals described in subsection (2)(b) of this  
2 section shall be responsible for payment of premium rates developed  
3 by the authority which must include the cost to the authority of  
4 providing insurance coverage including any amounts necessary for  
5 reserves and administration in accordance with this chapter. These  
6 self-pay rates will be established based on a separate rate for the  
7 employee, the spouse, state registered domestic partners, and  
8 dependent children.

9       (5) When an individual described in subsection (2)(b)(i) or (ii)  
10 of this section dies, the authority shall waive the payment of the  
11 decedent's premiums for the medical, dental, or vision, and any  
12 applicable premium surcharges for the month in which the death  
13 occurred. The authority shall enroll any eligible surviving  
14 dependents in the same medical, dental, or vision plan that they had  
15 been enrolled in, which shall be made effective on the first day of  
16 the month in which the death occurred, and the eligible surviving  
17 dependent shall be responsible for the payment of premiums and any  
18 applicable premium surcharges for themselves and any other eligible  
19 dependents.

20       (6) At a minimum, and regardless of other legislative enactments,  
21 the state health services purchasing agent shall:

22       (a) Require that a public agency that provides subsidies for a  
23 substantial portion of services now covered under the basic health  
24 plan use uniform eligibility processes, insofar as may be possible,  
25 and ensure that multiple eligibility determinations are not required;

26       (b) Require that a health care provider or a health care facility  
27 that receives funds from a public program provide care to state  
28 residents receiving a state subsidy who may wish to receive care from  
29 them, and that an insuring entity that receives funds from a public  
30 program accept enrollment from state residents receiving a state  
31 subsidy who may wish to enroll with them;

32       (c) Strive to integrate purchasing for all publicly sponsored  
33 health services in order to maximize the cost control potential and  
34 promote the most efficient methods of financing and coordinating  
35 services;

36       (d) Consult regularly with the governor, the legislature, and  
37 state agency directors whose operations are affected by the  
38 implementation of this section; and

39       (e) Ensure the control of benefit costs under managed competition  
40 by adopting rules to prevent an employing agency from entering into



1 an agreement with employees or employee organizations when the  
2 agreement would result in increased utilization in board plans or  
3 reduce the expected savings of managed competition.

4 **Sec. 7.** RCW 41.05.023 and 2018 c 260 s 8 are each amended to  
5 read as follows:

6 (1) The health care authority, in collaboration with the  
7 department of health, shall design and implement a chronic care  
8 management program for (~~employees and school~~) public employees  
9 enrolled in the state's self-insured uniform medical plan. Programs  
10 must be evidence based, facilitating the use of information  
11 technology to improve quality of care and must improve coordination  
12 of primary, acute, and long-term care for those enrollees with  
13 multiple chronic conditions. The authority shall consider expansion  
14 of existing medical home and chronic care management programs. The  
15 authority shall use best practices in identifying those (~~employees~~  
16 ~~and school~~) public employees best served under a chronic care  
17 management model using predictive modeling through claims or other  
18 health risk information.

19 (2) For purposes of this section:

20 (a) "Medical home" means a site of care that provides  
21 comprehensive preventive and coordinated care centered on the patient  
22 needs and assures high quality, accessible, and efficient care.

23 (b) "Chronic care management" means the authority's program that  
24 provides care management and coordination activities for health plan  
25 enrollees determined to be at risk for high medical costs. "Chronic  
26 care management" provides education and training and/or coordination  
27 that assist program participants in improving self-management skills  
28 to improve health outcomes and reduce medical costs by educating  
29 clients to better utilize services.

30 **Sec. 8.** RCW 41.05.050 and 2023 c 13 s 4 are each amended to read  
31 as follows:

32 (1)(a) Every employer and employer group as defined in RCW  
33 41.05.011 shall provide contributions to insurance and health care  
34 plans for its employees and their dependents, the content of such  
35 plans to be determined by the authority.

36 (b) Contributions paid by employer groups for their  
37 employees(~~r~~) shall include an amount determined by the authority to

1 pay such administrative expenses of the authority as are necessary to  
2 administer the plans for employees of those employer groups.

3 (2) To account for any increased cost of benefit plans developed  
4 by the board, the authority may develop a rate surcharge applicable  
5 to participating employer groups as defined in RCW 41.05.011.

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

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

29 ~~(b) (i) Beginning January 1, 2020, all school districts,~~  
30 ~~represented employees of educational service districts, and charter~~  
31 ~~schools shall commence participation in the school employees'~~  
32 ~~benefits board program established under RCW 41.05.740. All school~~  
33 ~~districts, represented employees of educational service districts,~~  
34 ~~charter schools, and all school district employee groups~~  
35 ~~participating in the public employees' benefits board plans before~~  
36 ~~January 1, 2020, shall thereafter participate in the school~~  
37 ~~employees' benefits board program administered by the authority. All~~  
38 ~~school districts, represented employees of educational service~~  
39 ~~districts, and charter schools shall provide contributions to the~~  
40 ~~authority for insurance and health care plans for school employees~~

1 ~~and their dependents. These contributions must be provided to the~~  
2 ~~authority for all eligible school employees eligible for benefits~~  
3 ~~under RCW 41.05.740(6)(d), including school employees who have waived~~  
4 ~~their coverage; contributions to the authority are not required for~~  
5 ~~individuals eligible for benefits under RCW 41.05.740(6)(e) who waive~~  
6 ~~their coverage.~~

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

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

13 **Sec. 9.** RCW 41.05.075 and 2018 c 260 s 14 are each amended to  
14 read as follows:

15 (1) The director shall provide benefit plans designed by the  
16 board through a contract or contracts with insuring entities, through  
17 self-funding, self-insurance, or other methods of providing insurance  
18 coverage authorized by RCW 41.05.140. The process of contracting for  
19 plans offered by the ~~((school employees'))~~ Washington employees and  
20 retirees benefits board is subject to insight and direction by the  
21 ~~((school employees' benefits))~~ board.

22 (2) The director shall establish a contract bidding process that:

23 (a) Encourages competition among insuring entities;

24 (b) Maintains an equitable relationship between premiums charged  
25 for similar benefits and between the two risk pools ~~((including~~  
26 ~~premiums charged for retired state and school district employees~~  
27 ~~under the separate risk pools))~~ established by RCW 41.05.022 and  
28 41.05.080 such that insuring entities may not avoid risk when  
29 establishing the premium rates for retirees eligible for medicare;

30 (c) Is timely to the state budgetary process; and

31 (d) Sets conditions for awarding contracts to any insuring  
32 entity.

33 ~~((The entities described in RCW 28A.400.275(2) shall provide~~  
34 ~~the school employees' benefits board and authority specified data by~~  
35 ~~April 1, 2018, in a format to be determined by the authority, to~~  
36 ~~support an initial benefits plans procurement. At a minimum, the data~~  
37 ~~must cover the period January 1, 2014, through December 31, 2017, and~~  
38 ~~include:~~

1 ~~(a) A summary of the benefit packages offered to each group of~~  
2 ~~school employees, including covered benefits, point-of-service cost-~~  
3 ~~sharing, member count, and the group policy number;~~

4 ~~(b) Aggregated subscriber and member demographic information,~~  
5 ~~including age band and gender, by insurance tier by month and by~~  
6 ~~benefit packages;~~

7 ~~(c) Monthly total by benefit package, including premiums paid,~~  
8 ~~inpatient facility claims paid, outpatient facility claims paid,~~  
9 ~~physician claims paid, pharmacy claims paid, capitation amounts paid,~~  
10 ~~and other claims paid;~~

11 ~~(d) A listing for calendar years 2014 through 2017 of large~~  
12 ~~claims defined as annual amounts paid in excess of one hundred~~  
13 ~~thousand dollars including the amount paid, the member enrollment~~  
14 ~~status, and the primary diagnosis;~~

15 ~~(e) A listing of calendar year 2017 allowed claims by provider~~  
16 ~~entity; and~~

17 ~~(f) All data needed for design, procurement, rate setting, and~~  
18 ~~administration of all school employees' benefits board benefits.~~

19 ~~Any data that may be confidential and contain personal health~~  
20 ~~information may be protected in accordance with a data-sharing~~  
21 ~~agreement.~~

22 ~~(4))~~ The director shall establish a requirement for review of  
23 utilization and financial data from participating insuring entities  
24 on a quarterly basis.

25 ~~((5))~~ (4) The director shall centralize the enrollment files  
26 for all public employee~~((, school employee,))~~ and retired or disabled  
27 ~~((school))~~ public employee health plans offered under this chapter  
28 ~~((41.05 RCW))~~ and develop enrollment demographics on a plan-specific  
29 basis.

30 ~~((6))~~ (5) All claims data shall be the property of the state.  
31 The director may require of any insuring entity that submits a bid to  
32 contract for coverage all information deemed necessary including:

33 (a) Subscriber or member demographic and claims data necessary  
34 for risk assessment and adjustment calculations in order to fulfill  
35 the director's duties as set forth in this chapter; and

36 (b) Subscriber or member demographic and claims data necessary to  
37 implement performance measures or financial incentives related to  
38 performance under subsection ~~((8))~~ (7) of this section.

39 ~~((7))~~ (6) All contracts with insuring entities for the  
40 provision of health care benefits shall provide that the

1 beneficiaries of such benefit plans may use on an equal participation  
2 basis the services of practitioners licensed pursuant to chapters  
3 18.22, 18.25, 18.32, 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79  
4 RCW, as it applies to registered nurses and advanced registered nurse  
5 practitioners. However, nothing in this subsection may preclude the  
6 director from establishing appropriate utilization controls approved  
7 pursuant to (~~RCW 41.05.065(2) (a), (b), and (d)~~) section 36(1)(a)  
8 (i) and (ii) of this act.

9 (~~(8)~~) (7) The director shall, in collaboration with other state  
10 agencies that administer state purchased health care programs,  
11 private health care purchasers, health care facilities, providers,  
12 and carriers:

13 (a) Use evidence-based medicine principles to develop common  
14 performance measures and implement financial incentives in contracts  
15 with insuring entities, health care facilities, and providers that:

16 (i) Reward improvements in health outcomes for individuals with  
17 chronic diseases, increased utilization of appropriate preventive  
18 health services, and reductions in medical errors; and

19 (ii) Increase, through appropriate incentives to insuring  
20 entities, health care facilities, and providers, the adoption and use  
21 of information technology that contributes to improved health  
22 outcomes, better coordination of care, and decreased medical errors;

23 (b) Through state health purchasing, reimbursement, or pilot  
24 strategies, promote and increase the adoption of health information  
25 technology systems, including electronic medical records, by  
26 hospitals as defined in RCW 70.41.020, integrated delivery systems,  
27 and providers that:

28 (i) Facilitate diagnosis or treatment;

29 (ii) Reduce unnecessary duplication of medical tests;

30 (iii) Promote efficient electronic physician order entry;

31 (iv) Increase access to health information for consumers and  
32 their providers; and

33 (v) Improve health outcomes;

34 (c) Coordinate a strategy for the adoption of health information  
35 technology systems using the final health information technology  
36 report and recommendations developed under chapter 261, Laws of 2005.

37 (~~(9)~~) (8) The director may permit the Washington state health  
38 insurance pool to contract to utilize any network maintained by the  
39 authority or any network under contract with the authority.

1       **Sec. 10.** RCW 41.05.080 and 2024 c 185 s 1 are each amended to  
2 read as follows:

3       (1) ~~((Under the qualifications, terms, conditions, and benefits~~  
4 ~~set by the public employees' benefits board:~~

5       ~~(a) (i) Retired or disabled state employees, retired or disabled~~  
6 ~~school employees, or retired or disabled employees of employer groups~~  
7 ~~covered by this chapter may continue their participation in insurance~~  
8 ~~plans and contracts after retirement or disablement.~~

9       ~~(ii) The retired or disabled employees of employer groups whose~~  
10 ~~contractual agreement with the authority terminates may continue~~  
11 ~~their participation in insurance plans and contracts after the~~  
12 ~~contractual agreement is terminated. The retired or disabled~~  
13 ~~employees of employer groups whose contractual agreement with the~~  
14 ~~authority terminates are not eligible for any subsidy provided under~~  
15 ~~RCW 41.05.085;~~

16       ~~(b) Separated employees may continue their participation in~~  
17 ~~insurance plans and contracts if participation is selected~~  
18 ~~immediately upon separation from employment;~~

19       ~~(c) Surviving spouses, surviving state registered domestic~~  
20 ~~partners, and dependent children of emergency service personnel~~  
21 ~~killed in the line of duty may participate in insurance plans and~~  
22 ~~contracts.~~

23       ~~(2) Rates charged surviving spouses and surviving state~~  
24 ~~registered domestic partners of emergency service personnel killed in~~  
25 ~~the line of duty, retired or disabled employees, separated employees,~~  
26 ~~spouses, or dependent children who are not eligible for parts A and B~~  
27 ~~of medicare shall be based on the experience of the community-rated~~  
28 ~~risk pool established under RCW 41.05.022.~~

29       ~~(3) Rates charged to surviving spouses and surviving state~~  
30 ~~registered domestic partners of emergency service personnel killed in~~  
31 ~~the line of duty, retired or disabled employees, separated employees,~~  
32 ~~spouses, or children who are eligible for parts A and B of medicare~~  
33 ~~shall be calculated from a separate experience risk pool comprised~~  
34 ~~only of individuals eligible for parts A and B of medicare; however,~~  
35 ~~the premiums charged to medicare-eligible retirees and disabled~~  
36 ~~employees shall be reduced by the amount of the subsidy provided~~  
37 ~~under RCW 41.05.085, except as provided in subsection (1) (a) (ii) of~~  
38 ~~this section.~~

39       ~~(4) Surviving spouses, surviving state registered domestic~~  
40 ~~partners, and dependent children of emergency service personnel~~

1 ~~killed in the line of duty and retired or disabled and separated~~  
2 ~~employees))~~ On and after January 1, 2027, the following individuals  
3 who are eligible for parts A and B of medicare shall be calculated  
4 from a separate experience risk pool comprised only of individuals  
5 eligible for parts A and B of medicare:

6 (a) Retired or disabled public employees, or separated employees;

7 (b) Surviving spouses, surviving state registered domestic  
8 partners, and surviving dependent children of public employees,  
9 retired or disabled public employees, separated employees, or  
10 emergency service personnel killed in the line of duty;

11 (c) The individuals described in section 36(7) of this act; and

12 (d) Eligible school board members.

13 (2) Rates charged to individuals described in this section,  
14 including spouses, state registered domestic partners, and dependent  
15 children, shall be based on the experience of this risk pool  
16 comprised only of individuals eligible for parts A and B of medicare.  
17 However, the premiums charged to individuals described in this  
18 section shall be reduced by the amount of the subsidy provided under  
19 RCW 41.05.085 except for those described in subsection (1)(c) and (d)  
20 of this section.

21 (3) Individuals described in this section shall be responsible  
22 for payment of premium rates developed by the authority which shall  
23 include the cost to the authority of providing insurance coverage  
24 including any amounts necessary for reserves and administration in  
25 accordance with this chapter. These self pay rates will be  
26 established based on a separate rate for the employee, the spouse,  
27 state registered domestic partners, and ((the)) dependent children.

28 ~~((5))~~ (4) When ((a person)) an individual described in  
29 subsection (1)(a) ((i), (b), or (c)) or (b) of this section dies,  
30 the authority shall waive the payment of the decedent's premiums  
31 ~~((and any applicable premium surcharges))~~ for the medical, dental, or  
32 vision plan for the month in which the death occurred. The authority  
33 shall enroll any eligible surviving dependents in the same medical,  
34 dental, or vision plan that they had been enrolled in, which shall be  
35 made effective on the first day of the month in which the death  
36 occurred, and the eligible surviving dependent shall be responsible  
37 for the payment of premiums and any applicable premium surcharges for  
38 themselves and any other eligible dependents.

39 ~~((6) The term "retired state employees" for the purpose of this~~  
40 ~~section shall include but not be limited to members of the~~

1 legislature whether voluntarily or involuntarily leaving state  
2 office.))

3 **Sec. 11.** RCW 41.05.083 and 2023 c 312 s 2 are each amended to  
4 read as follows:

5 (1) Employer groups that enter into a contractual agreement with  
6 the authority after May 4, 2023, and whose contractual agreement with  
7 the authority is subsequently terminated, shall make a one-time  
8 payment as calculated in subsection (2) of this section to the  
9 authority for each of the ~~((employer group's retired or disabled  
10 employees))~~ individuals who continue their participation in insurance  
11 plans and contracts under ~~((RCW 41.05.080(1)(a)(ii))~~ section 36(7)  
12 of this act.

13 (2) ~~((For each of the employer group's retired or disabled  
14 employees who will be continuing their participation, the))~~ The  
15 authority shall determine the one-time payment amount by calculating  
16 the difference in cost between the rate charged to ~~((retired or  
17 disabled employees under RCW 41.05.080(2))~~ individuals described in  
18 RCW 41.05.022(2)(b)(i) and the actuarially determined value of the  
19 medical benefits for ~~((retired and disabled employees))~~ those  
20 individuals who are not eligible for parts A and B of medicare, and  
21 then multiplying that difference by the number of months until the  
22 ~~((retired or disabled employee))~~ individual would become eligible for  
23 medicare.

24 (3) Employer groups shall not be entitled to any refund of the  
25 amount paid to the authority under this section.

26 **Sec. 12.** RCW 41.05.085 and 2024 c 197 s 1 are each amended to  
27 read as follows:

28 (1) The legislature shall establish as part of ~~((both the state  
29 employees' and the school and educational service district))~~ the  
30 public employees' insurance benefit allocation the portion of the  
31 allocation to be used to provide a subsidy to reduce the medical and  
32 prescription drug insurance premium charged to ~~((retired or disabled  
33 school district and educational service district employees, or  
34 retired state employees, who are eligible for parts A and B of  
35 medicare))~~ the individuals described in RCW 41.05.080(1)(a) and (b).

36 (2) The amount of any premium reduction shall be established by  
37 the ~~((public employees'))~~ Washington employees and retirees benefits  
38 board. The amount established shall not result in a premium reduction



1 of more than fifty percent (~~(, except as provided in subsection (3) of~~  
2 ~~this section)~~). The (~~(public employees' benefits)~~) board may also  
3 determine the amount of any subsidy to be available to spouses and  
4 dependents.

5 (~~((3) The amount of the premium reduction in subsection (2) of~~  
6 ~~this section may exceed fifty percent, if the director, in~~  
7 ~~consultation with the office of financial management, determines that~~  
8 ~~it is necessary in order to meet eligibility requirements to~~  
9 ~~participate in the federal employer incentive program as provided in~~  
10 ~~RCW 41.05.068.)~~)

11 **Sec. 13.** RCW 41.05.095 and 2020 c 274 s 20 are each amended to  
12 read as follows:

13 (1) Any plan offered to public employees under this chapter must  
14 offer each public employee the option of covering any dependent of  
15 the public employee under the age of twenty-six.

16 (2) Coverage must terminate upon attainment of age twenty-six  
17 except in the case of a child who is and continues to be both (a)  
18 incapable of self-sustaining employment by reason of a developmental  
19 or physical disability and (b) chiefly dependent upon the public  
20 employee for support and maintenance, provided proof of such  
21 incapacity and dependency is furnished by the public employee within  
22 sixty days of the child's attainment of age twenty-six and  
23 subsequently as may be required by the authority, but not more  
24 frequently than annually after the two-year period following the  
25 child's attainment of age twenty-six.

26 **Sec. 14.** RCW 41.05.120 and 2023 c 435 s 10 are each amended to  
27 read as follows:

28 (1) The public employees' and retirees' insurance account is  
29 hereby established in the custody of the state treasurer, to be used  
30 by the director for the deposit of contributions, the remittance paid  
31 by school districts and educational service districts under RCW  
32 28A.400.410, reserves, dividends, and refunds, for payment of  
33 premiums and claims for public employee and retiree insurance benefit  
34 contracts and subsidy amounts provided under RCW 41.05.085, and  
35 transfers from the flexible spending administrative account as  
36 authorized in RCW 41.05.123. Moneys from the account shall be  
37 disbursed by the state treasurer by warrants on vouchers duly  
38 authorized by the director. Moneys from the account may be

1 transferred to the flexible spending administrative account to  
2 provide reserves and start-up costs for the operation of the flexible  
3 spending administrative account program.

4 (2) The state treasurer and the state investment board may invest  
5 moneys in the public employees' and retirees' insurance account. All  
6 such investments shall be in accordance with RCW 43.84.080 or  
7 43.84.150, whichever is applicable. The director shall determine  
8 whether the state treasurer or the state investment board or both  
9 shall invest moneys in the public employees' and retirees' insurance  
10 account.

11 ~~((3) The school employees' insurance account is hereby  
12 established in the custody of the state treasurer, to be used by the  
13 director for the deposit of contributions, reserves, dividends, and  
14 refunds, for payment of premiums and claims for school employee  
15 insurance benefit contracts, and for transfers from the school  
16 employees' benefits board flexible spending and dependent care  
17 administrative account as authorized in this subsection. Moneys from  
18 the account shall be disbursed by the state treasurer by warrants on  
19 vouchers duly authorized by the director. Moneys from the account may  
20 be transferred to the school employees' benefits board flexible  
21 spending and dependent care administrative account to provide  
22 reserves and start-up costs for the operation of the school  
23 employees' benefits board flexible spending arrangement and dependent  
24 care assistance program.~~

25 ~~(4) The state treasurer and the state investment board may invest  
26 moneys in the school employees' insurance account. These investments  
27 must be in accordance with RCW 43.84.080 or 43.84.150, whichever is  
28 applicable. The director shall determine whether the state treasurer  
29 or the state investment board or both shall invest moneys in the  
30 school employees' insurance account.~~

31 ~~(5) Moneys may be transferred between the public employees' and  
32 retirees' insurance account and the school employees' insurance  
33 account for short-term cash management and cash balance purposes.)~~

34 **Sec. 15.** RCW 41.05.123 and 2018 c 260 s 26 are each amended to  
35 read as follows:

36 ~~((1))~~ For the ~~((public employees'))~~ Washington employees and  
37 retirees benefits board program, the flexible spending administrative  
38 account is created in the custody of the state treasurer.

1        ~~((a))~~ (1) All receipts from the following must be deposited in  
2 the account:

3        ~~((i))~~ (a) Revenues from employing agencies for costs associated  
4 with operating the ~~((medical))~~ flexible spending arrangement program  
5 and the dependent care assistance program provided through the salary  
6 reduction plan authorized under this chapter; and

7        ~~((ii))~~ (b) Unclaimed moneys at the end of the plan year after  
8 all timely submitted claims for that plan year have been processed.  
9 Expenditures from the account may be used only for administrative and  
10 other expenses related to operating the ~~((medical))~~ flexible spending  
11 arrangement program and the dependent care assistance program  
12 provided through the salary reduction plan authorized under this  
13 chapter. Only the director or the director's designee may authorize  
14 expenditures from the account. The account is subject to allotment  
15 procedures under chapter 43.88 RCW, but an appropriation is not  
16 required for expenditures.

17        ~~((b))~~ (2) The salary reduction account is created in the  
18 custody of the state treasurer. ~~((Employee))~~ State employee and  
19 school employee salary reductions paid to reimburse participants or  
20 service providers for benefits provided by the ~~((medical))~~ flexible  
21 spending arrangement program and the dependent care assistance  
22 program provided through the salary reduction plan authorized under  
23 this chapter shall be paid from the salary reduction account. The  
24 funds held by the state to pay for benefits provided by the  
25 ~~((medical))~~ flexible spending arrangement program and the dependent  
26 care assistance program provided through the salary reduction plan  
27 authorized under this chapter shall be deposited in the salary  
28 reduction account. Unclaimed moneys remaining in the salary reduction  
29 account at the end of a plan year after all timely submitted claims  
30 for that plan year have been processed shall become a part of the  
31 flexible spending administrative account. Only the director or the  
32 director's designee may authorize expenditures from the account. The  
33 account is not subject to allotment procedures under chapter 43.88  
34 RCW and an appropriation is not required for expenditures.

35        ~~((e))~~ (3) Program claims reserves and money necessary for  
36 start-up costs transferred from the public employees' and retirees'  
37 insurance account established in RCW 41.05.120 may be deposited in  
38 the flexible spending administrative account. Moneys in excess of the  
39 amount necessary for administrative and operating expenses of the

1 ~~((medical))~~ flexible spending arrangement program may be transferred  
2 to the public employees' and retirees' insurance account.

3 ~~((d))~~ (4) The authority may periodically bill employing  
4 agencies for costs associated with operating the ~~((medical))~~ flexible  
5 spending arrangement program and the dependent care assistance  
6 program provided through the salary reduction plan authorized under  
7 this chapter.

8 ~~((2) For the school employees' benefits board program, the~~  
9 ~~school employees' benefits board flexible spending and dependent care~~  
10 ~~administrative account is created in the custody of the state~~  
11 ~~treasurer.~~

12 ~~(a) All receipts from the following must be deposited in the~~  
13 ~~account:~~

14 ~~(i) Revenues from school employees' benefits board organizations~~  
15 ~~for costs associated with operating the school employees' benefits~~  
16 ~~board medical flexible spending arrangement program and the school~~  
17 ~~employees' benefits board dependent care assistance program provided~~  
18 ~~through the salary reduction plan authorized under this chapter; and~~

19 ~~(ii) Unclaimed moneys at the end of the plan year after all~~  
20 ~~timely submitted claims for that plan year have been processed.~~  
21 ~~Expenditures from the account may be used only for administrative and~~  
22 ~~other expenses related to operating the school employees' benefits~~  
23 ~~board medical flexible spending arrangement program and the school~~  
24 ~~employees' benefits board dependent care assistance program provided~~  
25 ~~through the salary reduction plan authorized under this chapter. Only~~  
26 ~~the director or the director's designee may authorize expenditures~~  
27 ~~from the account. The account is subject to allotment procedures~~  
28 ~~under chapter 43.88 RCW, but an appropriation is not required for~~  
29 ~~expenditures.~~

30 ~~(b) The school employees' benefits board salary reduction account~~  
31 ~~is created in the custody of the state treasurer. School employee~~  
32 ~~salary reductions paid to reimburse participants or service providers~~  
33 ~~for benefits provided by the school employees' benefits board medical~~  
34 ~~flexible spending arrangement program and the school employees'~~  
35 ~~benefits board dependent care assistance program provided through the~~  
36 ~~salary reduction plan authorized under this chapter shall be paid~~  
37 ~~from the school employees' benefits board salary reduction account.~~  
38 ~~The funds held by the state to pay for benefits provided by the~~  
39 ~~school employees' benefits board medical flexible spending~~  
40 ~~arrangement program and the school employees' benefits board~~

1 dependent care assistance program provided through the salary  
2 reduction plan authorized under this chapter shall be deposited in  
3 the school employees' benefits board salary reduction account.  
4 Unclaimed moneys remaining in the school employees' benefits board  
5 salary reduction account at the end of a plan year after all timely  
6 submitted claims for that plan year have been processed shall become  
7 a part of the school employees' benefits board flexible spending and  
8 dependent care administrative account. Only the director or the  
9 director's designee may authorize expenditures from the account. The  
10 account is not subject to allotment procedures under chapter 43.88  
11 RCW and an appropriation is not required for expenditures.

12 (c) Program claims reserves and money necessary for start-up  
13 costs transferred from the school employees' insurance account  
14 established in RCW 41.05.120 may be deposited in the school  
15 employees' benefits board flexible spending and dependent care  
16 administrative account. Moneys in excess of the amount necessary for  
17 administrative and operating expenses of the school employees'  
18 benefits board medical flexible spending arrangement and the school  
19 employees' benefits board dependent care assistance program may be  
20 transferred to the school employees' insurance account.

21 (d) The authority may periodically bill school employees'  
22 benefits board organizations for costs associated with operating the  
23 school employees' benefits board medical flexible spending  
24 arrangement program and the school employees' benefits board  
25 dependent care assistance program provided through the salary  
26 reduction plan authorized under this chapter.))

27 **Sec. 16.** RCW 41.05.130 and 2023 c 51 s 13 are each amended to  
28 read as follows:

29 ((1) The state health care authority administrative account is  
30 hereby created in the state treasury. Moneys in the account,  
31 including unanticipated revenues under RCW 43.79.270, may be spent  
32 only after appropriation by statute, and may be used only for  
33 operating expenses of the authority.

34 (2)) The ((school employees' insurance)) state health care  
35 authority administrative account is hereby created in the state  
36 treasury. Moneys in the account, including unanticipated revenues  
37 under RCW 43.79.270, may be used for operating, contracting, and  
38 other administrative expenses of the authority in administration of  
39 the ((school)) public employees insurance program((, including

1 reimbursement of the state health care authority administrative  
2 account for initial operating expenses of the authority associated  
3 with chapter 13, Laws of 2017 3rd sp. sess)).

4 **Sec. 17.** RCW 41.05.140 and 2018 c 260 s 17 are each amended to  
5 read as follows:

6 (1) (~~Except for property and casualty insurance, the~~) The  
7 authority may self-fund, self-insure, or enter into other methods of  
8 providing insurance coverage for insurance programs under its  
9 jurisdiction, including the basic health plan as provided in chapter  
10 70.47 RCW. The authority shall contract for payment of claims or  
11 other administrative services for programs under its jurisdiction. If  
12 a program does not require the prepayment of reserves, the authority  
13 shall establish such reserves within a reasonable period of time for  
14 the payment of claims as are normally required for that type of  
15 insurance under an insured program. The authority shall endeavor to  
16 reimburse basic health plan health care providers under this section  
17 at rates similar to the average reimbursement rates offered by the  
18 statewide benchmark plan determined through the request for proposal  
19 process.

20 (2) Reserves established by the authority for public employee and  
21 retiree benefit programs shall be held in a separate account in the  
22 custody of the state treasurer and shall be known as the public  
23 employees' and retirees' insurance reserve fund. The state treasurer  
24 may invest the moneys in the reserve fund pursuant to RCW 43.79A.040.

25 (3) (~~Reserves established by the authority for school employee~~  
26 ~~benefit programs shall be held in a separate account in the custody~~  
27 ~~of the state treasurer and shall be known as the school employees'~~  
28 ~~benefits board insurance reserve fund. The state treasurer may invest~~  
29 ~~the moneys in the reserve fund pursuant to RCW 43.79A.040.~~

30 ~~(4))~~ Any savings realized as a result of a program created for  
31 (~~employees or school~~) public employees and retirees under this  
32 section shall not be used to increase benefits unless such use is  
33 authorized by statute.

34 (~~(5))~~ (4) Any program created under this section shall be  
35 subject to the examination requirements of chapter 48.03 RCW as if  
36 the program were a domestic insurer. In conducting an examination,  
37 the commissioner shall determine the adequacy of the reserves  
38 established for the program.

1        ~~((6))~~ (5) The authority shall keep full and adequate accounts  
2 and records of the assets, obligations, transactions, and affairs of  
3 any program created under this section.

4        ~~((7))~~ (6) The authority shall file a quarterly statement of the  
5 financial condition, transactions, and affairs of any program created  
6 under this section in a form and manner prescribed by the insurance  
7 commissioner. The statement shall contain information as required by  
8 the commissioner for the type of insurance being offered under the  
9 program. A copy of the annual statement shall be filed with the  
10 speaker of the house of representatives and the president of the  
11 senate.

12        ~~((8))~~ (7) The provisions of this section do not apply to the  
13 administration of chapter 74.09 RCW.

14        **Sec. 18.** RCW 41.05.143 and 2022 c 157 s 11 are each amended to  
15 read as follows:

16        (1) The uniform medical plan benefits administration account is  
17 created in the custody of the state treasurer. Only the director or  
18 the director's designee may authorize expenditures from the account.  
19 Moneys in the account shall be used exclusively for contracted  
20 expenditures for uniform medical plan claims administration, data  
21 analysis, utilization management, preferred provider administration,  
22 and activities related to benefits administration where the level of  
23 services provided pursuant to a contract fluctuate as a direct result  
24 of changes in uniform medical plan enrollment. Receipts from amounts  
25 due from or on behalf of uniform medical plan enrollees for  
26 expenditures related to benefits administration, including moneys  
27 disbursed from the public employees' and retirees' insurance account,  
28 shall be deposited into the account. The account is subject to  
29 allotment procedures under chapter 43.88 RCW, but no appropriation is  
30 required for expenditures. Moneys in the account may also be used for  
31 administrative activities required to respond to new and unforeseen  
32 conditions that impact the uniform medical plan, but only when the  
33 authority and the office of financial management jointly agree that  
34 such activities must be initiated prior to the next legislative  
35 session.

36        (2) ~~((Receipts from amounts due from or on behalf of uniform~~  
37 ~~medical plan enrollees for expenditures related to benefits~~  
38 ~~administration, including moneys disbursed from the public employees'~~  
39 ~~and retirees' insurance account, shall be deposited into the account.~~

1 ~~The account is subject to allotment procedures under chapter 43.88~~  
2 ~~RCW, but no appropriation is required for expenditures. All proposals~~  
3 ~~for allotment increases shall be provided to the house of~~  
4 ~~representatives appropriations committee and to the senate ways and~~  
5 ~~means committee at the same time as they are provided to the office~~  
6 ~~of financial management.~~

7 ~~(3))~~ The uniform dental plan benefits administration account is  
8 created in the custody of the state treasurer. Only the director or  
9 the director's designee may authorize expenditures from the account.  
10 Moneys in the account shall be used exclusively for contracted  
11 expenditures related to benefits administration for the self-insured  
12 uniform dental plan as established under RCW 41.05.140. Receipts from  
13 amounts due from or on behalf of self-insured uniform dental plan  
14 enrollees for expenditures related to benefits administration,  
15 including moneys disbursed from the public employees' and retirees'  
16 insurance account, shall be deposited into the account. The account  
17 is subject to allotment procedures under chapter 43.88 RCW, but no  
18 appropriation is required for expenditures.

19 ~~((4) The school employees' benefits board medical benefits~~  
20 ~~administrative account is created in the custody of the state~~  
21 ~~treasurer. Only the director or the director's designee may authorize~~  
22 ~~expenditures from the account. Moneys in the account shall be used~~  
23 ~~exclusively for school employees' benefits board contracted~~  
24 ~~expenditures related to claims administration, data analysis,~~  
25 ~~utilization management, preferred provider administration, and other~~  
26 ~~activities related to benefits administration for self-insured~~  
27 ~~medical plans. Receipts from amounts due from or on behalf of~~  
28 ~~enrollees for expenditures related to benefits administration,~~  
29 ~~including moneys disbursed from the school employees' insurance~~  
30 ~~account, shall be deposited into the account. The account is subject~~  
31 ~~to allotment procedures under chapter 43.88 RCW, but no appropriation~~  
32 ~~is required for expenditures.~~

33 ~~(5) The school employees' benefits board dental benefits~~  
34 ~~administration account is created in the custody of the state~~  
35 ~~treasurer. Only the director or the director's designee may authorize~~  
36 ~~expenditures from the account. Moneys in the account shall be used~~  
37 ~~exclusively for school employees' benefits board contracted~~  
38 ~~expenditures related to benefits administration for the self-insured~~  
39 ~~dental plan as established under RCW 41.05.140. Receipts from amounts~~  
40 ~~due from or on behalf of the self-insured dental plan enrollees for~~



1 ~~expenditures related to benefits administration, including moneys~~  
2 ~~disbursed from the school employees' insurance account, shall be~~  
3 ~~deposited into the account. The account is subject to allotment~~  
4 ~~procedures under chapter 43.88 RCW, but no appropriation is required~~  
5 ~~for expenditures.)~~)

6 **Sec. 19.** RCW 41.05.183 and 2001 c 321 s 1 are each amended to  
7 read as follows:

8 (1) Each employee benefit plan offered to public employees that  
9 provides coverage for hospital, medical, or ambulatory surgery center  
10 services must cover general anesthesia services and related facility  
11 charges in conjunction with any dental procedure performed in a  
12 hospital or ambulatory surgical center if such anesthesia services  
13 and related facility charges are medically necessary because the  
14 covered person:

15 (a) Is under the age of seven, or (~~physically or developmentally~~  
16 ~~disabled~~) is a person with a physical or developmental disability,  
17 with a dental condition that cannot be safely and effectively treated  
18 in a dental office; or

19 (b) Has a medical condition that the person's physician  
20 determines would place the person at undue risk if the dental  
21 procedure were performed in a dental office. The procedure must be  
22 approved by the person's physician.

23 (2) Each employee benefit plan offered to public employees that  
24 provides coverage for dental services must cover general anesthesia  
25 services in conjunction with any covered dental procedure performed  
26 in a dental office if the general anesthesia services are medically  
27 necessary because the covered person is under the age of seven or  
28 (~~physically or developmentally disabled~~) is a person with a  
29 physical or developmental disability.

30 (3) This section does not prohibit an employee benefit plan from:

31 (a) Applying cost-sharing requirements, maximum annual benefit  
32 limitations, and prior authorization requirements to the services  
33 required under this section; or

34 (b) Covering only those services performed by a health care  
35 provider, or in a health care facility, that is part of its provider  
36 network; nor does it limit the authority in negotiating rates and  
37 contracts with specific providers.

1 (4) This section does not apply to medicare supplement policies,  
2 or supplemental contracts covering a specified disease or other  
3 limited benefits.

4 (5) For the purpose of this section, "general anesthesia  
5 services" means services to induce a state of unconsciousness  
6 accompanied by a loss of protective reflexes, including the ability  
7 to maintain an airway independently and respond purposefully to  
8 physical stimulation or verbal command.

9 ~~((6) This section applies to employee benefit plans issued or  
10 renewed on or after January 1, 2002.))~~

11 **Sec. 20.** RCW 41.05.195 and 2023 c 13 s 6 are each amended to  
12 read as follows:

13 Notwithstanding any other provisions of this chapter or rules or  
14 procedures adopted by the authority, the authority shall make  
15 available to retired or disabled public employees who are enrolled in  
16 parts A and B of medicare one or more medicare supplemental insurance  
17 policies that conform to the requirements of chapter 48.66 RCW. The  
18 policies shall be chosen in consultation with the ~~((public  
19 employees))~~ Washington employees and retirees benefits board. These  
20 policies shall be made available to retired or disabled ~~((state))~~  
21 public employees; ~~((retired or disabled school district employees;  
22 retired employees of employer groups eligible for coverage available  
23 under the authority))~~ separated employees; survivors of public  
24 employees; survivors of retired or disabled public employees;  
25 survivors of separated employees; or surviving spouses or surviving  
26 state registered domestic partners of emergency service personnel  
27 killed in the line of duty; and those individuals described in  
28 section 36(7) of this act.

29 **Sec. 21.** RCW 41.05.197 and 2005 c 47 s 2 are each amended to  
30 read as follows:

31 The medicare supplemental insurance policies authorized under RCW  
32 41.05.195 shall be made available to any resident of the state who:

33 (1) Is enrolled in parts A and B of medicare; and

34 (2) Is not eligible to purchase coverage as a retired or disabled  
35 public employee under RCW 41.05.195. State residents purchasing a  
36 medicare supplemental insurance policy under this section shall be  
37 required to pay the full cost of any such policy.

1       **Sec. 22.** RCW 41.05.225 and 2018 c 260 s 18 are each amended to  
2 read as follows:

3       (1) The (~~(public employees')~~) Washington employees and retirees  
4 benefits board shall offer a plan of health insurance to blind  
5 licensees who are actively operating facilities and participating in  
6 the business enterprises program established in RCW 74.18.200 through  
7 74.18.230, and maintained by the department of services for the  
8 blind. The plan of health insurance benefits must be the same or  
9 substantially similar to the plan of health insurance benefits  
10 offered to state employees under this chapter. Enrollment will be at  
11 the option of each individual licensee or vendor, under rules  
12 established by the (~~(public employees' benefits)~~) board.

13       (2) All costs incurred by the state or the (~~(public employees'~~  
14 ~~benefits)~~) board for providing health insurance coverage to active  
15 blind vendors, excluding family participation, under subsection (1)  
16 of this section may be paid for from net proceeds from vending  
17 machine operations in public buildings under RCW 74.18.230.

18       (3) Money from the business enterprises program under the federal  
19 Randolph-Sheppard Act may not be used for family participation in the  
20 health insurance benefits provided under this section. Family  
21 insurance benefits are the sole responsibility of the individual  
22 blind vendors.

23       **Sec. 23.** RCW 41.05.300 and 2018 c 260 s 19 are each amended to  
24 read as follows:

25       (1) The state of Washington may enter into salary reduction  
26 agreements with state employees and school employees pursuant to the  
27 internal revenue code, for the purpose of making it possible for  
28 state employees and school employees to select on a "before-tax  
29 basis" certain taxable and nontaxable benefits. The purpose of the  
30 salary reduction plan established in this chapter is to attract and  
31 retain individuals in governmental service by permitting them to  
32 enter into agreements with the state to provide for benefits pursuant  
33 to 26 U.S.C. Sec. 125, 26 U.S.C. Sec. 129, and other applicable  
34 sections of the internal revenue code.

35       (2) Nothing in the salary reduction plan constitutes an  
36 employment agreement between the participant and the state, and  
37 nothing contained in the participant's salary reduction agreement,  
38 the plan, this section, or RCW 41.05.123, 41.05.310 through

1 41.05.360, and 41.05.295 gives a participant any right to be retained  
2 in state employment.

3 **Sec. 24.** RCW 41.05.320 and 2023 c 51 s 17 are each amended to  
4 read as follows:

5 (1) Elected officials and permanent state employees and school  
6 employees are eligible to participate in the salary reduction plan  
7 and reduce their salary by agreement with the authority. The  
8 authority may adopt rules to: (a) Limit the participation of  
9 employing agencies and their employees in the plan; and (b) permit  
10 participation in the plan by temporary state employees and school  
11 employees.

12 (2) Persons eligible under subsection (1) of this section may  
13 enter into salary reduction agreements with the state.

14 (3) (a) An eligible person may become a participant of the salary  
15 reduction plan for a full plan year with annual benefit plan  
16 selection for each new plan year made before the beginning of the  
17 plan year, as determined by the authority, or upon becoming eligible.

18 (b) Once an eligible person elects to participate in the salary  
19 reduction plan and determines the amount his or her gross salary  
20 shall be reduced and the benefit plan for which the funds are to be  
21 used during the plan year, the agreement shall be irrevocable and may  
22 not be amended during the plan year except as provided in (c) of this  
23 subsection. Prior to making an election to participate in the salary  
24 reduction plan, the eligible person shall be informed in writing of  
25 all the benefits and reductions that will occur as a result of such  
26 election.

27 (c) The authority shall provide in the salary reduction plan that  
28 a participant may enroll, terminate, or change his or her election  
29 after the plan year has begun if there is a significant change in a  
30 participant's status, as provided by 26 U.S.C. Sec. 125 and the  
31 regulations adopted under that section and defined by the authority.

32 (4) The authority shall establish as part of the salary reduction  
33 plan the procedures for and effect of withdrawal from the plan by  
34 reason of retirement, death, leave of absence, or termination of  
35 employment. To the extent possible under federal law, the authority  
36 shall protect participants from forfeiture of rights under the plan.

37 (5) Any reduction of salary under the salary reduction plan shall  
38 not reduce the reportable compensation for the purpose of computing  
39 the state retirement and pension benefits earned by the ((public))

1 state employee and school employee pursuant to chapters 41.26, 41.32,  
2 41.35, 41.37, 41.40, and 43.43 RCW.

3 **Sec. 25.** RCW 41.05.405 and 2021 c 246 s 5 are each amended to  
4 read as follows:

5 (1) If a public option plan is not available in each county in  
6 the state during plan year 2022 or later, the following requirements  
7 apply for all subsequent plan years:

8 (a) Upon an offer from a public option plan, a hospital licensed  
9 under chapter 70.41 RCW that receives payment for services provided  
10 to enrollees in the (~~(public employees' benefits program or school~~  
11 ~~employees')~~) Washington employees and retirees benefits board  
12 program, or through a medical assistance program under chapter 74.09  
13 RCW, must contract with at least one public option plan to provide  
14 in-network services to enrollees of that plan. This subsection (1)(a)  
15 does not apply to a hospital owned and operated by a health  
16 maintenance organization licensed under chapter 48.46 RCW; and

17 (b) The authority shall contract, under RCW 41.05.410, with one  
18 or more health carriers to offer at least one standardized bronze,  
19 one standardized silver, and one standardized gold qualified health  
20 plan in every county in the state or in each county within a region  
21 of the state.

22 (2) Health carriers and hospitals may not condition negotiations  
23 or participation of a hospital licensed under chapter 70.41 RCW in  
24 any health plan offered by the health carrier on the hospital's  
25 negotiations or participation in a public option plan.

26 (3) By December 1st of the plan year during which enrollment in  
27 public option plans statewide is greater than 10,000 covered lives:

28 (a) The health benefit exchange, in consultation with the  
29 insurance commissioner and the authority, shall analyze public option  
30 plan rates paid to hospitals for in-network services and whether they  
31 have impacted hospital financial sustainability. The analysis must  
32 include any impact on hospitals' operating margins during the years  
33 public option health plans have been offered in the state and the  
34 estimated impact on operating margins in future years if enrollment  
35 in public option plans increases. It must also examine the income  
36 levels of public option plan enrollees over time. The analysis may  
37 examine a sample of hospitals of various sizes and located in various  
38 counties. In conducting its analysis, the exchange must give

1 substantial weight to any available reporting of health care provider  
2 and health system costs under RCW 70.390.050;

3 (b) The health care cost transparency board established under  
4 chapter 70.390 RCW shall analyze the effect that enrollment in public  
5 option plans has had on consumers, including an analysis of the  
6 benefits provided to, and premiums and cost-sharing amounts paid by,  
7 consumers enrolled in public option plans compared to other  
8 standardized and nonstandardized qualified health plans; and

9 (c) The health benefit exchange, in consultation with the  
10 insurance commissioner, the authority, and interested stakeholders,  
11 including, but not limited to, statewide associations representing  
12 hospitals, health insurers, and physicians, shall review the analyses  
13 completed under (a) and (b) of this subsection and develop  
14 recommendations to the legislature to address financial or other  
15 issues identified in the analyses.

16 (4) The authority may adopt program rules, in consultation with  
17 the office of the insurance commissioner, to ensure compliance with  
18 this section, including levying fines and taking other contract  
19 actions it deems necessary to enforce compliance with this section.

20 (5) For the purposes of this section, "public option plan" means  
21 a qualified health plan contracted by the authority under RCW  
22 41.05.410.

23 **Sec. 26.** RCW 41.05.430 and 2022 c 122 s 2 are each amended to  
24 read as follows:

25 (1) For births taking place in a licensed hospital or birthing  
26 center, a health plan offered to public employees and their covered  
27 dependents must allow a provider to separately bill for devices,  
28 implants, professional services, or a combination thereof, associated  
29 with immediate postpartum contraception and may not consider such  
30 devices, implants, services, or combinations thereof to be part of  
31 any payments for general obstetric procedures.

32 (2) For purposes of this section, "immediate postpartum  
33 contraception" means the postpartum insertion of intrauterine devices  
34 or contraceptive implants performed before the patient is discharged  
35 from the hospital or birthing center and includes the devices or  
36 implants themselves.

37 (3) This section does not apply to facility services associated  
38 with immediate postpartum contraception.

1 (4) Nothing in this section affects an enrollee's right to  
2 directly access women's health care services, including contraceptive  
3 services.

4 (5) This section applies to health plans issued or renewed on or  
5 after January 1, 2023.

6 **Sec. 27.** RCW 41.05.525 and 2019 c 314 s 36 are each amended to  
7 read as follows:

8 A health plan offered to public employees(~~(, school employees,)~~)  
9 and their covered dependents under this chapter issued or renewed on  
10 or after January 1, 2020, shall provide coverage without prior  
11 authorization of at least one federal food and drug administration  
12 approved product for the treatment of opioid use disorder in the drug  
13 classes opioid agonists, opioid antagonists, and opioid partial  
14 agonists.

15 **Sec. 28.** RCW 41.05.526 and 2024 c 366 s 6 are each amended to  
16 read as follows:

17 (1) Except as provided in subsection (2) of this section, a  
18 health plan offered to public employees and their covered dependents  
19 under this chapter issued or renewed on or after January 1, 2021, may  
20 not require an enrollee to obtain prior authorization for withdrawal  
21 management services or inpatient or residential substance use  
22 disorder treatment services in a behavioral health agency licensed or  
23 certified under RCW 71.24.037.

24 (2)(a) A health plan offered to public employees and their  
25 covered dependents under this chapter issued or renewed on or after  
26 January 1, 2021, must:

27 (i) Provide coverage for no less than two business days,  
28 excluding weekends and holidays, in a behavioral health agency that  
29 provides inpatient or residential substance use disorder treatment  
30 prior to conducting a utilization review; and

31 (ii) Provide coverage for no less than three days in a behavioral  
32 health agency that provides withdrawal management services prior to  
33 conducting a utilization review.

34 (b)(i) The health plan may not require an enrollee to obtain  
35 prior authorization for the services specified in (a) of this  
36 subsection as a condition for payment of services prior to the times  
37 specified in (a) of this subsection.

1 (ii) Once the times specified in (a) of this subsection have  
2 passed, the health plan may initiate utilization management review  
3 procedures if the behavioral health agency continues to provide  
4 services or is in the process of arranging for a seamless transfer to  
5 an appropriate facility or lower level of care under subsection (6)  
6 of this section. For a health plan issued or renewed on or after  
7 January 1, 2025, if a health plan authorizes inpatient or residential  
8 substance use disorder treatment services pursuant to (a)(i) of this  
9 subsection following the initial medical necessity review process  
10 under (c)(iii) of this subsection, the length of the initial  
11 authorization may not be less than 14 days from the date that the  
12 patient was admitted to the behavioral health agency. Any subsequent  
13 reauthorization that the health plan approves after the first 14 days  
14 must continue for no less than seven days prior to requiring further  
15 reauthorization. Nothing prohibits a health plan from requesting  
16 information to assist with a seamless transfer under this subsection.

17 (c)(i) The behavioral health agency under (a) of this subsection  
18 must notify an enrollee's health plan as soon as practicable after  
19 admitting the enrollee, but not later than twenty-four hours after  
20 admitting the enrollee. The time of notification does not reduce the  
21 requirements established in (a) of this subsection.

22 (ii) The behavioral health agency under (a) of this subsection  
23 must provide the health plan with its initial assessment and initial  
24 treatment plan for the enrollee within two business days of  
25 admission, excluding weekends and holidays, or within three days in  
26 the case of a behavioral health agency that provides withdrawal  
27 management services.

28 (iii) After the time period in (a) of this subsection and receipt  
29 of the material provided under (c)(ii) of this subsection, the plan  
30 may initiate a medical necessity review process. Medical necessity  
31 review must be based on the standard set of criteria established  
32 under RCW 41.05.528. In a review for inpatient or residential  
33 substance use disorder treatment services, a health plan may not make  
34 a determination that a patient does not meet medical necessity  
35 criteria based primarily on the patient's length of abstinence. If  
36 the patient's abstinence from substance use was due to incarceration,  
37 hospitalization, or inpatient treatment, a health plan may not  
38 consider the patient's length of abstinence in determining medical  
39 necessity. If the health plan determines within one business day from  
40 the start of the medical necessity review period and receipt of the



1 material provided under (c)(ii) of this subsection that the admission  
2 to the facility was not medically necessary and advises the agency of  
3 the decision in writing, the health plan is not required to pay the  
4 facility for services delivered after the start of the medical  
5 necessity review period, subject to the conclusion of a filed appeal  
6 of the adverse benefit determination. If the health plan's medical  
7 necessity review is completed more than one business day after the  
8 start of the medical necessity review period and receipt of the  
9 material provided under (c)(ii) of this subsection, the health plan  
10 must pay for the services delivered from the time of admission until  
11 the time at which the medical necessity review is completed and the  
12 agency is advised of the decision in writing.

13 (3)(a) The behavioral health agency shall document to the health  
14 plan the patient's need for continuing care and justification for  
15 level of care placement following the current treatment period, based  
16 on the standard set of criteria established under RCW 41.05.528, with  
17 documentation recorded in the patient's medical record.

18 (b) For a health plan issued or renewed on or after January 1,  
19 2025, for inpatient or residential substance use disorder treatment  
20 services, the health plan may not consider the patient's length of  
21 stay at the behavioral health agency when making decisions regarding  
22 the authorization to continue care at the behavioral health agency.

23 (4) Nothing in this section prevents a health carrier from  
24 denying coverage based on insurance fraud.

25 (5) If the behavioral health agency under subsection (2)(a) of  
26 this section is not in the enrollee's network:

27 (a) The health plan is not responsible for reimbursing the  
28 behavioral health agency at a greater rate than would be paid had the  
29 agency been in the enrollee's network; and

30 (b) The behavioral health agency may not balance bill, as defined  
31 in RCW 48.43.005.

32 (6) When the treatment plan approved by the health plan involves  
33 transfer of the enrollee to a different facility or to a lower level  
34 of care, the care coordination unit of the health plan shall work  
35 with the current agency to make arrangements for a seamless transfer  
36 as soon as possible to an appropriate and available facility or level  
37 of care. The health plan shall pay the agency for the cost of care at  
38 the current facility until the seamless transfer to the different  
39 facility or lower level of care is complete. A seamless transfer to a  
40 lower level of care may include same day or next day appointments for

1 outpatient care, and does not include payment for nontreatment  
2 services, such as housing services. If placement with an agency in  
3 the health plan's network is not available, the health plan shall pay  
4 the current agency until a seamless transfer arrangement is made.

5 (7) The requirements of this section do not apply to treatment  
6 provided in out-of-state facilities.

7 (8) For the purposes of this section "withdrawal management  
8 services" means twenty-four hour medically managed or medically  
9 monitored detoxification and assessment and treatment referral for  
10 adults or adolescents withdrawing from alcohol or drugs, which may  
11 include induction on medications for addiction recovery.

12 **Sec. 29.** RCW 41.05.528 and 2020 c 345 s 6 are each amended to  
13 read as follows:

14 For the purposes of promoting standardized training for  
15 behavioral health professionals and facilitating communications  
16 between behavioral health agencies, executive agencies, managed care  
17 organizations, private health plans, and plans offered through the  
18 (~~public employees'~~) Washington employees and retirees benefits  
19 board, it is the policy of the state to adopt a single standard set  
20 of criteria to define medical necessity for substance use disorder  
21 treatment and to define substance use disorder levels of care in  
22 Washington. The criteria selected must be comprehensive, widely  
23 understood and accepted in the field, and based on continuously  
24 updated research and evidence. The health care authority and the  
25 office of the insurance commissioner must independently review their  
26 regulations and practices by January 1, 2021. The health care  
27 authority may make rules if necessary to promulgate the selected  
28 standard set of criteria.

29 **Sec. 30.** RCW 41.05.540 and 2023 c 51 s 21 are each amended to  
30 read as follows:

31 (1) The health care authority, in coordination with the  
32 department of health, health plans participating in (~~public  
33 employees'~~) Washington employees and retirees benefits board  
34 programs, and the University of Washington's center for health  
35 promotion, shall establish and maintain a state employee health  
36 program focused on reducing the health risks and improving the health  
37 status of state employees, dependents, and retirees enrolled in the  
38 (~~public employees' benefits board~~) board's benefits. The program

1 shall use public and private sector best practices to achieve goals  
2 of measurable health outcomes, measurable productivity improvements,  
3 positive impact on the cost of medical care, and positive return on  
4 investment. The program shall establish standards for health  
5 promotion and disease prevention activities, and develop a mechanism  
6 to update standards as evidence-based research brings new information  
7 and best practices forward.

8 (2) The state employee health program shall:

9 (a) Provide technical assistance and other services as needed to  
10 wellness staff in all state agencies and institutions of higher  
11 education;

12 (b) Develop effective communication tools and ongoing training  
13 for wellness staff;

14 (c) Contract with outside vendors for evaluation of program  
15 goals;

16 (d) Strongly encourage the widespread completion of online health  
17 assessment tools for all state employees, dependents, and retirees.  
18 The health assessment tool must be voluntary and confidential. Health  
19 assessment data and claims data shall be used to:

20 (i) Engage state agencies and institutions of higher education in  
21 providing evidence-based programs targeted at reducing identified  
22 health risks;

23 (ii) Guide contracting with third-party vendors to implement  
24 behavior change tools for targeted high-risk populations; and

25 (iii) Guide the benefit structure for state employees,  
26 dependents, and retirees to include covered services and medications  
27 known to manage and reduce health risks.

28 **Sec. 31.** RCW 41.05.670 and 2017 3rd sp.s. c 13 s 812 are each  
29 amended to read as follows:

30 (1) Effective January 1, ((2013)) 2027, the authority must  
31 contract with all of the ((public employees)) Washington employees  
32 and retirees benefits board managed care plans and the self-insured  
33 plan or plans to include provider reimbursement methods that  
34 incentivize chronic care management within health homes resulting in  
35 reduced emergency department and inpatient use.

36 (2) Health home services contracted for under this section may be  
37 prioritized to enrollees with complex, high cost, or multiple chronic  
38 conditions.

1 (3) For the purposes of this section, "chronic care management"  
2 and "health home" have the same meaning as in RCW 74.09.010.

3 (4) Contracts with fully insured plans and with any third-party  
4 administrator for the self-funded plan that include the items in  
5 subsection (1) of this section must be funded within the resources  
6 provided by employer funding rates provided for public employee  
7 health benefits in the omnibus appropriations act.

8 (5) Nothing in this section shall require contracted third-party  
9 health plans administering the self-insured contract to expend  
10 resources to implement items in subsection (1) of this section beyond  
11 the resources provided by employer funding rates provided for public  
12 employee health benefits in the omnibus appropriations act or from  
13 other sources in the absence of these provisions.

14 (~~(6) The school employees' benefits board, under RCW 41.05.740,~~  
15 ~~shall implement the provisions of this section, effective January 1,~~  
16 ~~2020.)~~)

17 **Sec. 32.** RCW 41.05.700 and 2024 c 215 s 1 are each amended to  
18 read as follows:

19 (1)(a) A health plan offered to public employees(~~(,—school~~  
20 ~~employees,)~~) and their covered dependents under this chapter issued  
21 or renewed on or after January 1, 2017, shall reimburse a provider  
22 for a health care service provided to a covered person through  
23 telemedicine or store and forward technology if:

24 (i) The plan provides coverage of the health care service when  
25 provided in person by the provider;

26 (ii) The health care service is medically necessary;

27 (iii) The health care service is a service recognized as an  
28 essential health benefit under section 1302(b) of the federal patient  
29 protection and affordable care act in effect on January 1, 2015;

30 (iv) The health care service is determined to be safely and  
31 effectively provided through telemedicine or store and forward  
32 technology according to generally accepted health care practices and  
33 standards, and the technology used to provide the health care service  
34 meets the standards required by state and federal laws governing the  
35 privacy and security of protected health information; and

36 (v) Beginning January 1, 2023, for audio-only telemedicine, the  
37 covered person has an established relationship with the provider.

38 (b)(i) Except as provided in (b)(ii) of this subsection, a health  
39 plan offered to public employees(~~(,—school employees,)~~) and their

1 covered dependents under this chapter issued or renewed on or after  
2 January 1, 2021, shall reimburse a provider for a health care service  
3 provided to a covered person through telemedicine the same amount of  
4 compensation the carrier would pay the provider if the health care  
5 service was provided in person by the provider.

6 (ii) Hospitals, hospital systems, telemedicine companies, and  
7 provider groups consisting of eleven or more providers may elect to  
8 negotiate an amount of compensation for telemedicine services that  
9 differs from the amount of compensation for in-person services.

10 (iii) For purposes of this subsection (1)(b), the number of  
11 providers in a provider group refers to all providers within the  
12 group, regardless of a provider's location.

13 (2) For purposes of this section, reimbursement of store and  
14 forward technology is available only for those covered services  
15 specified in the negotiated agreement between the health plan and  
16 health care provider.

17 (3) An originating site for a telemedicine health care service  
18 subject to subsection (1) of this section includes a:

19 (a) Hospital;

20 (b) Rural health clinic;

21 (c) Federally qualified health center;

22 (d) Physician's or other health care provider's office;

23 (e) Licensed or certified behavioral health agency;

24 (f) Skilled nursing facility;

25 (g) Home or any location determined by the individual receiving  
26 the service; or

27 (h) Renal dialysis center, except an independent renal dialysis  
28 center.

29 (4) Except for subsection (3)(g) of this section, any originating  
30 site under subsection (3) of this section may charge a facility fee  
31 for infrastructure and preparation of the patient. Reimbursement for  
32 a facility fee must be subject to a negotiated agreement between the  
33 originating site and the health plan. A distant site, a hospital that  
34 is an originating site for audio-only telemedicine, or any other site  
35 not identified in subsection (3) of this section may not charge a  
36 facility fee.

37 (5) The plan may not distinguish between originating sites that  
38 are rural and urban in providing the coverage required in subsection  
39 (1) of this section.

1 (6) The plan may subject coverage of a telemedicine or store and  
2 forward technology health service under subsection (1) of this  
3 section to all terms and conditions of the plan including, but not  
4 limited to, utilization review, prior authorization, deductible,  
5 copayment, or coinsurance requirements that are applicable to  
6 coverage of a comparable health care service provided in person.

7 (7) This section does not require the plan to reimburse:

8 (a) An originating site for professional fees;

9 (b) A provider for a health care service that is not a covered  
10 benefit under the plan; or

11 (c) An originating site or health care provider when the site or  
12 provider is not a contracted provider under the plan.

13 (8)(a) If a provider intends to bill a patient or the patient's  
14 health plan for an audio-only telemedicine service, the provider must  
15 obtain patient consent for the billing in advance of the service  
16 being delivered.

17 (b) If the health care authority has cause to believe that a  
18 provider has engaged in a pattern of unresolved violations of this  
19 subsection (8), the health care authority may submit information to  
20 the appropriate disciplining authority, as defined in RCW 18.130.020,  
21 for action. Prior to submitting information to the appropriate  
22 disciplining authority, the health care authority may provide the  
23 provider with an opportunity to cure the alleged violations or  
24 explain why the actions in question did not violate this subsection  
25 (8).

26 (c) If the provider has engaged in a pattern of unresolved  
27 violations of this subsection (8), the appropriate disciplining  
28 authority may levy a fine or cost recovery upon the provider in an  
29 amount not to exceed the applicable statutory amount per violation  
30 and take other action as permitted under the authority of the  
31 disciplining authority. Upon completion of its review of any  
32 potential violation submitted by the health care authority or  
33 initiated directly by an enrollee, the disciplining authority shall  
34 notify the health care authority of the results of the review,  
35 including whether the violation was substantiated and any enforcement  
36 action taken as a result of a finding of a substantiated violation.

37 (9) For purposes of this section:

38 (a)(i) "Audio-only telemedicine" means the delivery of health  
39 care services through the use of audio-only technology, permitting  
40 real-time communication between the patient at the originating site

1 and the provider, for the purpose of diagnosis, consultation, or  
2 treatment.

3 (ii) For purposes of this section only, "audio-only telemedicine"  
4 does not include:

5 (A) The use of facsimile or email; or

6 (B) The delivery of health care services that are customarily  
7 delivered by audio-only technology and customarily not billed as  
8 separate services by the provider, such as the sharing of laboratory  
9 results;

10 (b) "Disciplining authority" has the same meaning as in RCW  
11 18.130.020;

12 (c) "Distant site" means the site at which a physician or other  
13 licensed provider, delivering a professional service, is physically  
14 located at the time the service is provided through telemedicine;

15 (d) "Established relationship" means the provider providing  
16 audio-only telemedicine has access to sufficient health records to  
17 ensure safe, effective, and appropriate care services and:

18 (i) The covered person has had, within the past three years, at  
19 least one in-person appointment, or at least one real-time  
20 interactive appointment using both audio and video technology, with  
21 the provider providing audio-only telemedicine or with a provider  
22 employed at the same medical group, at the same clinic, or by the  
23 same integrated delivery system operated by a carrier licensed under  
24 chapter 48.44 or 48.46 RCW as the provider providing audio-only  
25 telemedicine; or

26 (ii) The covered person was referred to the provider providing  
27 audio-only telemedicine by another provider who has had, within the  
28 past three years, at least one in-person appointment, or at least one  
29 real-time interactive appointment using both audio and video  
30 technology, with the covered person and has provided relevant medical  
31 information to the provider providing audio-only telemedicine;

32 (e) "Health care service" has the same meaning as in RCW  
33 48.43.005;

34 (f) "Hospital" means a facility licensed under chapter 70.41,  
35 71.12, or 72.23 RCW;

36 (g) "Originating site" means the physical location of a patient  
37 receiving health care services through telemedicine;

38 (h) "Provider" has the same meaning as in RCW 48.43.005;

39 (i) "Store and forward technology" means use of an asynchronous  
40 transmission of a covered person's medical information from an

1 originating site to the health care provider at a distant site which  
2 results in medical diagnosis and management of the covered person,  
3 and does not include the use of audio-only telephone, facsimile, or  
4 email; and

5 (j) "Telemedicine" means the delivery of health care services  
6 through the use of interactive audio and video technology, permitting  
7 real-time communication between the patient at the originating site  
8 and the provider, for the purpose of diagnosis, consultation, or  
9 treatment. For purposes of this section only, "telemedicine" includes  
10 audio-only telemedicine, but does not include facsimile or email.

11 **Sec. 33.** RCW 41.05.820 and 2018 c 219 s 2 are each amended to  
12 read as follows:

13 (1) For plan years beginning January 1, 2020, at least one health  
14 carrier in an insurance holding company system must offer in the  
15 exchange at least one silver and one gold qualified health plan in  
16 any county in which any health carrier in that insurance holding  
17 company system offers a fully insured health plan that was approved,  
18 on or after June 7, 2018, by the school employees' benefits board or  
19 the public employees' benefits board to be offered to employees and  
20 their covered dependents under this chapter.

21 (2) The rates for a health plan approved by the school employees'  
22 benefits board or the public employees' benefits board may not  
23 include the administrative costs or actuarial risks associated with a  
24 qualified health plan offered under subsection (1) of this section.

25 (3) The authority shall perform an actuarial review during the  
26 annual rate setting process for plans approved by the school  
27 employees' benefits board or the public employees' benefits board to  
28 ensure compliance with subsection (2) of this section.

29 (4) For plan years beginning January 1, 2027, the Washington  
30 employees and retirees benefits board will approve plans as described  
31 in this section.

32 (5) For purposes of this section, "exchange" and "health carrier"  
33 have the same meaning as in RCW 48.43.005.

34 ((+5)) (6) For purposes of this section, "insurance holding  
35 company system" has the same meaning as in RCW 48.31B.005.

36 NEW SECTION. **Sec. 34.** A new section is added to chapter 41.05  
37 RCW to read as follows:



1 (1) The Washington employees and retirees benefits board is  
2 created within the authority. The function of the Washington  
3 employees and retirees benefits board is to design and approve  
4 insurance benefit plans for public employees and to establish  
5 eligibility criteria for participation in insurance benefit plans.

6 (2) By September 30, 2025, the governor shall appoint the  
7 following voting members to the Washington employees and retirees  
8 benefits boards:

9 (a) Two representatives of state employees, one of whom shall  
10 represent an employee union certified as exclusive representative of  
11 at least one bargaining unit of classified employees, and one of whom  
12 shall represent employees of institutions of higher education and  
13 community and technical colleges;

14 (b) Two representatives of retired state employees or school  
15 employees, who are covered by a program under the jurisdiction of the  
16 Washington employees and retirees benefits board, one of whom shall  
17 represent an organized group of retired state employees, and one of  
18 whom shall represent an organized group of retired school employees;

19 (c) One member from an association representing certificated  
20 school employees;

21 (d) One member from an association representing classified school  
22 employees;

23 (e) Six members with expertise in employee health benefits,  
24 policy, and cost containment:

25 (i) One of which is nominated by an association representing  
26 school business officials;

27 (ii) One of which is the director of state human resources or his  
28 or her designee;

29 (iii) One of which is the director of the department of  
30 retirement systems or his or her designee; and

31 (iv) One of which with expertise in health equity; and

32 (f) The director of the authority or his or her designee.

33 (3) Initial members of the Washington employees and retirees  
34 benefits board shall serve staggered terms not to exceed four years.  
35 Members appointed thereafter shall serve two-year terms.

36 (4) Compensation and reimbursement related to Washington  
37 employees and retirees benefits board member service are as follows:

38 (a) Members of the Washington employees and retirees benefits  
39 board must be compensated in accordance with RCW 43.03.250 and must

1 be reimbursed for their travel expenses while on official business in  
2 accordance with RCW 43.03.050 and 43.03.060; and

3 (b) While Washington employees and retirees benefits board  
4 members are carrying out their powers and duties under this chapter,  
5 if the service of any certificated or classified employee results in  
6 a need for an employing agency to employ a substitute for such  
7 certificated or classified employee during such service, payment for  
8 such a substitute may be made by the authority from funds  
9 appropriated by the legislature for the Washington employees and  
10 retirees benefits board program. If such substitute is paid by the  
11 authority, no deduction shall be made from the salary of the  
12 certificated or classified employee. In no event shall an employing  
13 agency deduct from the salary of a certificated or classified  
14 employee serving on the Washington employees and retirees benefits  
15 board more than the amount paid the substitute employed by the  
16 employing agency.

17 NEW SECTION. **Sec. 35.** A new section is added to chapter 41.05  
18 RCW to read as follows:

19 (1) The Washington employees and retirees benefits board shall:

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

27 (b) Develop benefit plans that include comprehensive, evidence-  
28 based health care benefits for public employees. In developing these  
29 plans, the Washington employees and retirees benefits board shall  
30 consider the following elements:

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

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

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

38 (iv) Utilization review procedures to support cost-effective  
39 benefits delivery including, but not limited to, prior authorization

1 of services, hospital inpatient length of stay review, requirements  
2 for use of outpatient surgeries and second opinions for surgeries,  
3 review of invoices or claims submitted by service providers, and  
4 performance audit of providers;

5 (v) Effective coordination of benefits; and

6 (vi) Minimum standards for insuring entities;

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

14 (d) Determine the terms and conditions of participation and  
15 coverage for state employees, school employees, retired or disabled  
16 public employees, separated employees, and their survivors; or  
17 employer groups, and school board members, including:

18 (i) Dependent eligibility criteria and coverage, that provides at  
19 a minimum, coverage for dependents, including criteria for legal  
20 spouses; children up to age 26; children of any age with  
21 disabilities, mental illness, or intellectual or other developmental  
22 disabilities; and state registered domestic partners, as defined in  
23 RCW 26.60.020, and others authorized by the legislature;

24 (ii) Enrollment policies including the effective date of  
25 coverage, except as limited by section 36 of this act;

26 (iii) Scope of coverage, except if bargained for under chapter  
27 41.80 RCW; and

28 (iv) That public employees shall choose participation in one of  
29 the health care benefit plans developed by the board. Public  
30 employees eligible for benefits under section 36 of this act may be  
31 permitted to waive coverage under terms and conditions established by  
32 the board;

33 (e) Offer a health savings account option for state employees and  
34 school employees that conforms to section 223, Part VII of subchapter  
35 B of chapter 1 of the internal revenue code of 1986. The board shall  
36 comply with all applicable federal standards related to the  
37 establishment of health savings accounts;

38 (f) Offer at least one high deductible health plan in conjunction  
39 with a health savings account developed under (e) of this subsection;  
40 and

1 (g) Participate with the authority in the preparation of  
2 specifications and selection of carriers contracted for public  
3 employee benefit plan coverage of eligible public employees in  
4 accordance with the criteria set forth in rules.

5 (2) In addition to the benefits offering authority under this  
6 chapter and subject to the availability of funding, the board may  
7 study, and establish evaluation criteria to offer the following  
8 voluntary benefits, to be paid for by the individual who elects to  
9 enroll in the benefit:

10 (a) Emergency transportation;

11 (b) Identity protection;

12 (c) Legal aid;

13 (d) Long-term care insurance;

14 (e) Noncommercial personal automobile insurance;

15 (f) Personal homeowner's or renter's insurance;

16 (g) Pet insurance;

17 (h) Specified disease or illness-triggered fixed payment  
18 insurance, hospital confinement fixed payment insurance, or other  
19 fixed payment insurance offered as an independent, noncoordinated  
20 benefit regulated by the office of the insurance commissioner. This  
21 benefit is not a health plan as defined in RCW 48.43.005; and

22 (i) Travel insurance.

23 (3) The health care authority, in consultation with the board,  
24 shall review the optional benefits reported as required in RCW  
25 28A.400.280 and determine if the optional benefits are in competition  
26 with benefits currently offered under either the authority's or the  
27 board's authorities. If a benefit offering is determined to be in  
28 competition with the benefits offered under either the authority's or  
29 the board's authorities, the health care authority must inform the  
30 employer of the benefits conflict and work with the employer, and the  
31 applicable carrier, to either modify and remove competing components  
32 of the employer-based benefit or end the benefit offering. If a  
33 carrier is in the process of modifying benefits, including seeking  
34 any required regulatory approval, an employer may continue to offer  
35 the original benefit.

36 (4) The board may establish penalties to be imposed by the  
37 authority when the eligibility determinations of an employing agency  
38 fail to comply with the criteria under this chapter.

39 (5) The terms and conditions adopted by the public employees'  
40 benefits board or school employees' benefits board before January 1,

1 2027, remain in effect until the Washington employees and retirees  
2 benefits board establishes new terms and conditions.

3 NEW SECTION. **Sec. 36.** A new section is added to chapter 41.05  
4 RCW to read as follows:

5 (1) At a minimum, the eligibility criteria established by the  
6 Washington employees and retirees benefits board for state employees  
7 shall be no more restrictive than the following:

8 (a) Except as provided in (b) through (e) of this subsection, a  
9 state employee is eligible for benefits from the date of employment  
10 if the employing agency anticipates he or she will work an average of  
11 at least 80 hours per month and for at least eight hours in each  
12 month for more than six consecutive months. A state employee  
13 determined ineligible for benefits at the beginning of his or her  
14 employment shall become eligible in the following circumstances:

15 (i) A state employee who works an average of at least 80 hours  
16 per month and for at least eight hours in each month and whose  
17 anticipated duration of employment is revised from less than or equal  
18 to six consecutive months to more than six consecutive months becomes  
19 eligible when the revision is made; or

20 (ii) A state employee who works an average of at least 80 hours  
21 per month over a period of six consecutive months and for at least  
22 eight hours in each of those six consecutive months becomes eligible  
23 at the first of the month following the six-month averaging period;

24 (b) A seasonal employee is eligible for benefits from the date of  
25 employment if the employing agency anticipates that he or she will  
26 work an average of at least 80 hours per month and for at least eight  
27 hours in each month of the season. A seasonal employee determined  
28 ineligible at the beginning of his or her employment who works an  
29 average of at least 80 hours per month over a period of six  
30 consecutive months and at least eight hours in each of those six  
31 consecutive months becomes eligible at the first of the month  
32 following the six-month averaging period. A benefits-eligible  
33 seasonal employee who works a season of less than nine months shall  
34 not be eligible for the employer contribution during the off season,  
35 but may continue enrollment in benefits during the off season by  
36 self-paying for the benefits. A benefits-eligible seasonal employee  
37 who works a season of nine months or more is eligible for the  
38 employer contribution through the off season following each season  
39 worked;

1 (c) Faculty are eligible as follows:

2 (i) Faculty who the employing agency anticipates will work half-  
3 time or more for the entire instructional year or equivalent nine-  
4 month period are eligible for benefits from the date of employment.  
5 Eligibility shall continue until the beginning of the first full  
6 month of the next instructional year, unless the employment  
7 relationship is terminated, in which case eligibility shall cease the  
8 first month following the notice of termination or the effective date  
9 of the termination, whichever is later;

10 (ii) Faculty who the employing agency anticipates will not work  
11 for the entire instructional year or equivalent nine-month period are  
12 eligible for benefits at the beginning of the second consecutive  
13 quarter or semester of employment in which he or she is anticipated  
14 to work, or has actually worked, half-time or more. Such an employee  
15 shall continue to receive uninterrupted employer contributions for  
16 benefits if the employee works at least half-time in a quarter or  
17 semester. Faculty who the employing agency anticipates will not work  
18 for the entire instructional year or equivalent nine-month period,  
19 but who actually work half-time or more throughout the entire  
20 instructional year, are eligible for summer or off-quarter or off-  
21 semester coverage. Faculty who have met the criteria of this  
22 subsection (1)(c)(ii), who work at least two quarters or two  
23 semesters of the academic year with an average academic year workload  
24 of half-time or more for three quarters or two semesters of the  
25 academic year, and who have worked an average of half-time or more in  
26 each of the two preceding academic years shall continue to receive  
27 uninterrupted employer contributions for benefits if he or she works  
28 at least half-time in a quarter or semester or works two quarters or  
29 two semesters of the academic year with an average academic workload  
30 each academic year of half-time or more for three quarters or two  
31 semesters. Eligibility under this section ceases immediately if this  
32 criteria is not met;

33 (iii) Faculty may establish or maintain eligibility for benefits  
34 by working for more than one institution of higher education. When  
35 faculty work for more than one institution of higher education, those  
36 institutions shall prorate the employer contribution costs, or if  
37 eligibility is reached through one institution, that institution will  
38 pay the full employer contribution. Faculty working for more than one  
39 institution must alert his or her employers to his or her potential  
40 eligibility in order to establish eligibility;

1 (iv) The employing agency must provide written notice to faculty  
2 who are potentially eligible for benefits under this subsection  
3 (1)(c) of their potential eligibility;

4 (v) To be eligible for maintenance of benefits through averaging  
5 under (c)(ii) of this subsection, faculty must provide written  
6 notification to his or her employing agency or agencies of his or her  
7 potential eligibility; and

8 (vi) For the purposes of this subsection (1)(c):

9 (A) "Academic year" means summer, fall, winter, and spring  
10 quarters or summer, fall, and spring semesters.

11 (B) "Half-time" means one-half of the full-time academic workload  
12 as determined by each institution; except that for community and  
13 technical college faculty, half-time academic workload is calculated  
14 according to RCW 28B.50.489;

15 (d) A legislator is eligible for benefits on the date his or her  
16 term begins. All other elected and full-time appointed officials of  
17 the legislative and executive branches of state government are  
18 eligible for benefits on the date his or her term begins or they take  
19 the oath of office, whichever occurs first;

20 (e) A justice of the supreme court and judges of the court of  
21 appeals and the superior courts become eligible for benefits on the  
22 date he or she takes the oath of office;

23 (f) Except as provided in (c)(i) and (ii) of this subsection,  
24 eligibility ceases for any employee the first of the month following  
25 termination of the employment relationship;

26 (g) In determining eligibility for state employees, the employing  
27 agency may disregard training hours, standby hours, or temporary  
28 changes in work hours as determined by the authority under this  
29 section;

30 (h) Insurance coverage for all eligible state employees begins on  
31 the first day of the month following the date when eligibility for  
32 benefits is established. If the date eligibility is established is  
33 the first working day of a month, insurance coverage begins on that  
34 date;

35 (i) Eligibility for a state employee whose work circumstances are  
36 described by more than one of the eligibility categories in (a)  
37 through (e) of this subsection shall be determined solely by the  
38 criteria of the category that most closely describes the state  
39 employee's work circumstances;

1 (j) Except for a state employee eligible for benefits under (b)  
2 or (c)(ii) of this subsection, a state employee who has established  
3 eligibility for benefits under this section shall remain eligible for  
4 benefits each month in which he or she is in pay status for eight or  
5 more hours, if (i) he or she remains in a benefits-eligible position  
6 and (ii) leave from the benefits-eligible position is approved by the  
7 employing agency. A benefits-eligible seasonal employee is eligible  
8 for the employer contribution in any month of his or her season in  
9 which he or she is in pay status eight or more hours during that  
10 month. Eligibility ends if these conditions are not met, the  
11 employment relationship is terminated, or the state employee  
12 voluntarily transfers to a noneligible position; and

13 (k) For the purposes of this subsection, the Washington employees  
14 and retirees benefits board shall define "benefits-eligible  
15 position."

16 (2) At a minimum, the eligibility criteria established by the  
17 board for school employees shall be no more restrictive than the  
18 following:

19 (a) Requiring that a school employee be anticipated to work at  
20 least 630 hours per school year to be benefits eligible; and

21 (b) Establishing terms and conditions for an employing agency as  
22 defined in RCW 41.05.011 to have the ability to locally negotiate  
23 eligibility criteria for a school employee who is anticipated to work  
24 less than 630 hours in a school year. An employing agency that elects  
25 to use a lower threshold of hours for benefits eligibility must use  
26 benefits authorized by the board and shall do so as an enrichment to  
27 the state's definition of basic education.

28 (3) Employer groups obtaining benefits through contractual  
29 agreement with the authority for employees of an employer groups, as  
30 defined in RCW 41.05.011 may contractually agree with the authority  
31 to benefits eligibility criteria which differs from that determined  
32 by the Washington employees and retirees benefits board.

33 (4) A school board member may participate in the benefit plans  
34 offered by the board.

35 (a) A school board member must enroll in medical, dental, and  
36 vision benefits. A school board member shall be responsible for  
37 submitting the full self-pay premium amount developed by the  
38 authority for each month the member is covered.

39 (b) A school board member may participate in the Washington  
40 employees and retirees benefits board program for the duration of the



1 member's elected term as a school board member and may renew the  
2 member's participation at the start of each subsequent term as a  
3 school board member.

4 (c) If a school board member voluntarily ends the member's  
5 enrollment in the board program prior to the end of their elected  
6 term, the member is no longer eligible under this subsection to  
7 participate in the board program for the remainder of the member's  
8 elected term.

9 (d) This subsection does not create any eligibility for school  
10 board members to participate in retiree benefits provided by the  
11 board program.

12 (5) A retired or disabled public employee, or separated employee,  
13 may participate in insurance plans and contracts set by the board.

14 (a) Retired or disabled public employees covered by this chapter  
15 may continue their participation in insurance plans and contracts  
16 after retirement or disablement.

17 (b) Separated employees may continue their participation in  
18 insurance plans and contracts if participation is selected  
19 immediately upon separation from employment.

20 (6) A surviving spouse, surviving state registered domestic  
21 partner, or surviving dependent children of the following may  
22 participate in insurance plans and contracts set by the board:

23 (a) Surviving spouses, surviving state registered domestic  
24 partners, and surviving dependent children of a public employee, a  
25 retired or disabled public employee, or separated employee;

26 (b) Surviving spouses, surviving state registered domestic  
27 partners, and surviving dependent children of emergency service  
28 personnel killed in the line of duty.

29 (7) When an employer group whose contractual agreement with the  
30 authority was terminated the following individuals may continue their  
31 participation in insurance plans and contracts set by the board:

32 (a) Retired or disabled employees of an employer group;

33 (b) Separated employees of an employer group; and

34 (c) Surviving spouses, surviving state registered domestic  
35 partners, or surviving dependent children of a retired or disabled  
36 employee, or a separated employee of an employer group.

37 (8) Rates charged to individuals described under subsections (4)  
38 through (7) of this section are described under RCW 41.05.022 or  
39 41.05.080.

1        NEW SECTION.    **Sec. 37.**    The following acts or parts of acts are  
2 each repealed:

3        (1) RCW 41.05.055 (Public employees' benefits board—Members) and  
4 2018 c 260 s 11, 2017 3rd sp.s. c 13 s 807, 2009 c 537 s 6, 1995 1st  
5 sp.s. c 6 s 4, 1994 c 36 s 1, 1993 c 492 s 217, 1989 c 324 s 1, &  
6 1988 c 107 s 7;

7        (2) RCW 41.05.065 (Public employees' benefits board—Duties—  
8 Eligibility—Definitions—Penalties) and 2018 c 260 s 12, 2015 c 116 s  
9 3, 2011 1st sp.s. c 8 s 1, & 2009 c 537 s 7;

10        (3) RCW 41.05.068 (Federal employer incentive program—Authority  
11 to participate) and 2023 c 51 s 12, 2009 c 479 s 25, & 2005 c 195 s  
12 2;

13        (4) RCW 41.05.740 (School employees' benefits board) and 2023 c  
14 13 s 7, 2018 c 260 s 1, & 2017 3rd sp.s. c 13 s 801;

15        (5) RCW 41.05.742 (Single enrollment requirement) and 2021 c 18 s  
16 1 & 2020 c 8 s 4;

17        (6) RCW 41.05.743 (School board members—Eligibility for health  
18 benefits) and 2023 c 13 s 8;

19        (7) RCW 41.05.744 (School employee eligibility during COVID-19  
20 state of emergency) and 2020 c 8 s 5;

21        (8) RCW 41.05.745 (School employees' benefits board—Employee-  
22 paid, voluntary benefits—Optional benefits) and 2020 c 231 s 3;

23        (9) RCW 41.05.890 (Certain health care and financial related data  
24 provided to authority—Exempt from disclosure) and 2018 c 260 s 31;

25        (10) RCW 41.05.950 (Retired or disabled public employees—Special  
26 health coverage enrollment opportunity) and 2023 c 15 s 1; and

27        (11) RCW 41.05.951 (Retired or disabled employees of employer  
28 groups—Return following termination of employer's agreement—2023 c  
29 312) and 2023 c 312 s 3.

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