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HOUSE BILL 2437

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State of Washington                      63rd Legislature                      2014 Regular Session

By Representative Hunter; by request of Health Care Authority

Read first time 01/17/14. Referred to Committee on Appropriations.

1            AN ACT Relating to clarifying employee eligibility for benefits  
2 from the public employees' benefits board and conforming the  
3 eligibility provisions with federal law; amending RCW 41.05.009,  
4 41.05.011, 41.05.065, 41.05.066, 41.05.095, and 41.05.195; and  
5 reenacting and amending RCW 41.05.080.

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

7            **Sec. 1.** RCW 41.05.009 and 2009 c 537 s 2 are each amended to read  
8 as follows:

9            (1) The authority, or an employing agency at the authority's  
10 direction, (~~(an employing agency)~~) shall initially determine and  
11 periodically review whether an employee is eligible for benefits  
12 pursuant to the criteria established under this chapter.

13            (2) An employing agency shall inform an employee in writing whether  
14 or not he or she is eligible for benefits when initially determined and  
15 upon any subsequent change, including notice of the employee's right to  
16 an appeal.

17            **Sec. 2.** RCW 41.05.011 and 2013 c 2 s 306 (Initiative Measure No.  
18 1240) are each amended to read as follows:

1 The definitions in this section apply throughout this chapter  
2 unless the context clearly requires otherwise.

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

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

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

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

12 (5) "Emergency service personnel killed in the line of duty" means  
13 law enforcement officers and firefighters as defined in RCW 41.26.030,  
14 members of the Washington state patrol retirement fund as defined in  
15 RCW 43.43.120, and reserve officers and firefighters as defined in RCW  
16 41.24.010 who die as a result of injuries sustained in the course of  
17 employment as determined consistent with Title 51 RCW by the department  
18 of labor and industries.

19 (6) "Employee" includes all employees of the state, whether or not  
20 covered by civil service; elected and appointed officials of the  
21 executive branch of government, including full-time members of boards,  
22 commissions, or committees; justices of the supreme court and judges of  
23 the court of appeals and the superior courts; and members of the state  
24 legislature. Pursuant to contractual agreement with the authority,  
25 "employee" may also include: (a) Employees of a county, municipality,  
26 or other political subdivision of the state and members of the  
27 legislative authority of any county, city, or town who are elected to  
28 office after February 20, 1970, if the legislative authority of the  
29 county, municipality, or other political subdivision of the state seeks  
30 and receives the approval of the authority to provide any of its  
31 insurance programs by contract with the authority, as provided in RCW  
32 41.04.205 and 41.05.021(1)(g); (b) employees of employee organizations  
33 representing state civil service employees, at the option of each such  
34 employee organization, and, effective October 1, 1995, employees of  
35 employee organizations currently pooled with employees of school  
36 districts for the purpose of purchasing insurance benefits, at the  
37 option of each such employee organization; (c) employees of a school  
38 district if the authority agrees to provide any of the school

1 districts' insurance programs by contract with the authority as  
2 provided in RCW 28A.400.350; (d) employees of a tribal government, if  
3 the governing body of the tribal government seeks and receives the  
4 approval of the authority to provide any of its insurance programs by  
5 contract with the authority, as provided in RCW 41.05.021(1) (f) and  
6 (g); (e) employees of the Washington health benefit exchange if the  
7 governing board of the exchange established in RCW 43.71.020 seeks and  
8 receives approval of the authority to provide any of its insurance  
9 programs by contract with the authority, as provided in RCW  
10 41.05.021(1) (g) and (n); and (f) employees of a charter school  
11 established under chapter 28A.710 RCW. "Employee" does not include:  
12 Adult family (~~homeowners~~) home providers; unpaid volunteers; patients  
13 of state hospitals; inmates; employees of the Washington state  
14 convention and trade center as provided in RCW 41.05.110; students of  
15 institutions of higher education as determined by their institution;  
16 and any others not expressly defined as employees under this chapter or  
17 by the authority under this chapter.

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

19 (8) "Employing agency" means a division, department, or separate  
20 agency of state government, including an institution of higher  
21 education; a county, municipality, school district, educational service  
22 district, or other political subdivision; charter school; and a tribal  
23 government covered by this chapter.

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

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

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

37 (12) "Medical flexible spending arrangement" means a benefit plan  
38 whereby state and public employees may reduce their salary before taxes

1 to pay for medical expenses not reimbursed by insurance as provided in  
2 the salary reduction plan under this chapter pursuant to 26 U.S.C. Sec.  
3 125 or other sections of the internal revenue code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 and who are at least age fifty-five and have at least ten years of  
2 service under the teachers' retirement system plan 3 as defined in RCW  
3 41.32.010(33), the Washington school employees' retirement system plan  
4 3 as defined in RCW 41.35.010, or the public employees' retirement  
5 system plan 3 as defined in RCW 41.40.010.

6 (21) "State purchased health care" or "health care" means medical  
7 and health care, pharmaceuticals, and medical equipment purchased with  
8 state and federal funds by the department of social and health  
9 services, the department of health, the basic health plan, the state  
10 health care authority, the department of labor and industries, the  
11 department of corrections, the department of veterans affairs, and  
12 local school districts.

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

18 (23) "Employer group" means those counties, municipalities,  
19 political subdivisions, the Washington health benefit exchange, tribal  
20 governments, school districts, and educational service districts, and  
21 employee organizations representing state civil service employees,  
22 obtaining employee benefits through a contractual agreement with the  
23 authority.

24 **Sec. 3.** RCW 41.05.065 and 2011 1st sp.s. c 8 s 1 are each amended  
25 to read as follows:

26 (1) The board shall study all matters connected with the provision  
27 of health care coverage, life insurance, liability insurance,  
28 accidental death and dismemberment insurance, and disability income  
29 insurance or any of, or a combination of, the enumerated types of  
30 insurance for employees and their dependents on the best basis possible  
31 with relation both to the welfare of the employees and to the state.  
32 However, liability insurance shall not be made available to dependents.

33 (2) The board shall develop employee benefit plans that include  
34 comprehensive health care benefits for employees. In developing these  
35 plans, the board shall consider the following elements:

36 (a) Methods of maximizing cost containment while ensuring access to  
37 quality health care;

1 (b) Development of provider arrangements that encourage cost  
2 containment and ensure access to quality care, including but not  
3 limited to prepaid delivery systems and prospective payment methods;

4 (c) Wellness incentives that focus on proven strategies, such as  
5 smoking cessation, injury and accident prevention, reduction of alcohol  
6 misuse, appropriate weight reduction, exercise, automobile and  
7 motorcycle safety, blood cholesterol reduction, and nutrition  
8 education;

9 (d) Utilization review procedures including, but not limited to a  
10 cost-efficient method for prior authorization of services, hospital  
11 inpatient length of stay review, requirements for use of outpatient  
12 surgeries and second opinions for surgeries, review of invoices or  
13 claims submitted by service providers, and performance audit of  
14 providers;

15 (e) Effective coordination of benefits; and

16 (f) Minimum standards for insuring entities.

17 (3) To maintain the comprehensive nature of employee health care  
18 benefits, benefits provided to employees shall be substantially  
19 equivalent to the state employees' health benefits plan in effect on  
20 January 1, 1993. Nothing in this subsection shall prohibit changes or  
21 increases in employee point-of-service payments or employee premium  
22 payments for benefits or the administration of a high deductible health  
23 plan in conjunction with a health savings account. The board may  
24 establish employee eligibility criteria which are not substantially  
25 equivalent to employee eligibility criteria in effect on January 1,  
26 1993.

27 (4) Except if bargained for under chapter 41.80 RCW, the board  
28 shall design benefits and determine the terms and conditions of  
29 employee and retired employee participation and coverage, including  
30 establishment of eligibility criteria subject to the requirements of  
31 this chapter. Employer groups obtaining benefits through contractual  
32 agreement with the authority for employees defined in RCW 41.05.011(6)

33 (a) through (d) may contractually agree with the authority to benefits  
34 eligibility criteria which differs from that determined by the board.  
35 The eligibility criteria established by the board shall be no more  
36 restrictive than the following:

37 (a) Except as provided in (b) through (e) of this subsection, an  
38 employee is eligible for benefits from the date of employment if the

1 employing agency anticipates he or she will work an average of at least  
2 eighty hours per month and for at least eight hours in each month for  
3 more than six consecutive months. An employee determined ineligible  
4 for benefits at the beginning of his or her employment shall become  
5 eligible in the following circumstances:

6 (i) An employee who works an average of at least eighty hours per  
7 month and for at least eight hours in each month and whose anticipated  
8 duration of employment is revised from less than or equal to six  
9 consecutive months to more than six consecutive months becomes eligible  
10 when the revision is made.

11 (ii) An employee who works an average of at least eighty hours per  
12 month over a period of six consecutive months and for at least eight  
13 hours in each of those six consecutive months becomes eligible at the  
14 first of the month following the six-month averaging period.

15 (b) A seasonal employee is eligible for benefits from the date of  
16 employment if the employing agency anticipates that he or she will work  
17 an average of at least eighty hours per month and for at least eight  
18 hours in each month of the season. A seasonal employee determined  
19 ineligible at the beginning of his or her employment who works an  
20 average of at least (~~half-time, as defined by the board,~~) eighty  
21 hours per month over a period of six consecutive months and at least  
22 eight hours in each of those six consecutive months becomes eligible at  
23 the first of the month following the six-month averaging period. A  
24 benefits-eligible seasonal employee who works a season of less than  
25 nine months shall not be eligible for the employer contribution during  
26 the off season, but may continue enrollment in benefits during the off  
27 season by self-paying for the benefits. A benefits-eligible seasonal  
28 employee who works a season of nine months or more is eligible for the  
29 employer contribution through the off season following each season  
30 worked.

31 (c) Faculty are eligible as follows:

32 (i) Faculty who the employing agency anticipates will work  
33 half-time or more for the entire instructional year or equivalent nine-  
34 month period are eligible for benefits from the date of employment.  
35 Eligibility shall continue until the beginning of the first full month  
36 of the next instructional year, unless the employment relationship is  
37 terminated, in which case eligibility shall cease the first month

1 following the notice of termination or the effective date of the  
2 termination, whichever is later.

3 (ii) Faculty who the employing agency anticipates will not work for  
4 the entire instructional year or equivalent nine-month period are  
5 eligible for benefits at the beginning of the second consecutive  
6 quarter or semester of employment in which he or she is anticipated to  
7 work, or has actually worked, half-time or more. Such an employee  
8 shall continue to receive uninterrupted employer contributions for  
9 benefits if the employee works at least half-time in a quarter or  
10 semester. Faculty who the employing agency anticipates will not work  
11 for the entire instructional year or equivalent nine-month period, but  
12 who actually work half-time or more throughout the entire instructional  
13 year, are eligible for summer or off-quarter or off-semester coverage.  
14 Faculty who have met the criteria of this subsection (4)(c)(ii), who  
15 work at least two quarters or two semesters of the academic year with  
16 an average academic year workload of half-time or more for three  
17 quarters or two semesters of the academic year, and who have worked an  
18 average of half-time or more in each of the two preceding academic  
19 years shall continue to receive uninterrupted employer contributions  
20 for benefits if he or she works at least half-time in a quarter or  
21 semester or works two quarters or two semesters of the academic year  
22 with an average academic workload each academic year of half-time or  
23 more for three quarters or two semesters. Eligibility under this  
24 section ceases immediately if this criteria is not met.

25 (iii) Faculty may establish or maintain eligibility for benefits by  
26 working for more than one institution of higher education. When  
27 faculty work for more than one institution of higher education, those  
28 institutions shall prorate the employer contribution costs, or if  
29 eligibility is reached through one institution, that institution will  
30 pay the full employer contribution. Faculty working for more than one  
31 institution must alert his or her employers to his or her potential  
32 eligibility in order to establish eligibility.

33 (iv) The employing agency must provide written notice to faculty  
34 who are potentially eligible for benefits under this subsection (4)(c)  
35 of their potential eligibility.

36 (v) To be eligible for maintenance of benefits through averaging  
37 under (c)(ii) of this subsection, faculty must provide written



1 notification to his or her employing agency or agencies of his or her  
2 potential eligibility.

3 (vi) For the purposes of this subsection (4)(c):

4 (A) "Academic year" means summer, fall, winter, and spring quarters  
5 or summer, fall, and spring semesters;

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

10 (d) A legislator is eligible for benefits on the date his or her  
11 term begins. All other elected and full-time appointed officials of  
12 the legislative and executive branches of state government are eligible  
13 for benefits on the date his or her term begins or they take the oath  
14 of office, whichever occurs first.

15 (e) A justice of the supreme court and judges of the court of  
16 appeals and the superior courts become eligible for benefits on the  
17 date he or she takes the oath of office.

18 (f) Except as provided in (c)(i) and (ii) of this subsection,  
19 eligibility ceases for any employee the first of the month following  
20 termination of the employment relationship.

21 (g) In determining eligibility under this section, the employing  
22 agency may disregard training hours, standby hours, or temporary  
23 changes in work hours as determined by the authority under this  
24 section.

25 (h) Insurance coverage for all eligible employees begins on the  
26 first day of the month following the date when eligibility for benefits  
27 is established. If the date eligibility is established is the first  
28 working day of a month, insurance coverage begins on that date.

29 (i) Eligibility for an employee whose work circumstances are  
30 described by more than one of the eligibility categories in (a) through  
31 (e) of this subsection shall be determined solely by the criteria of  
32 the category that most closely describes the employee's work  
33 circumstances.

34 (j) Except for an employee eligible for benefits under (b) or  
35 (c)(ii) of this subsection, an employee who has established eligibility  
36 for benefits under this section shall remain eligible for benefits each  
37 month in which he or she is in pay status for eight or more hours, if  
38 (i) he or she remains in a benefits-eligible position and (ii) leave

1 from the benefits-eligible position is approved by the employing  
2 agency. A benefits-eligible seasonal employee is eligible for the  
3 employer contribution in any month of his or her season in which he or  
4 she is in pay status eight or more hours during that month.  
5 Eligibility ends if these conditions are not met, the employment  
6 relationship is terminated, or the employee voluntarily transfers to a  
7 noneligible position.

8 (k) For the purposes of this subsection(~~(+~~

9 ~~(i) "Academic year" means summer, fall, winter, and spring quarters  
10 or semesters;~~

11 ~~(ii) "Half-time" means one half of the full-time academic workload  
12 as determined by each institution, except that half-time for community  
13 and technical college faculty employees shall have the same meaning as  
14 "part-time" under RCW 28B.50.489;~~

15 ~~(iii))~~, the board shall define "benefits-eligible position."  
16 ~~((shall be defined by the board.))~~

17 (5) The board may authorize premium contributions for an employee  
18 and the employee's dependents in a manner that encourages the use of  
19 cost-efficient managed health care systems.

20 (6)(a) For any open enrollment period following August 24, 2011,  
21 the board shall offer a health savings account option for employees  
22 that conforms to section 223, Part VII of subchapter B of chapter 1 of  
23 the internal revenue code of 1986. The board shall comply with all  
24 applicable federal standards related to the establishment of health  
25 savings accounts.

26 (b) By November 30, 2015, and each year thereafter, the authority  
27 shall submit a report to the relevant legislative policy and fiscal  
28 committees that includes the following:

29 (i) Public employees' benefits board health plan cost and service  
30 utilization trends for the previous three years, in total and for each  
31 health plan offered to employees;

32 (ii) For each health plan offered to employees, the number and  
33 percentage of employees and dependents enrolled in the plan, and the  
34 age and gender demographics of enrollees in each plan;

35 (iii) Any impact of enrollment in alternatives to the most  
36 comprehensive plan, including the high deductible health plan with a  
37 health savings account, upon the cost of health benefits for those

1 employees who have chosen to remain enrolled in the most comprehensive  
2 plan.

3 (7) Notwithstanding any other provision of this chapter, for any  
4 open enrollment period following August 24, 2011, the board shall offer  
5 a high deductible health plan in conjunction with a health savings  
6 account developed under subsection (6) of this section.

7 (8) Employees shall choose participation in one of the health care  
8 benefit plans developed by the board and may be permitted to waive  
9 coverage under terms and conditions established by the board.

10 (9) The board shall review plans proposed by insuring entities that  
11 desire to offer property insurance and/or accident and casualty  
12 insurance to state employees through payroll deduction. The board may  
13 approve any such plan for payroll deduction by insuring entities  
14 holding a valid certificate of authority in the state of Washington and  
15 which the board determines to be in the best interests of employees and  
16 the state. The board shall adopt rules setting forth criteria by which  
17 it shall evaluate the plans.

18 (10) Before January 1, 1998, the public employees' benefits board  
19 shall make available one or more fully insured long-term care insurance  
20 plans that comply with the requirements of chapter 48.84 RCW. Such  
21 programs shall be made available to eligible employees, retired  
22 employees, and retired school employees as well as eligible dependents  
23 which, for the purpose of this section, includes the parents of the  
24 employee or retiree and the parents of the spouse of the employee or  
25 retiree. Employees of local governments, political subdivisions, and  
26 tribal governments not otherwise enrolled in the public employees'  
27 benefits board sponsored medical programs may enroll under terms and  
28 conditions established by the administrator, if it does not jeopardize  
29 the financial viability of the public employees' benefits board's long-  
30 term care offering.

31 (a) Participation of eligible employees or retired employees and  
32 retired school employees in any long-term care insurance plan made  
33 available by the public employees' benefits board is voluntary and  
34 shall not be subject to binding arbitration under chapter 41.56 RCW.  
35 Participation is subject to reasonable underwriting guidelines and  
36 eligibility rules established by the public employees' benefits board  
37 and the health care authority.

1 (b) The employee, retired employee, and retired school employee are  
2 solely responsible for the payment of the premium rates developed by  
3 the health care authority. The health care authority is authorized to  
4 charge a reasonable administrative fee in addition to the premium  
5 charged by the long-term care insurer, which shall include the health  
6 care authority's cost of administration, marketing, and consumer  
7 education materials prepared by the health care authority and the  
8 office of the insurance commissioner.

9 (c) To the extent administratively possible, the state shall  
10 establish an automatic payroll or pension deduction system for the  
11 payment of the long-term care insurance premiums.

12 (d) The public employees' benefits board and the health care  
13 authority shall establish a technical advisory committee to provide  
14 advice in the development of the benefit design and establishment of  
15 underwriting guidelines and eligibility rules. The committee shall  
16 also advise the board and authority on effective and cost-effective  
17 ways to market and distribute the long-term care product. The  
18 technical advisory committee shall be comprised, at a minimum, of  
19 representatives of the office of the insurance commissioner, providers  
20 of long-term care services, licensed insurance agents with expertise in  
21 long-term care insurance, employees, retired employees, retired school  
22 employees, and other interested parties determined to be appropriate by  
23 the board.

24 (e) The health care authority shall offer employees, retired  
25 employees, and retired school employees the option of purchasing long-  
26 term care insurance through licensed agents or brokers appointed by the  
27 long-term care insurer. The authority, in consultation with the public  
28 employees' benefits board, shall establish marketing procedures and may  
29 consider all premium components as a part of the contract negotiations  
30 with the long-term care insurer.

31 (f) In developing the long-term care insurance benefit designs, the  
32 public employees' benefits board shall include an alternative plan of  
33 care benefit, including adult day services, as approved by the office  
34 of the insurance commissioner.

35 (g) The health care authority, with the cooperation of the office  
36 of the insurance commissioner, shall develop a consumer education  
37 program for the eligible employees, retired employees, and retired  
38 school employees designed to provide education on the potential need

1 for long-term care, methods of financing long-term care, and the  
2 availability of long-term care insurance products including the  
3 products offered by the board.

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

7 **Sec. 4.** RCW 41.05.066 and 2007 c 156 s 9 are each amended to read  
8 as follows:

9 A certificate of domestic partnership (~~((issued to a couple of the~~  
10 ~~same sex))~~) qualified under the provisions of RCW 26.60.030 shall be  
11 recognized as evidence of a qualified (~~((same sex))~~) domestic partnership  
12 fulfilling all necessary eligibility criteria for the partner of the  
13 employee to receive benefits. Nothing in this section affects the  
14 requirements of (~~((same sex))~~) domestic partners to complete  
15 documentation related to federal tax status that may currently be  
16 required by the board for employees choosing to make premium payments  
17 on a pretax basis.

18 **Sec. 5.** RCW 41.05.080 and 2009 c 523 s 1 and 2009 c 522 s 9 are  
19 each reenacted and amended to read as follows:

20 (1) Under the qualifications, terms, conditions, and benefits set  
21 by the board:

22 (a) Retired or disabled state employees, retired or disabled school  
23 employees, retired or disabled employees of county, municipal, or other  
24 political subdivisions, or retired or disabled employees of tribal  
25 governments covered by this chapter may continue their participation in  
26 insurance plans and contracts after retirement or disablement;

27 (b) Separated employees may continue their participation in  
28 insurance plans and contracts if participation is selected immediately  
29 upon separation from employment;

30 (c) Surviving spouses, surviving state registered domestic  
31 partners, and dependent children of emergency service personnel killed  
32 in the line of duty may participate in insurance plans and contracts.

33 (2) Rates charged surviving spouses and surviving state registered  
34 domestic partners of emergency service personnel killed in the line of  
35 duty, retired or disabled employees, separated employees, spouses, or

1 dependent children who are not eligible for parts A and B of medicare  
2 shall be based on the experience of the community rated risk pool  
3 established under RCW 41.05.022.

4 (3) Rates charged to surviving spouses and surviving state  
5 registered domestic partners of emergency service personnel killed in  
6 the line of duty, retired or disabled employees, separated employees,  
7 spouses, or children who are eligible for parts A and B of medicare  
8 shall be calculated from a separate experience risk pool comprised only  
9 of individuals eligible for parts A and B of medicare; however, the  
10 premiums charged to medicare-eligible retirees and disabled employees  
11 shall be reduced by the amount of the subsidy provided under RCW  
12 41.05.085.

13 (4) Surviving spouses, surviving state registered domestic  
14 partners, and dependent children of emergency service personnel killed  
15 in the line of duty and retired or disabled and separated employees  
16 shall be responsible for payment of premium rates developed by the  
17 authority which shall include the cost to the authority of providing  
18 insurance coverage including any amounts necessary for reserves and  
19 administration in accordance with this chapter. These self pay rates  
20 will be established based on a separate rate for the employee, the  
21 spouse, state registered domestic partners, and the children.

22 (5) The term "retired state employees" for the purpose of this  
23 section shall include but not be limited to members of the legislature  
24 whether voluntarily or involuntarily leaving state office.

25 **Sec. 6.** RCW 41.05.095 and 2010 c 94 s 11 are each amended to read  
26 as follows:

27 (1) Any plan offered to employees under this chapter must offer  
28 each employee the option of covering any (~~unmarried~~) dependent of the  
29 employee under the age of twenty-~~(five)~~ six.

30 ~~(2) ((Any employee choosing under subsection (1) of this section to~~  
31 ~~cover a dependent who is: (a) Age twenty through twenty three and not~~  
32 ~~a registered student at an accredited secondary school, college,~~  
33 ~~university, vocational school, or school of nursing; or (b) age twenty-~~  
34 ~~four, shall be required to pay the full cost of such coverage.~~

35 ~~(3) Any employee choosing under subsection (1) of this section to~~  
36 ~~cover a dependent with disabilities, mental illness, or intellectual or~~  
37 ~~other developmental disabilities, who is incapable of self-support, may~~

1 ~~continue covering that dependent under the same premium and payment~~  
2 ~~structure as for dependents under the age of twenty, irrespective of~~  
3 ~~age)) Coverage must terminate upon attainment of age twenty-six except~~  
4 ~~in the case of a child who is and continues to be both (a) incapable of~~  
5 ~~self-sustaining employment by reason of a developmental disability or~~  
6 ~~physical handicap and (b) chiefly dependent upon the employee for~~  
7 ~~support and maintenance, provided proof of such incapacity and~~  
8 ~~dependency is furnished by the employee within sixty days of the~~  
9 ~~child's attainment of age twenty-six and subsequently as may be~~  
10 ~~required by the authority, but not more frequently than annually after~~  
11 ~~the two-year period following the child's attainment of age twenty-six.~~

12 **Sec. 7.** RCW 41.05.195 and 2009 c 523 s 2 are each amended to read  
13 as follows:

14 Notwithstanding any other provisions of this chapter or rules or  
15 procedures adopted by the authority, the authority shall make available  
16 to retired or disabled employees who are enrolled in parts A and B of  
17 medicare one or more medicare supplemental insurance policies that  
18 conform to the requirements of chapter 48.66 RCW. The policies shall  
19 be chosen in consultation with the public employees' benefits board.  
20 These policies shall be made available to retired or disabled state  
21 employees; retired or disabled school district employees; retired  
22 employees of county, municipal, or other political subdivisions or  
23 retired employees of tribal governments eligible for coverage available  
24 under the authority; or surviving spouses or surviving state registered  
25 domestic partners of emergency service personnel killed in the line of  
26 duty.

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