
SENATE BILL 5478

State of Washington

69th Legislature

2025 Regular Session

By Senator Bateman; by request of Health Care Authority

1 AN ACT Relating to benefits authorized to be offered by the
2 public employees' benefits board; and amending RCW 41.05.065.

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

4 **Sec. 1.** RCW 41.05.065 and 2018 c 260 s 12 are each amended to
5 read as follows:

6 (1) The public employees' benefits board shall study all matters
7 connected with the provision of health care coverage, life insurance,
8 liability insurance, accidental death and dismemberment insurance,
9 and disability income insurance or any of, or a combination of, the
10 enumerated types of insurance for employees and their dependents on
11 the best basis possible with relation both to the welfare of the
12 employees and to the state. However, liability insurance shall not be
13 made available to dependents.

14 (2) The public employees' benefits board shall develop employee
15 benefit plans that include comprehensive health care benefits for
16 employees. In developing these plans, the public employees' benefits
17 board shall consider the following elements:

18 (a) Methods of maximizing cost containment while ensuring access
19 to 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
6 alcohol misuse, appropriate weight reduction, exercise, automobile
7 and 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 benefit 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
23 health plan in conjunction with a health savings account. The public
24 employees' benefits board may establish employee eligibility criteria
25 which are not substantially equivalent to employee eligibility
26 criteria in effect on January 1, 1993.

27 (4) Except if bargained for under chapter 41.80 RCW, the public
28 employees' benefits board shall design benefits and determine the
29 terms and conditions of employee and retired or disabled school
30 employee participation and coverage, including establishment of
31 eligibility criteria subject to the requirements of this chapter.
32 Employer groups obtaining benefits through contractual agreement with
33 the authority for employees defined in RCW 41.05.011(6)(a) (i)
34 through (vi) may contractually agree with the authority to benefits
35 eligibility criteria which differs from that determined by the public
36 employees' benefits board. The eligibility criteria established by
37 the public employees' benefits board shall be no more restrictive
38 than the following:

39 (a) Except as provided in (b) through (e) of this subsection, an
40 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
2 least eighty hours per month and for at least eight hours in each
3 month for more than six consecutive months. An employee determined
4 ineligible for benefits at the beginning of his or her employment
5 shall become 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
8 anticipated duration of employment is revised from less than or equal
9 to six consecutive months to more than six consecutive months becomes
10 eligible when the revision is made.

11 (ii) An employee who works an average of at least eighty hours
12 per month over a period of six consecutive months and for at least
13 eight hours in each of those six consecutive months becomes eligible
14 at the 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
17 work an average of at least eighty hours per month and for at least
18 eight hours in each month of the season. A seasonal employee
19 determined ineligible at the beginning of his or her employment who
20 works an average of at least eighty hours per month over a period of
21 six consecutive months and at least eight hours in each of those six
22 consecutive months becomes eligible at the first of the month
23 following the six-month averaging period. A benefits-eligible
24 seasonal employee who works a season of less than nine months shall
25 not be eligible for the employer contribution during the off season,
26 but may continue enrollment in benefits during the off season by
27 self-paying for the benefits. A benefits-eligible seasonal employee
28 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 half-
33 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
36 month of the next instructional year, unless the employment
37 relationship is terminated, in which case eligibility shall cease the
38 first month following the notice of termination or the effective date
39 of the termination, whichever is later.

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

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

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

35 (v) To be eligible for maintenance of benefits through averaging
36 under (c)(ii) of this subsection, faculty must provide written
37 notification to his or her employing agency or agencies of his or her
38 potential eligibility.

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

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

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

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

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

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

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

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

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

32 (j) Except for an employee eligible for benefits under (b) or
33 (c)(ii) of this subsection, an employee who has established
34 eligibility for benefits under this section shall remain eligible for
35 benefits each month in which he or she is in pay status for eight or
36 more hours, if (i) he or she remains in a benefits-eligible position
37 and (ii) leave from the benefits-eligible position is approved by the
38 employing agency. A benefits-eligible seasonal employee is eligible
39 for the employer contribution in any month of his or her season in
40 which he or she is in pay status eight or more hours during that

1 month. Eligibility ends if these conditions are not met, the
2 employment relationship is terminated, or the employee voluntarily
3 transfers to a noneligible position.

4 (k) For the purposes of this subsection, the public employees'
5 benefits board shall define "benefits-eligible position."

6 (5) The public employees' benefits board may authorize premium
7 contributions for an employee and the employee's dependents in a
8 manner that encourages the use of cost-efficient managed health care
9 systems.

10 (6) (a) For any open enrollment period following August 24, 2011,
11 the public employees' benefits board shall offer a health savings
12 account option for employees that conforms to section 223, Part VII
13 of subchapter B of chapter 1 of the internal revenue code of 1986.
14 The public employees' benefits board shall comply with all applicable
15 federal standards related to the establishment of health savings
16 accounts.

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

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

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

26 (iii) Any impact of enrollment in alternatives to the most
27 comprehensive plan, including the high deductible health plan with a
28 health savings account, upon the cost of health benefits for those
29 employees who have chosen to remain enrolled in the most
30 comprehensive plan.

31 (7) Notwithstanding any other provision of this chapter, for any
32 open enrollment period following August 24, 2011, the public
33 employees' benefits board shall offer a high deductible health plan
34 in conjunction with a health savings account developed under
35 subsection (6) of this section.

36 (8) Employees shall choose participation in one of the health
37 care benefit plans developed by the public employees' benefits board
38 and may be permitted to waive coverage under terms and conditions
39 established by the public employees' benefits board.

1 (9) ~~((The public employees' benefits board shall review plans~~
2 ~~proposed by insuring entities that desire to offer property insurance~~
3 ~~and/or accident and casualty insurance to state employees through~~
4 ~~payroll deduction. The public employees' benefits board may approve~~
5 ~~any such plan for payroll deduction by insuring entities holding a~~
6 ~~valid certificate of authority in the state of Washington and which~~
7 ~~the public employees' benefits board determines to be in the best~~
8 ~~interests of employees and the state. The public employees' benefits~~
9 ~~board shall adopt rules setting forth criteria by which it shall~~
10 ~~evaluate the plans.~~

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

24 ~~(a) Participation of eligible employees or retired employees and~~
25 ~~retired school employees in any long-term care insurance plan made~~
26 ~~available by the public employees' benefits board is voluntary and~~
27 ~~shall not be subject to binding arbitration under chapter 41.56 RCW.~~
28 ~~Participation is subject to reasonable underwriting guidelines and~~
29 ~~eligibility rules established by the public employees' benefits board~~
30 ~~and the health care authority.~~

31 ~~(b) The employee, retired employee, and retired school employee~~
32 ~~are solely responsible for the payment of the premium rates developed~~
33 ~~by the health care authority. The health care authority is authorized~~
34 ~~to charge a reasonable administrative fee in addition to the premium~~
35 ~~charged by the long-term care insurer, which shall include the health~~
36 ~~care authority's cost of administration, marketing, and consumer~~
37 ~~education materials prepared by the health care authority and the~~
38 ~~office of the insurance commissioner.~~

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

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

17 ~~(e) The health care authority shall offer employees, retired~~
18 ~~employees, and retired school employees the option of purchasing~~
19 ~~long-term care insurance through licensed agents or brokers appointed~~
20 ~~by the long-term care insurer. The authority, in consultation with~~
21 ~~the public employees' benefits board, shall establish marketing~~
22 ~~procedures and may consider all premium components as a part of the~~
23 ~~contract negotiations with the long-term care insurer.~~

24 ~~(f) In developing the long-term care insurance benefit designs,~~
25 ~~the public employees' benefits board shall include an alternative~~
26 ~~plan of care benefit, including adult day services, as approved by~~
27 ~~the office of the insurance commissioner.~~

28 ~~(g) The health care authority, with the cooperation of the office~~
29 ~~of the insurance commissioner, shall develop a consumer education~~
30 ~~program for the eligible employees, retired employees, and retired~~
31 ~~school employees designed to provide education on the potential need~~
32 ~~for long-term care, methods of financing long-term care, and the~~
33 ~~availability of long-term care insurance products including the~~
34 ~~products offered by the public employees' benefits board.~~

35 (11)) In addition to the benefits offering authority under this
36 chapter, the public employees' benefits board may study, establish
37 evaluation criteria, and, subject to the availability of funding,
38 offer the following employee-paid, voluntary benefits:

39 (a) Emergency transportation;

40 (b) Identity protection;

1 (c) Legal aid;
2 (d) Long-term care insurance;
3 (e) Noncommercial personal automobile insurance;
4 (f) Personal homeowner's or renter's insurance;
5 (g) Pet insurance;
6 (h) Specified disease or illness-triggered fixed payment
7 insurance, hospital confinement fixed payment insurance, or other
8 fixed payment insurance offered as an independent, noncoordinated
9 benefit regulated by the office of the insurance commissioner; and
10 (i) Travel insurance.
11 (10) The public employees' benefits board may establish penalties
12 to be imposed by the authority when the eligibility determinations of
13 an employing agency fail to comply with the criteria under this
14 chapter.

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