

School Employees Benefits Board Meeting

March 15, 2018

School Employees Benefits Board

March 15, 2018

9:00 a.m. – 4:00 p.m.

Health Care Authority
Sue Crystal A & B
626 8th Avenue SE
Olympia, Washington

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TAB 1

School Employees Benefits Board
March 15, 2018
9:00 a.m. – 4:00 p.m.

Health Care Authority
Cherry Street Plaza
Sue Crystal Rooms A & B
626 8th Avenue SE
Olympia, WA 98501

Call-in Number: 1-888-407-5039

Participant PIN Code: 60995706

9:00 p.m.*	Welcome and Introductions		Lou McDermott, Chair	
9:10 a.m.	Meeting Overview		David Iseminger, Director Employees & Retirees Benefits (ERB) Division	Information
9:15 a.m.	Approve October 23, 2017 Minutes	TAB 3	Lou McDermott, Chair	Action
9:20 a.m.	Legislative Update	TAB 4	David Iseminger, ERB Director	Information/ Discussion
9:50 a.m.	Follow-up Board Questions	TAB 5	Barb Scott, Manager Policy & Rules Section, ERB Division Scott Palafox, ERB Deputy Director	Information/ Discussion
10:05 a.m.	Medical Services Comparisons	TAB 6	Scott Palafox, ERB Deputy Director	Information/ Discussion
10:20 a.m.	Break			
10:35 a.m.	School Employees Benefits Enrollment Data	TAB 7	John Bowden, Manager School Employees Benefits Section, ERB Division	Information/ Discussion
11:20 a.m.	SEBB Financial Considerations and Fully-insured Medical Benefits Procurement	TAB 8	Megan Atkinson, Chief Financial Officer Kim Wallace, Deputy Section Manager Financial Services Division	Information/ Discussion
12:15 p.m.	Working Lunch Web Content Discussion		David Iseminger, ERB Director Amy Blondin, Chief Communications Officer	Information/ Discussion
1:00 p.m.	SEBB Policy Resolutions: Eligibility	TAB 9	Barb Scott, Manager Policy & Rules Section, ERB Division	Action

1:45 p.m.	Eligibility & Enrollment Policy Development	TAB 10	Barb Scott, Manager Policy & Rules Section, ERB Division	Information/ Discussion
2:30 p.m.	Break			
2:45 p.m.	SEBB Policy Resolutions: Benefits	TAB 11	David Iseminger, ERB Director	Action
3:30 p.m.	Public Comment			
4:00 p.m.	Adjourn			

***All Times Approximate**

The School Employees Benefits Board will meet Thursday, March 15, 2018, at the Washington State Health Care Authority, Sue Crystal Rooms A & B, 626 8th AVE SE, Olympia, WA. The Board will consider all matters on the agenda plus any items that may normally come before them.

This notice is pursuant to the requirements of the Open Public Meeting Act, Chapter 42.30 RCW.

Direct e-mail to: SEBboard@hca.wa.gov

Materials posted at: <https://www.hca.wa.gov/about-hca/school-employees-benefits-board-sebb-program>
by close of business on March 13, 2018.

SEB Board Members

Name	Representing
Lou McDermott, Deputy Director Health Care Authority 626 8 th Ave SE PO Box 42720 Olympia WA 98504-2720 V 360-725-0891 louis.mcdermott@hca.wa.gov	Chair
Sean Corry Sprague Israel Giles, Inc. 1501 4 th Ave, Suite 730 Seattle WA 98101 V 206-623-7035 sean.corry@siginsures.com	Employee Health Benefits Policy and Administration
Pete Cutler 7605 Ostrich DR SE Olympia WA 98513 C 360-789-2787 p.cutler@comcast.net	Employee Health Benefits Policy and Administration
Patty Estes Eatonville School District PO Box 1364 Eatonville WA 98328 C 360-621-9610 p.estes.sebb@gmail.com	Classified Employees
Dan Gossett 603 Veralene Way SW Everett WA 98203 C 425-737-2983 dan.gossett@comcast.net	Certificated Employees

SEB Board Members

Name

Representing

Katy Henry
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Certificated Employees

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Classified Employees

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Employee Health Benefits Policy
and Administration
(WASBO)

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Employee Health Benefits Policy
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3/9/18



STATE OF WASHINGTON
HEALTH CARE AUTHORITY

626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

2017-18 School Employees Benefits Board (SEBB) Meeting Schedule

The SEB Board meetings will be held at the Health Care Authority, Sue Crystal Center, Rooms A & B, 626 8th Avenue SE, Olympia, WA 98501. The meetings begin at 1:00 p.m., unless otherwise noted below.

October 23, 2017

November 6, 2017

December 11, 2017

January 17, 2018

January 29, 2018

March 15, 2018 - 9:00 a.m.

April 30, 2018

May 30, 2018

June 13, 2018

July 30, 2018

August 30, 2018 - 9:00 a.m.

October 4, 2018 - 9:00 a.m.

November 8, 2018 - 9:00 a.m.

December 13, 2018 - 9:00 a.m.

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: August 30, 2017

TIME: 1:26 PM

WSR 17-18-043

If you are a person with a disability and need a special accommodation, please contact Connie Bergener at 360-725-0856

8/28/17

TAB 2

SCHOOL EMPLOYEES BENEFITS BOARD BY-LAWS

ARTICLE I

The Board and Its Members

1. **Board Function**—The School Employees Benefits Board (hereinafter “the SEBB” or “Board”) is created pursuant to RCW 41.05.740 within the Health Care Authority; the SEBB’s function is to design and approve insurance benefit plans for school district, educational service district, and charter school employees, and to establish eligibility criteria for participation in insurance benefit plans.
2. **Staff**—Health Care Authority staff shall serve as staff to the Board.
3. **Appointment**—The members of the Board shall be appointed by the Governor in accordance with RCW 41.05.740. A Board member whose term has expired but whose successor has not been appointed by the Governor may continue to serve until replaced.
4. **Board Composition**—The composition of the nine-member Board shall be in accordance with RCW 41.05.740. All nine members may participate in discussions, make and second motions, and vote on motions.
5. **Board Compensation**—Members of the Board shall be compensated in accordance with RCW [43.03.250](#) and shall be reimbursed for their travel expenses while on official business in accordance with RCW [43.03.050](#) and [43.03.060](#).

ARTICLE II

Board Officers and Duties

1. **Chair of the Board**—The Health Care Authority Director or his or her designee shall serve as Chair of the Board and shall conduct meetings of the Board. The Chair shall have all powers and duties conferred by law and the Board’s By-laws. If the regular Chair cannot attend a regular or special meeting, the Health Care Authority Director may designate another person to serve as temporary Chair for that meeting. A temporary Chair designated for a single meeting has all of the rights and responsibilities of the regular Chair.
2. **Vice Chair of the Board**—In December 2017, and each January beginning in 2019, the Board shall select from among its members a Vice Chair. If the Vice Chair position becomes vacant for any reason, the Board shall select a new Vice Chair for the remainder of the year. The Vice Chair shall preside at any regular or special meeting of the Board in the absence of a regular or temporary Chair.

ARTICLE III

Board Committees **(RESERVED)**

ARTICLE IV
Board Meetings

1. Application of Open Public Meetings Act—Meetings of the Board shall be at the call of the Chair and shall be held at such time, place, and manner to efficiently carry out the Board’s duties. All Board meetings shall be conducted in accordance with the Open Public Meetings Act, Chapter 42.30 RCW, but the Board may enter into an executive session as permitted by the Open Public Meetings Act.
2. Regular and Special Board Meetings—The Chair shall propose an annual schedule of regular Board meetings for adoption by the Board. The schedule of regular Board meetings, and any changes to the schedule, shall be filed with the State Code Reviser’s Office in accordance with RCW 42.30.075. The Chair may cancel a regular Board meeting at his or her discretion, including the lack of sufficient agenda items. The Chair may call a special meeting of the Board at any time and proper notice must be given of a special meeting as provided by the Open Public Meetings Act, RCW 42.30.
3. No Conditions for Attendance—A member of the public is not required to register his or her name or provide other information as a condition of attendance at a Board meeting.
4. Public Access—Board meetings shall be held in a location that provides reasonable access to the public including the use of accessible facilities.
5. Meeting Minutes and Agendas—The agenda for an upcoming meeting shall be made available to the Board and the interested members of the public at least 24 hours prior to the meeting date or as otherwise required by the Open Public Meetings Act. Agendas may be sent by electronic mail and shall also be posted on the HCA website. An audio recording (or other generally-accepted electronic recording) shall be made of each meeting. HCA staff will provide minutes summarizing each meeting from the audio recording. Summary minutes shall be provided to the Board for review and adoption at a subsequent Board meeting.
6. Attendance—Board members shall inform the Chair with as much notice as possible if unable to attend a scheduled Board meeting. Board staff preparing the minutes shall record the attendance of Board members in the minutes.

ARTICLE V
Meeting Procedures

1. Quorum—Five voting members of the Board shall constitute a quorum for the transaction of business. No final action may be taken in the absence of a quorum. The Chair may declare a meeting adjourned in the absence of a quorum necessary to transact business.
2. Order of Business—The order of business shall be determined by the agenda.
3. Teleconference Permitted—A Board member may attend a meeting in person or, by special arrangement and advance notice to the Chair, by telephone conference call or video conference when in-person attendance is impracticable.

4. Public Testimony—The Board actively seeks input from the public at large, from enrollees served by the SEBB Program, and from other interested parties. Time is reserved for public testimony at each regular meeting, generally at the end of the agenda. At the direction of the Chair, public testimony at Board meetings may also occur in conjunction with a public hearing or during the Board’s consideration of a specific agenda item. The Chair has authority to limit the time for public testimony, including the time allotted to each speaker, depending on the time available and the number of persons wishing to speak.
5. Motions and Resolutions—All actions of the Board shall be expressed by motion or resolution. No motion or resolution shall have effect unless passed by the affirmative votes of a majority of the Board members present and eligible to vote, or in the case of a proposed amendment to the By-laws, a 2/3 majority of the Board .
6. Representing the Board’s Position on an Issue—No Board member may endorse or oppose an issue purporting to represent the Board or the opinion of the Board on the issue unless the majority of the Board approve of such position.
7. Manner of Voting—On motions, resolutions, or other matters a voice vote may be used. At the discretion of the Chair, or upon request of a Board member, a roll call vote may be conducted. Proxy votes are not permitted, but the prohibition of proxy votes does not prevent a temporary Chair designated by the Health Care Authority Director from voting.
8. State Ethics Law and Recusal—Board members are subject to the requirements of the Ethics in Public Service Act, Chapter 42.52 RCW. A Board member shall recuse himself or herself from casting a vote as necessary to comply with the Ethics in Public Service Act.
9. Parliamentary Procedure—All rules of order not provided for in these By-laws shall be determined in accordance with the most current edition of Robert’s Rules of Order Newly Revised. Board staff shall ensure a copy of *Robert’s Rules* is available at all Board meetings.
10. Civility—While engaged in Board duties, Board members conduct shall demonstrate civility, respect, and courtesy toward each other, HCA staff, and the public and shall be guided by fundamental tenets of integrity and fairness.

ARTICLE VI
Amendments to the By-Laws and Rules of Construction

1. Two-thirds majority required to amend—The SEBB By-laws may be amended upon a two-thirds (2/3) majority vote of the Board.
2. Liberal construction—All rules and procedures in these By-laws shall be liberally construed so that the public’s health, safety, and welfare shall be secured in accordance with the intents and purposes of applicable State laws and regulations.

TAB 3

School Employees Benefits Board
Meeting Minutes

DRAFT

October 23, 2017
Health Care Authority
Sue Crystal Rooms A & B
Olympia, Washington
1:00 p.m. – 5:00 p.m.

TVW: School Employees Benefits (SEB) Board October 23, 1:00pm
<http://dev.tvw.org/watch/?eventID=2017101065>

Members Present:

Lou McDermott
Sean Corry
Pete Cutler
Alison Carl White
Wayne Leonard
Patty Estes
Dan Gossett
Katy Henry
Terri House

SEB Board Counsel:

Katy Hatfield

Call to Order

Lou McDermott, Chair, called the first meeting of the School Employees Benefits Board (SEBB) to order at 1:00 p.m. Sufficient members were present to allow a quorum. Board and audience self-introductions followed.

Katy Hatfield: I am an Assistant Attorney General. I work at the Attorney General's Office, not at the Health Care Authority, and I am your assigned SEBB counsel.

Patty Estes: I am representing Classified Employees. I live in Eatonville. The reason I got onto this Board is that it's really important for everyone to have quality and cost effective health care, but especially for the people taking care of our children. It's very, very important.

Wayne Leonard: I'm the Assistant Superintendent for Business and Finance at Mead School District over in the Spokane area. I'm a representative of Washington Association of School Business Officials. From that standpoint I represent the business officials and people that work on the budgets and try and figure out how to pay for this.

I think in a larger context, I don't view the business officials as just my constituency. I think all of our school employees are my constituents and I look forward to working with other members on the Board to try to figure out what's best for everyone.

Pete Cutler: I'm retired after 32 years of working with employee benefit issues primarily with the state of Washington. For the last four years of my career, up until the end of 2015, a big part of that was dealing with the school employee health benefits. A bit before that I had stints dealing with pension benefits and working with the Health Care Authority in the Insurance Commissioner's Office. I think I represent policy wonks.

Alison Carl White: I'm the Executive Director of Better Health Together which serves as the Spokane region's accountable community of health. We're working to promote health in all policies.

Lou McDermott: I'm the Acting Director of the Health Care Authority, which puts me as the Chair of the SEB Board.

Katy Henry: I am a special education teacher from Spokane Public Schools. I'm currently on leave as the local union president. I'm interested in representing our classified and certificated staff.

Sean Corry: I am an insurance broker in Seattle. My firm is Sprague Israel Giles. I lead the employed benefits staff and we serve many large school districts as our clients, the largest being Seattle Public Schools which we've worked with for more than forty years. I'm glad to be here.

Terri House: I am here representing classified employees and I am from the Marysville School District in Marysville, Washington.

Dan Gossett: I'm representing certificated staff. I'm currently a Library Information Specialist in the Edmonds School District where I also went to school, so I didn't roam far. I've been on the Washington Education Association's Benefits Services Advisory Board for the past ten years. I have a little bit of knowledge when it comes to health care.

Lou McDermott: TVW is here taping and also doing a live webcast of today's meeting.

Meeting Overview

Dave Iseminger, Acting Director, Employees and Retirees Benefits (ERB) Division, provided an overview of the agenda.

Lou McDermott: I do have one question. Is the Vice Chair's responsibility to run the meeting?

Dave Iseminger: The statutory obligation is to simply run the meeting if the Director is not present.

Lou McDermott: No delegation is allowed?

Dave Iseminger: No.

Values, Goals, and Vision

Kari Karch, Director, Planning and Performance Division, facilitated a conversation with the Board about their values, goals, and vision for the SEB Board. A multi-part conversation will occur over the next couple of meetings to help think about your work as a collective, your behaviors, your thought processes all in compliance and guidance with all of the activities that you have as responsibility of the SEB Board. There are three questions for today. I will write down your responses and make sure we get those back to you as part of the transcript.

As you think about your work as the Board, the first question to you is, “What values of the Board does the Board need to demonstrate in order to be successful in its work?” Thinking about values from our important beliefs that influence our behavior; thinking about our culture, how do you as a SEB Board, what’s your culture and how you think about the work that you are going to be doing?

Lou McDermott, are you articulating what the values are as operating as a Board or what are our values behind what we will produce?

Kari Karch: Operating as a Board.

Lou McDermott: I think we should feel free to have open and honest dialogue. There’s a reason why the Board is spread around different areas, different people, because they bring a different lens to this topic. I think we’re all interested in each other’s opinion because there will be many decision points along the way and we’ll have to make them as a group. But it will be good to get individual perspective as we move forward.

Wayne Leonard: I would say we also have respect for other’s opinions and have a willingness to work toward a common solution. Since we all come from different backgrounds, it’s not likely we will all agree on every issue. But, having respect for other people’s viewpoints, working together positively, and to solve the problems.

Alison White: I would add that I would hope we could keep the big picture of this. There’s a mechanical part of what we are deciding, but, at the end of the day, this is about how do we promote healthy communities.

Kari Karch: You may have started to answer the second question, that’s okay. We’ll make sure to put it all together for you when we get back to you. The question is, “What principles does the Board need in order to guide its work in order to be successful?” So guiding principles around our mind set in how we think about the work that are longer lasting than just the initial activity or decision at hand. Thinking about how we organize

our work and our mindset going into it. I think, Alison, I had heard from you, which may fit more in this area around keeping the big picture in mind.

Lou McDermott: I would think that we would try to keep in mind those members that we are going to serve, the products we're going to put together for them, and the amounts they are going to pay for them with limited resources. There's always give and take and trying to always consider the member when we're making the decisions.

Alison White: That's right. One of the things I feel is really important is thinking about improving health and how we make investments in prevention, not just after people are sick, but how do we encourage good healthy behaviors.

Patty Estes: Along that same line, making sure that we are taking care of the whole person versus just the medical, dental and vision; but adding in those services they like mental health or any of those referrals they might need. How is that going to work out? It's the whole person and the whole family that matters.

Katy Henry: I think along those same lines. This is going to be a big transition for a lot of our people. So, keeping that in mind will be really important because that will be something to help them understand as we're going along.

Kari Karch: Excellent. I have one more for you and then I'll frame back. I'll restate back to you what I've heard from you. My last question for you is, "When your Board efforts are successful, in three years, what will you have achieved as a Board? What do you hope to see?"

Lou McDermott: My hope is we'll have a comprehensive benefit package to offer our members. That we will have a well-developed communication plan so they understand what they need to do and when they need to do it. That they're best informed, we have an extremely high quality benefit to offer, and that we execute well. I think it's going to be very important. With benefits, sometimes it's easy to forget them until you really need them; and so if you don't really need them, this whole time period could pass you by and you could find out at the end that there's going to be a big change. How's it going to affect my family? And having to do that research and understand the implications of this plan versus that plan will be really important.

Pete Cutler: I would say that the next presentation on this SEBB legislation lists various statutory goals for the program and for the Board. I'm hoping that we can, as ambitious as it may be, meet all of those statutory goals. Specifically one that's near and dear to my heart is the leveraging efficient purchasing by coordinating with the PEBB Program.

Kari Karch: I'm just going to state back what I think I've heard from you guys today. This information will get back to you in your packets.

The values that the Board needs to demonstrate in order to be successful in its work, I heard:

- Open, honest dialogue, respect for other's opinions, working together on this work and keeping the big picture in mind, making sure that we are promoting prevention and healthy lives.

The second question around what principles does the Board need to guide its work to be successful, I heard:

- Keeping the members we serve in mind, the products that we put together, and investments in prevention. Keeping whole person and the whole family in mind and the big picture of the people we serve.

The last question I had for you, "When your Board efforts are successful, in three years, what will you have achieved?" I heard:

- Information or thoughts back on making sure we have a comprehensive benefit package, we've had a communication plan, we've offered a high quality benefit and we've executed it well, and that members are prepared and we meet the statutory goals, including leveraging effective purchasing.

Lou McDermott: Thanks, Kari. For the next agenda item, John Bowden will share information on the School Employees Benefits Board. John's materials are behind Tab 3.

School Employees Benefits

John Bowden, Manager, School Employees Benefits Section, Employees and Retirees Benefits (ERB) Division: I am going to be talking primarily about Engrossed House Bill 2242, specifically the section of the bill that creates the School Employees Benefit Board and Program at the Health Care Authority. We'll go through at a high level so you know what is ahead of you. The full bill is behind Tab 6 in your Briefing Book.

Dave Iseminger: You're only going to get a copy once, so just make sure you have it with you. We wanted to make sure everybody had a copy, but we're not going to print it out every meeting.

John Bowden: Today I will go through the key points of my presentation: 1) what was the legislative vision behind creating the SEBB?; 2) who is going to be covered by the SEBB Program?; 3) what is the statutory role of this Board; and 4) focus on seven primary duties that are contained within the statute. We will discuss considerations that were found in the statute for what this Board should think about in putting together benefit packages. There is a timeline with key discussions and activities. We'll finish with a recap of the SEB Board's responsibilities and roles.

There are about 250,000 school employees and dependents in this state that would be part of the SEBB Program. Currently those employees serve in school districts, ESDs, and charter schools. There are probably at least 450 health plans employees can choose from at an annual cost of around 1.2 billion dollars. The first thing the

Legislature was looking for was to bring all of those individuals into a single risk pool. The School Employees Benefits Board was given two very specific overarching goals: 1) to design and approve insurance benefits plans, and 2) to establish the criteria. There are seven overarching ones. The third main part of the Legislation was the bill named the Health Care Authority to administer the SEBB Program as a single state agency for purchasing health care services.

Again, those eligible for the SEBB Program are the employees of the 295 school districts, nine Educational Service Districts, and ten charter schools. Two more charter schools will be coming online in the fall and statute allows up to 40 charter schools in the state. Employees in these various entities must work at least 630 hours per year to be eligible. This Board has some authority to add other eligibility criteria. Specifically, those eligible are dependents of school employees, to include legal spouses, state registered domestic partners, children up to age 26, and children of any age that have physical disabilities, mental illnesses, or intellectual or other cognitive developmental disabilities.

For the current retired public school employees currently in the PEBB Program, statute has them and disabled employees remaining in PEBB until the Legislature makes a future determination. The Health Care Authority will conduct a study as to the most appropriate risk pool for these subscribers and submit a report to the Legislature by December 15, 2018. This study will be done in consultation with this Board, as well as the Public Employees Benefits Board.

Lou McDermott: John, what I'm hearing is that all actives and their dependents will be in the new pool.

John Bowden: Correct.

Lou McDermott: No retirees.

John Bowden: Correct. No retirees until that determination is made by the Legislature.

Slides 7 – 10 introduce the seven statutory roles of this Board.

Statutory Role 1: Study matters connected with health care coverage and other types of insurance such as disability, life, accidental death and dismemberment, and liability.

At our next meeting, we will present information about health care trends and types of coverage. Last week a survey was sent to school districts, ESDs, and charter schools asking about the current array of benefits offered to employees. On December 11 we'll bring that information back to you on the types of insurance coverage employees currently have.

Lou McDermott: John, is there a statutory requirement of what the Board will provide? Is there a minimum and a maximum?

John Bowden: Yes. There are some listed that are considered basic benefits, such as health care coverage, life insurance, dental, and vision, in case you differentiate between medical, dental, and vision under health care. Life insurance and some of the other ones will be up to this Board in terms of liability.

Lou McDermott: My experience is on the PEBB side, but on the PEBB side for life insurance you have a component of life insurance that's paid by the state and you have a component of life insurance that is paid by the member, the optional insurance. Is there any contemplation on state paid benefits versus optional benefits in SEBB?

Dave Iseminger: The Legislation describes that the Board would have a benefit design for life insurance and does not get into the granularity of employer paid versus employee optional. The Board would have some discretion within the funding structure for the various benefits to describe optional benefits that could be paid for by employees and set that premium, as well as the benefit design for those optional pieces.

Patty Estes: You said that there was a survey that went out?

John Bowden: Yes. It went to all school districts, ESDs, and charter schools.

Patty Estes: Whether they're in PEBB or not?

John Bowden: Correct, because even if the school district or ESD are in PEBB right now, the full array of benefits might not be within PEBB. Some of the questions that we need to know answers to go beyond the Health Care. We're getting responses already.

Patty Estes: I haven't seen it yet, I haven't gotten mine.

Dave Iseminger: The survey went to business officials and the administrators to describe the benefit offerings. It didn't go to school employees. It's a survey that asks if you offer short-term disability, do you have a cafeteria plan? What is in your cafeteria plan? It's the benefit structure pieces because although the Health Care Authority has produced a variety of reports over the years about different options the Legislature had for school benefits consolidation, the vast majority of those studies centered specifically on medical insurance. This survey is designed to capture the other benefit offerings to inform the Board about what's out there and the different impacts that would have for transition for the consolidation efforts for all of the benefits.

Patty Estes: Okay. Thank you.

John Bowden: Statutory Role 2: Develop plans that include comprehensive, evidence-based health care benefits.

Lou McDermott: I have a question. When it says develop plans, is there an assumption there is more than one? Is there any requirement in the statute to plural?

John Bowden: There is currently a statute based on Senate Bill 5940 that passed a few years back laying out different types of plans for school employees like one with a high deductible and others; but once the SEBB Program goes live on January 1, 2020, I don't know if that would stay in effect.

Dave Iseminger: The legislation also says there can be a variety of offerings from self-insured to fully-insured so there's discretion for the Board as to exactly how to fulfill that requirement, whether the array of benefits would include self-insured and fully-insured or just a subset of those offerings.

Pete Cutler: The language that requires the PEBB Program to offer the high-deductible plan, is that language similar to what is included in the requirements for the SEBB plans?

Dave Iseminger: The offering of a high-deductible health plan is not in the current legislation that was passed in House Bill 2242. Our understanding is that was the intent, but the words didn't appear in the legislation that was passed. We may see that cleaned up in the future from the legislative side. There is a requirement that the Health Care Authority and the Public Employees Benefits Board have a high-deductible health plan, and the language in the PEBB statute mirrored that which was in the school districts. So that's why the intent. Although it's not stated for SEBB, it is understood that would likely be a required plan offering.

Pete Cutler: And it is, as far as you can tell at least a permitted option from this statute should the Board want to go in that direction?

Dave Iseminger: Correct. There is definitely that discretion.

Wayne Leonard: Question on the study matters connected with some of the types of insurance that you've indicated that there currently would be optional benefits in a school district. Are you suggesting that the optional benefits could be purchased with the state allocated health insurance money?

Dave Iseminger: I think it depends a little bit about how we are each using the word optional. Traditionally at the Health Care Authority, when we talk about an optional benefit we refer to that as something that is paid by the employee. For example, we have a life insurance that has a basic plan, that is state paid, and then an optional add-on plan that employees can pay. But technically, many of our benefits can be waived. From that perspective, one might call them all optional. It depends on exactly how you are using optional. But, we've used it traditionally in the sense for what's employer paid versus what's employee paid. Did that answer your question, Wayne?

Wayne Leonard: I think so. Currently, at least in my district, we have group life, which is a relatively nominal amount, a group disability, dental, vision, medical, then auto and home insurance would not be something that the district would currently provide even as an optional benefit. An employee could purchase additional life insurance or additional other type of insurances, but they wouldn't be considered part of the basic five benefits or the basic benefits package.

Dave Iseminger: Correct. I think that does hit the different ways that one can use the word optional in this context. The Board could make the decision that you don't want to offer an auto and home policy, but rather access a discount with the purchasing power as a consolidated pool and offer a discount as an entity. There's a full range of ways to do those, whether a benefit is offered and then the payment mechanisms as to whether it is employee paid or employer paid.

John Bowden: Statutory Role 3: Authorize premium contributions that encourage cost efficient health care systems.

Sean Corry: John, what does it mean to encourage cost efficient health care systems with respect to premium sharing contributions?

John Bowden: Again, going back to Senate Bill 5940, there's a statute currently that says all employees must pay something for the cost of their health coverage and pay more for the richer of the plans. The idea is that every employee would have something in the way of either their portion of the premium, co-pays, deductibles, etc., that would have them think about what types of care they were going to receive and to make sure they didn't just get health care because it was available at no charge. There might be other aspects of encouraging cost efficiency as well. I think some of them had to do with preventative type wellness programs, not just premiums.

Statutory Role 4: Determine terms and conditions of eligibility criteria, enrollment policies, and scope of coverage.

Wayne Leonard: John, on number 4 you talk about determine terms and conditions of eligibility. On the previous slide you said eligibility was already in the statute at 630 hours. What I'm gathering is that doesn't necessarily determine what you're eligible for?

Dave Iseminger: I'll field this one. The eligibility requirements that are in statute, the only parts of the eligibility are the 630 hours per year requirement, as well as certain dependents must be included within the benefit offerings. That is a very foundational aspect of eligibility. Our experience at the Health Care Authority is that there are many permeations of employees and ways to count hours, ways to combine hours, and who counts as part time. We have pages upon pages of eligibility rules within the Public Employees Benefits Board Program and we imagine that there are similarly complex situations to talk about with SEBB. There are different types of employees and this Board has the authority to add scaffolding to that foundation and define the exact, specific granular nature of the eligibility and the various permeations that exist within the

employee world. The eligibility framework will probably take a very long time to build and we'll get to where that is on the timeline. It will be an ever-changing process. The Health Care Authority has robust experience with being able to try to describe different types of eligibility. Some of which the legislature may ultimately codify in statute. That's what happened in the Public Employees Benefits Board Program; it started with a very minimal framework. The Board developed the scaffolding of eligibility rules, some lawsuits happened, and then more robust eligibility rules were put in statute. There may be some proactive pieces to put in statute after this Board does its work and has the expertise in refining those eligibility rules. Some of us describe it as a floor on which to build and others say there is a ceiling and you have discretion below that ceiling. There's a framework and then you build from it.

Sean Corry: John, Dave, in the survey that was just sent out to districts, is there a question or set of questions that ask about employees who currently have benefits who are below 630? Are we going to be able to see, at some point reasonably soon, whether that cut affects employees of districts?

John Bowden: The survey that just went out did not include a question about numbers of hours. It's looking at just what are the different types of benefits currently offered to employees. We have another data collection piece that we'll be doing early in November, most likely, that will get to some employee specific information and the number of hours that each current employee is working as part of that. The survey that I was just talking about didn't contain hours.

Statutory Role 5: Determine terms and conditions of participation for employers and individual employees.

Statutory Role 6: Establish penalties when an employer fails to comply with established participation criteria.

Pete Cutler: Can I clarify? Is that, in other words, saying that establish penalties if an employer doesn't actually administer the eligibility criteria that are adopted by the Board?

Dave Iseminger: Very articulate way, yes. This may have been born from some of said litigation I referenced a few minutes ago, but it is a mechanism by which the Board has the power to help ensure that eligibility is administered correctly by school districts in this instance, or the employer.

Wayne Leonard: I can say my past experience with retirement systems and with this agency, the difference with one from the beginning, retirement systems had the authority to tell employers these are the rules, you will follow them. It was not quite so clear cut with this agency for many years. So it would be nice to get that real clear from the get go. Thanks.

Dave Iseminger: The other piece, just to level set for everyone, this agency doesn't administer the eligibility determination for every employee in the state system, nor will it be the entity that does the actual eligibility determination on a person-by-person basis for each school district employee. This agency provides support to the home agencies, HR staff, and benefits officers to be able to train them about the eligibility requirements. But the requirement to actually administer the eligibility rules and offer the benefits lies with the home school district in this instance. That's why this piece comes into play to be able to ensure there is a mechanism by which if a school district or an employer is not administering rules as foreseen by the Board, there is a mechanism by which to ensure that they are following those rules.

Wayne Leonard: I had a quick question on the eligibility of individual employees. Would School Board Members be covered under the SEBB plans? I thought I saw something about that in the statute.

Dave Iseminger: We'll follow up with you on that one, Wayne. I'm not comfortable answering that one sitting right here today. This is just one of the many pieces of eligibility that starts to get complicated pretty quickly. We'll follow-up and make sure as we build the eligibility framework that we can answer that question about School Board Members.

Wayne Leonard: Okay, because for most of our School Board Members they probably wouldn't meet the 630 hour requirement.

Dave Iseminger: Right.

John Bowden: Statutory Role 7: Participate with the Health Care Authority in approving plan specifications and carrier selection leveraging efficient purchasing by coordinating with the PEB Board. The PEBB Program has over 300,000 covered lives and SEBB is likely to have 250,000. Between the two of them, quite a lot of opportunity for leveraging. There will be lengthy conversations when it comes time to go out for our procurements and select the plans.

Dave Iseminger: I will provide clarity about the approving plan and carrier selections. The agency will administer the procurements for benefits, do the scoring and evaluation process. We'll bring you the results and you'll make decisions about what plans to offer. That's the consultation part with the Board. The Board wouldn't be able to start the process by saying what carriers to select plans from. The Health Care Authority will make sure we have an open procurement that follows state procurement laws.

Patty Estes: Would that be similar to what PEBB is doing currently?

Dave Iseminger: Yes.

Lou McDermott: John, I have a question. The school districts that are currently in PEBB, will they need to switch on January 1, 2020? And actives?

John Bowden: That is correct for both.

Patty Estes: Just to be clear about what this is, all schools in all school districts in this state will now have to switch to whatever we decide on January 1, 2020.

John Bowden: Correct.

Dave Iseminger: Benefits authorized by the Board and administered by the Health Care Authority.

Patty Estes: Perfect, thank you.

John Bowden: Slide 11 shares some considerations that this Board is asked to make in terms of developing health care plans that are contained within statute. They are: maximize cost containment, ensure access to quality health care, offer wellness preventative care and chronic disease management services, effectively coordinate benefits, and leverage efficient purchasing by coordinating with the Public Employees Benefits Board.

Pete Cutler: Can you elaborate a little bit on the effective coordination of benefits, what's that intended/referred to?

John Bowden: An example would be coordinating benefits between an employee and spouse if they are both state employees. There might be more to effective coordination, but nothing specific contained in statute at this time.

Lou McDermott: It might be referring, as well, to other insurance, Medicare, things like that. Coordination of benefits.

Patty Estes: Are we talking outside of SEBB, as well?

Lou McDermott: Yes, you have to. Basically if you're within an insurance product and you have another insurance product, than the person is dually covered. You're Medicare, but you're buying a supplemental. There needs to be a coordination between those two plans. That's basically what it means.

Patty Estes: Okay, thank you.

Pete Cutler: Stated in other ways, coordination between different sources of benefit coverage or funding as opposed to saying coordination of services, which is a different type of dynamic.

Lou McDermott: Correct.

Sean Corry: One point to note is that coordination rules with insured plans are different and more robust than coordination that the state uses. For example, for self-funded

plans we need to pay attention to that because it is not necessarily the case that the SEBB benefits and the coordination of benefits related to SEBB benefits have to be just like the states. It could be more generous to participants who could choose to at least move in that direction.

John Bowden: Slide 12 lays out a timeline of things this Board will be considering and work that the Health Care Authority will be doing. It walks you through starting with our meeting today to January 1, 2020 when benefits are to be available to employees. First, there's the Board's groundwork, discussing health care trends and different types of coverage. Next there will be a discussion around benefit options. This is where the information from the survey I mentioned will come back and you'll know what employees currently have available to them. You could make decisions about different types of benefit options for us to look into further.

We then have a time period to talk about eligibility and make some determinations about who is going to be eligible for what types of things and who can participate – employers and individual employee participation. At the same time, HCA staff will bring back the results from the procurement and contracting process. Then you'll be making decisions about premium contributions employees would make for their coverage. Then negotiations start and we learn from the Legislature what appropriations were made to help pay for the benefits. The open enrollment period is in the fourth quarter of 2019. Employees will make selections about what types of benefits and coverages they would like for themselves and their families.

Underneath all of this is the constant communication process. We have an active website now for the School Employees Benefits Board Program. There's not a lot of content yet. We'll be adding more content to make sure employees and those people within school districts, ESDs, and charter schools that assist the employees know what's coming and make the decision that's right for them.

Then a quick reminder on the timeline, in terms of the retiree study that's due December 15, 2018, we'll be starting that soon.

Dave Iseminger: The one piece that isn't on Slide 12 that impacts this Board's decisions is the collective bargaining process. Collective bargaining is slated to begin sometime after July 1, 2018. That's in the legislation in the appendix, Section 8.17 & 8.18. That pervades some of these pieces. I want to acknowledge that part of the legislation and the impacts of the collective bargaining process. As more information comes available, we'll be presenting that to you.

Lou McDermott: Dave, it looks like there are two key components that are going to be coming into play: 1) this current legislative cycle. I would imagine there's going to be more work done on the bill to try to fill in some of the blanks, and 2) the collective bargaining process to inform for premium setting, wellness programs, and whatever else gets bargained.

Dave Iseminger: That's correct. There are a variety of different pieces that different stakeholders have noticed need some addressing during the short session. One piece is whether the intent is that a high deductible health plan be part of the SEBB offerings. We will brief the Board during the short session about any pending legislation that could implicate your work, your authority, and your decisions.

Sean Corry: Dave, do you think there are some things in your mind that you haven't articulated other than the high deductible health plan aspect of this that we should consider before the legislative session because there are changes on the table that we might not hear about, but things that we might need to deal with before the session. Is there anything in that category?

Dave Iseminger: As we lay the groundwork over the next couple of months, that's when pre-filed bills would come from the Legislature. We would know if there were implications to the SEB Board before you start making general decisions.

In the January timeline we would have an idea of what's being considered in the legislative process. But part of the reality of this program is there's a lot of work and a lot of dependencies on different timelines to get to the end. We'll just keep presenting you with the best information we have at that time and we're all going to have to feel comfortable with the ambiguity. Today is to level set what your authority is, what the relationship is with the agency, and keep you informed of what we know as we go through that process.

Pete Cutler: Dave, just to clarify two points about collective bargaining. Are we talking about the statewide collective bargaining with the Governor's Office?

Dave Iseminger: Correct.

Pete Cutler: And so it's a statewide coalition. Did the legislation end up with a provision parallel to state employees where the bargaining can only be for the dollar amount to be contributed and cannot go into benefit design, or eligibility, or other criteria?

Dave Iseminger: The requirement is a statewide collective bargaining process, that is the other part of this consolidation effort related to your first question. As to your second question, the language used for the SEBB collective bargaining mirrors that which is in the PEBB statute.

John Bowden: To recap or discussion, first we'll study all insurance matters, health care being the major one, but others as well. HCA staff will put together a process for procuring, but we'll have conversations with you about design and approving the final set of plans. We'll discuss eligibility criteria and enrollment policies, encourage cost efficient care systems, authorize premium contributions that the employee makes, determine the terms and conditions of participation for both the employer and the

individual employee; and lastly, leverage benefits and coordinate with the Public Employee Benefit Board.

Lou McDermott: John, I have a question on the premium contributions. If the Board authorizes a particular premium contribution, can the school district then off-set that premium contribution for their employees if they wanted to, or is it prohibited by the Legislature?

John Bowden: I think given this was part of Engrossed House Bill 2242 that dealt with school funding overall, I'd say no. The school districts were not to be adding additional pieces in.

Dave Iseminger: We'll keep exploring. A lot of these questions are interrelated to the funding mechanisms and there are many pieces that still need to be fully understood. We'll be able to answer those questions and all of the other ones that you come up with in the next months and years.

Lou McDermott: I was thinking about the challenge of communicating. We sent the premiums and they could get changed throughout the state. That'll be interesting.

Patty Estes: Will that be something we could set? That once we set them they cannot be changed?

Lou McDermott: I don't know. We'd have to discuss with our attorneys and determine what the statute is saying, what is the Board authority, and what is the HCA authority, and what is the authority of each of the school districts? I don't really know the answer. We'd have to look at that one.

Dave Iseminger: I'll be a broken record on this, but as we move forward there are a lot of complicated questions that we'll explore. As we hear these things from you, it will help us put future presentations together for you. It sounds like that is one of the specific areas you want to understand - your Board authority and the agency's authority, the prohibitions or what the full lay of the land is on optional add-ons.

Terri House: We talked about certain districts that are already covered by PEBB, like the University of Washington. Would it be possible to see a breakdown of their plans to get a better idea of what they look like and what our formulation might be?

Dave Iseminger: That is on the horizon for the December meeting I believe, the same time that we present survey results about what the districts are offering and what that range looks like. We'll also be describing the general PEBB benefits that could be leveraged by the Board for some of the benefit offerings, provide a breakdown of who's in PEBB so that you have a little bit more of an understanding of what that framework is and who the agency has served before.

Patty Estes: It was helpful for my school district when looking at benefits to know who's enrolled in what? I know the survey asked what is offered, but what are they taking?

John Bowden: That will be results from the second piece, the profile information about each employee, so we can do some aggregations of different plan selections and things of that nature.

Dave Iseminger: This first survey is what's offered. We'll do a two-tiered survey in November. One of which is asking the school districts to describe the things you are asking about, as well as the eligibility framework that's been applied, and what types of employees are eligible for benefits or not eligible for benefits and what the contributions are and the tiered structure of premiums based on single subscriber and full family. All of that level of detail is in the second survey. At the same time we'll also be asking for carrier data, about different plan enrollment for the major benefit offerings.

Lou McDermott: Let's take a 15 minute break.

Our next presentation is an overview of the Health Care Authority. Materials are behind Tab 4.

Overview of the Health Care Authority

Dave Iseminger, Acting Director, ERB Division, **Scott Palafox**, Acting Deputy Director, ERB Division: Scott and I are here to talk about the relationship between the agency and the Board. What does the agency do, its experience, and then Scott will describe the nuts and bolts of what the Division handles on behalf of the agency and what our charge is. The Health Care Authority is the state's largest health care purchaser. At this point, between Apple Health, Medicaid Programs, and other medical assistance programs on that side of the house, and the Public Employees Benefits Board Program, we have roughly 2.2 million lives. That means we purchase care for approximately 1 in 3 non-Medicare Washington residents. Through this purchasing power, we hope to create reliability in what has been a very unpredictable and complex health care environment in the past and try to provide a little more predictability there.

We lead state efforts to adopt new sustainable advancements in health care, and then we work on transformation efforts to modernize the efficiency of our health care delivery system. Our agency, in general, has a mission called Healthier Washington. We have a vision of a healthier Washington with a more sustainable system, stronger communities, healthier people, and strong access to various health care options.

As we move on, I want to describe this agency from a financial perspective. The numbers on Slides 3 and 4 are from the last biennium, and for those of you not familiar with the concept of biennium, our state operates on a two-year budget cycle. The 2015-17 biennium represents July of 2015 through June of 2017. When you look at our agency, the vast majority of the expenditure is on the benefits side. We have a 3% administrative budget, and our two largest programs represent, with the benefits

payments, the vast majority of the expenditures that go through this agency. As of the last biennium, we had approximately 1,200 FTEs, or roughly the employee count of the agency. I wanted to give you a relative comparison for what you might expect, roughly the lay of the landscape. These aren't the exact same numbers, but just to proxy by comparing what the budget, size, and scope of the Public Employees Benefits Board is, the budget for the last biennium was approximately \$4.3 billion, 95% of that again being benefits. That's the claims pay-out for medical, dental, life insurance, long-term disability. All of those benefit payments are represented in that \$4.1 billion. The administrative budget of \$200 million includes the staff in the Health Care Authority and the third-party administrator (TPA) fees that we pay to our TPAs for our self-insured medical and dental plan. Of that \$200 million somewhere between 15-20% of that budget, or around \$15-20 million, on an annual basis for the PEBB Program has been appropriated for the administrative function in the Health Care Authority.

I want to highlight what the administrative budget looks like for your program. It's not on a slide, just a talking point. During the last budget cycle, the Legislature appropriated \$8 million for the current biennium for the SEBB Program. That is the full biennial appropriation, which for the Public Employees Benefits Board Program for the next biennium, an annual appropriation is about \$17 million. We expect some efficiencies from leveraging Health Care Authority staff. The fiscal note for House Bill 2242, which is out on the Legislative website, describes that on an annual basis the agency estimates approximately \$10 million is needed for administrative work at the Health Care Authority. The biennial appropriation that is described in the fiscal note is about \$20 million, the appropriation from the Legislature was \$8 million. We've already been working on presenting the decision packages and the funding requests for this upcoming supplemental budget process to be able to address that difference. I just want you to be aware of where the administrative appropriation was this last budget cycle in comparison to what the agency projected are the needs for the program.

I will provide a high level preview about our Clinical Quality Care Transformation Office which is led by our Chief Medical Officer, Dr. Dan Lessler. Dr. Lessler will be here at the November 6, 2017 meeting to give more detail about the vision of the clinical purchase for the agency. I'm going to do a preview of that.

The agency's approach to Clinical Quality is we're working toward single evidence-based informed standard of care that guides clinical decisions across the agency's programs and would be adopted as clinical policies within the benefit offerings within those programs. Those three major programs for the agency being Apple Health for Medicaid, the Public Employees Benefits Board Program, and the School Employees Benefits Board Program. The idea being although the populations have unique aspects, clinical decisions are really driven by outcomes and using those clinical decisions across the benefits programs HCA administers, regardless of population. What this really looks like again is using evidence, science-based standards adopting those that provide the most effective health care, creating pilot projects within one of our programs, testing that out, seeing what worked, what didn't work, and then leveraging

that back into the other programs that the agency administers; and then working overall to standardize methods to improve and increase access to quality health care.

How does this agency measure clinical quality (Slide 7)? We have a lot of different contract mechanisms that we use. Those performance-based contracts incorporate national and state measurements that have been agreed to by various parts of the health community in Washington State. They are evaluated by medical staff here that help administer our major programs, they're often reviewed by our Executive Management Team, and then we talk about how to incorporate and implement them in our various contracts. For the past several years, the agency has been sprinkling rather vigorously in our contracts with Apple Health and the Public Employees Benefits Board Program some of these clinical measurements. We set very high expectations and our contracts generally find a way to reward performance on that journey knowing that moving the needle takes time. We want to reward performance along that journey getting to those high standards that the agency has set.

Pete Cutler: I'd just like to confirm we'll be having a much deeper dive into these materials, these issues. Is that the November meeting?

Dave Iseminger: Yes, at the November 6 meeting Dr. Lessler will talk more about these areas. This is a high level, non-Chief Medical Officer, talking to you.

The Health Care Authority has administered employer-based benefits since its inception, which stems back into the late 70s or early 80s. There have been various iterations. Employer-based benefits this agency has experience with is major medical coverage for public employees, the state employees, and higher education, with vision and prescription drug coverage embedded in that medical benefit, as well as separate, stand alone, dental coverage. For both the medical and dental coverage, we have experience with both self-insured and fully-insured products. The difference of those being self-insured is where the state takes on the ultimate claims liability for all of the benefits; whereas for fully insured the carrier we procure benefits from is taking on that liability if the premiums don't cover the ultimate cost for that annual time period.

We also have an employee wellness program called SmartHealth that we launched January 2015. The current iteration of an online, web-based portal was from 2015. Our other benefits include life and accidental death and dismemberment insurance, long-term disability insurance, and then as an agency, we administer a salary reduction or cafeteria plan which includes a medical flexible spending arrangement, a dependent care assistance program, and a health savings account that is coupled with those high deductible health plans. The cafeteria plan also allows employees to use pre-tax payroll deductions to pay for their medical and dental or vision premiums. We have not, as a state, allowed the premiums for life insurance and disability insurance to be administered through the cafeteria plan because if they were pre-tax deductions on the premiums, then the beneficiary payout on the back end would be taxed. We ensure premiums are subject to tax so the payout on the back end isn't.

We also have a Voluntary Employee Benefit Association Medical Expense Plan (VEBA MEP). There are two VEBA MEPs in the state. There is the one that the K-12 system has experienced over time; and we have a separate, different VEBA MEP for higher-ed and state employees. We'll get into that more at a future date, but I did want to make sure you know that when you see VEBA MEP that it is a different VEBA MEP than the one you may have already experienced.

We also have auto and home insurance. For the benefits that we've administered at HCA, it's been access to a group policy discount versus an actual insured product that is offered by the agency.

I want to highlight that the Health Care Authority also has experience with managing large benefit portfolios. This is just a snapshot about the scope and size of the Public Employees Benefits Board Program which you heard John reference several times as an area with which this Board is supposed to coordinate and leverage purchasing. As of September, the Public Employees Benefits Board Program has just over 370,000 covered lives in it. That includes the left-hand side employees and their dependents, as well as those on COBRA and members who are on approved leave, as well as all retiree members, which is on the right. That's both non-Medicare retirees who are those individuals that are too young to qualify for Medicare, as well as our Medicare retirees. What I want to highlight on this page (Slide 9) in particular is that bottom left-hand side in that yellow box. It says K-12: 7,232. That's the covered lives in medical benefits with those school districts that are currently participating in the PEBB Program.

Now people have the right, as Wayne and I described earlier, all benefits are technically optional because you can waive them. If you add in people who have waived medical benefits, but are enrolled in our other benefits, it's about 8,500 covered lives that are totaled from the K-12 system that are within PEBB benefits. The other piece I want to highlight on Slide 9 is on the right side in that yellow box that is the K-12 50,000 retirees. All K-12 retiree eligibility is in the Public Employees Benefits Board Program. As John highlighted, that did not change in this current legislation. That's the scope and jurisdiction of the Public Employees Benefits Board, but we do think that by having both of these programs within this agency the bridge to PEBB retiree coverage will be very accessible and known very widely throughout the K-12 system. We may see increased K-12 retiree enrollment when they transition benefits or if subsequent legislation changes the risk pools to whatever benefits they go to.

Slide 10 is a visual representation of those 70 school districts that are currently in the Public Employees Benefits Board Program. We have 70 school districts, five of the nine ESDs, and no charter schools have opted into the PEBB Program. Because of the framework that has existed for many years and what exists today, that PEBB benefits are an option to school districts on a district by district basis, along with all of their local authority related to benefits, they have the option of pursuing Public Employees Benefits Board Program coverage. The 70 participating school districts represent roughly 25% of the school districts, somewhere between 3-5% of the population.

School districts have a variety of bargaining units. Some of our districts have joined the PEBB Program with all of their bargaining units, and others have joined with just a subset of those employees. It takes roughly 60 days to be able to enroll in PEBB coverage so this is what's essentially locked in for this November. After this last legislative cycle, but before this November, we did have five new school districts join the PEBB Program.

Slide 11 describes a bit about the Employees and Retirees Benefits Division. We have a variety of functions. Some aren't relevant for this presentation, or for the SEB Board, or for the PEB Board. I want you to be aware of the services and staffing functions here to support the SEBB Program. First of all, we have a Benefit Strategy and Design Section that really helps us with a long-term strategy and benefit design, exactly what it says. We have a group that helps with procuring benefits on an annual basis and managing those performance-based contracts to be able to work with the delivery systems, for example, to transform the health delivery system and also to be able to work on member escalation issues on an individual case-by-case basis. We have a centralized team of wellness folks who work on helping agency, or home agency staff. In this instance it would be school district employers, with being able to promote wellness activities and some of those preventative pieces that some of you have mentioned earlier in this meeting.

This agency also does the full account administration for retirees, the COBRA population, and any individual who qualifies for continuing coverage under the approved leave without pay rules. We design member communications specifically trying to target them so they get the level of information they need. We coordinate an annual open enrollment which starts November 1 for the Public Employees Benefits Board Program. We will work with you later on to determine exactly when in late 2019 the SEBB Program open enrollment should be. We have many years of experience with coordinating that open enrollment process. We train and support the home school districts or agency staff that are dealing directly with employees on doing eligibility determinations and offering benefits. And we onboard school districts, as well as other political subdivisions, into our benefits structure. And just as a reminder, until 2020 school districts will still have the option to join PEBB along with their other benefits. But as of January 1, 2020, they will have to transition to the SEBB Program benefits portfolio.

The agency or the division also monitors state law compliance and will bring things to you from time to time that say the benefits structure needs to change because of this legislation. We monitor and advise you of that. We have staff that do bill analysis and implementation. I'm keenly aware that last year we did approximately 268 separate analyses on bills and we had eleven people working on them. That's a very robust process, but we make sure to inform you of pending possible changes and their impacts to your program. We also work on rule making and policy and rule development that we've eluded to several times.

Pete Cutler: I have a question about the federal compliance. Back when I was working the area, the Affordable Care Act and I can't even remember what the term was, but with the employer mandated coverage requirements, I knew there were a lot of questions about how they would be applied, especially in the K-12 context with people working various hours. Do you anticipate a discussion of that aspect of federal law as part of the eligibility discussion process?

Dave Iseminger: The short answer is yes, Pete. I'll just leave it there for now.

Scott Palafox, Acting Deputy Director, ERB Division: I want to spend time focusing on Slide 12, the benefit planning and procurement cycle. This is the heart and soul of what we do. This slide was created to formalize our process. It helps us answer questions for folks that come to us throughout the year with ideas. We can explain to them, depending on what time of the year it is, why we can't do something at that time. On the outside of the circle there's a chain of processes that occur for a calendar year. Then we dive into the circle for six more months in order for us to launch benefits. We commonly refer to this as our 18-month cycle, and there's good reason for that.

Dave Iseminger: I like to say that every 12 months, we have an 18-month cycle. It helps frame it for everybody.

Scott Palafox: To give you an understanding of that, right now it's October 2017 and we're actually in the phase of looking at benefit offerings that we'll be launching for January 1, 2019. That gives you some idea of how this works. We begin our voyage in July, August, and September when we start compiling some of these new ideas, or some that have been in the parking lot from the year before. Our Benefit Strategy and Design staff, which is led by Marcia Peterson, start compiling these ideas. We get into some deep analysis looking at impacts to our members, impacts to stakeholders, start looking at what our budget might need to look like. About August or September of each year, if we have budgetary needs, we send decision packages to our authorizing environment in hopes that we see that supported as the Governor's budget gets released in December.

So we're in October now. We've taken a real deep dive into some of the ideas that we plan to look at for 2019. We've done some analysis and prioritization of ideas. We'll check the Governor's budget in December to see if our decision packages were included. That gives us an idea of the support we'll get before we get into legislative session.

Around January or February each year we have a Board Retreat to talk about the list we created, get feedback, listen to the Board's thoughts and ideas, and then try to hone in on some of the more pressing priorities that we're going to push forward. March, April, May the Portfolio Management and Monitoring Section staff start working with the counterparts in our existing carrier side. They start discussing the new ideas we have, listen to their proposed changes, and then get into discussions through our Requests for Renewal process in what we refer to as our annual procurement cycle. Around May

and June we start finalizing those things because we need to get our actuaries involved in our rate setting for premiums. All anticipating the completion of the legislative cycle so we can see what kind of funding is in store for us.

As you know, some of these cycles for legislative session have taken us all the way to the end of the day and so we're patiently waiting for them to complete their job and get us in a balanced budget. Once we have an idea of how supported we are by the Legislature and the budget, we have sessions with the Board to start prepping the Board for a final vote. In July we expect to have a Board vote on the new benefits and initiatives for the coming year.

Now we get inside the circle. This is the planning and implementation that needs to occur. Communications are prepared to get our members up to speed and we work with our employer partners in the agencies to help them understand the changes and initiatives that are coming all in anticipation of the November open enrollment period. January 1 we launch our new benefits. I want to caveat this model just to say this is the typical process. Obviously there are mandates and requirements that come that are outside of this cycle that we have to address. We try to fit it in as best we can, but being today is October 23, 2017, if somebody came in the door today asking us to put something forth for January 1, 2018, we would kindly say not at this time and probably consider it for 2019 or 2020. We're at the part of our cycle now that we're just getting ready for open enrollment.

Dave Iseminger: You might be trying to compare and contrast this with the timeline that John set forth in his prior presentation. John was describing the on ramp. Scott is giving an illustrative example of what a general cycle would need to take into account once we are in a steady state. The importance of Scott's slide is to show all the various steps of the authorizing process, their interrelatedness, and the specific times of the year. This is an illustration of what the future could look like. Each of these aspects would need to be taken into account in any ultimate cycle for benefits for the SEBB Program.

Scott Palafox: Slide 13 represents a summary of what I just talked about put into four different buckets: 1) the planning period, the idea generation, prioritization, start research and analysis of those ideas, and stakeholder what needs to happen; 2) Request for Renewal, what needs to move forward; 3) Negotiate with the plans and get involved in rate setting for our members to prepare for the July Board vote; 4) then to implementation and communications for open enrollment.

Slide 14, Rule Making and Policy Development. Barb Scott is our manager for our Policy and Rules Section. Her team is very experienced at ensuring we stay compliant with rules. They are experts when it comes to eligibility and enrollment policies and procedures. They will put forth resolutions that you may be asked to take action on at future meetings when policy resolutions are brought before the Board for consideration. These resolutions create the framework for the support we provide to the administrator of our employee benefits. Throughout the year, they conduct analyses of state and

federal legislation to ensure there's no impact to our benefits. They help us review documents to ensure we are in compliance with state and federal laws and regulations.

Dave Iseminger: Barb has her team's first question, which is related to Wayne's, which is, "Where do school board members fit in that?" So, we'll get right on that.

Scott Palafox: I want to introduce Renee Bourbeau. She is the Manager for the Benefits Accounts Section. Her team manages the operations units within our Division. One of them is our Outreach and Training Unit. They provide training to the over 500 employer groups from state agencies to higher education, public colleges and universities, political subdivisions, and the K-12 folks we have. Renee's staff are responsible for ensuring that the Benefits Office and the HR and Payroll Offices in those agencies understand the changes so they can provide accurate eligibility and enrollment decisions. Our Outreach and Training staff provide support through the toll-free lines, emails, dedicated emails for employers to get ahold of them, documents, and presentations. On Slide 15, the last bullet says, "employers are equipped to help their employees understand plan options and the eligibility and enrollment processes." The intent and goal of that bullet is to provide employers with the information and tools needed so they can help their employees understand the options, eligibility and enrollment process.

Slide 17 discusses our member communications. We are fortunate to have our own communication team. This is the information on the SEB Board web page. This page will grow as time goes on. Our communications team is responsible for a lot of things we do. Throughout the year, there are several benefit newsletters that are sent to our members informing them of new initiatives, federal laws, or legislative proposals. They also help with communications for other types of letters that we send out and have to review those letters. They have to review those letters on an annual cycle to ensure they are still in compliance with some of the changes that have been made. They coordinate with our agency-wide team for any postings of information that needs to be shared. They help respond to media inquiries or help draft responses to our member correspondence as well. Our Outreach and Training staff are out in the field providing training materials for the employer groups; our communications team helps with the messaging, whether it's through FAQs or other benefits fairs information. They are the experts for us in communication.

Dave Iseminger: For anyone watching this on television or live-webbing now, or on the phone, we are really working on building up our web content. It currently has the Board materials, the Board schedule, a brief article that was conveyed in the newsletter that the agency sent to existing participating school districts. It explains that nothing changes for November 2017 and we'll tell you more soon. We really are beefing up that content. We're working on FAQs because we get a lot of similar questions. One of our survey questions was, "What are the top two questions you've been asked so that we can help build up our FAQs?"

We really hope that people will go to these websites. The structure will be built so that as content expands they're able to learn from whatever information we have available.

Scott Palafox: Our Call Center Customer Service staff deal with supporting our retirees, COBRA folks, or other types of continuing coverage such as approved leave of absence. They deal with escalating complex complaints. We also have an option for subscribers to come into our lobby and have a face-to-face visit with our staff, we have a toll-free line, and account web sites. When these subscribers have changes to their account, they will contact our Call Center staff to make these changes. This is different than our Outreach and Training staff who work with the employers. The employers are responsible for dealing with their employees' changes. We have two distinct processes for how changes are made. Call Center staff also review member's applications and other documentation again to make sure we are aligning with federal laws, rules, and other legislative mandates for enrollment and processes.

Dave Iseminger: While we provide customer service here for retirees and the COBRA population, the first line for any questions for employees is their home benefits officer or HR department. That's why we have the Outreach and Training unit to be able to answer those questions and train that staff to be able to engage in the original account-level questions. Just as an employee at the University of Washington would go to the University of Washington Benefits Office for their initial questions when they are an employee, that's what we would envision would also happen with school district employees they would first start with their HR department. If their HR department had questions, they would be learning the ropes from the Outreach and Training unit here. We would not expect the Customer Service call line to be used as the first line for questions on accounts from employees.

Scott Palafox: In closing, I want to provide you with a different perspective for what we do, with how we will support you. We are a relatively small division within this agency. There are about 1,200 staff in HCA and we are a division of about 60. Put together along with our shared services staff in other divisions, we accomplish a lot and we're very successful at the initiatives we put forth because we are very effective and efficient in how we approach these initiatives. Our staff are very dedicated and caring, and they're very passionate about what they do; and for good reason. Because it's personal. We have families, members, we have friends, colleagues we see in the hallway every day, as well as ourselves, and we're all members. When we think about decisions, we think about decisions that are going to impact a lot of folks that we know. If something doesn't make sense to us, we have to make sure to get it right. We sit down and make sure it is clear to us so that when we get out there and talk to our families, friends, and colleagues, we can easily explain what's changing and how it's going to impact them. This isn't just a job for us. We certainly have some skin in this game. We're a good sounding board for ourselves when it comes to making things right for everyone. Otherwise we have a lot of explaining to do when we get home.

Dave Iseminger: Or at Thanksgiving during open enrollment!

Scott Palafox: Or at Thanksgiving! If your family gatherings are anything like mine, everything is on the table. You try not to be the topic of that discussion. But, truly, we do serve our members well and we're actually very proud and honored that the Legislature has given this agency the ability to administer the benefits for the K-12 program. Just so you know, when we get complaints, our complaints aren't generally about our service; it's about outcomes that we have very little control over. It doesn't stop us from looking at ways of minimizing those impacts to our members on a very systematic basis. When I think about the service we provide, I like to use the analogy of buying car tires. For most people this isn't one of those expenses that you truly want to spend your hard-earned money on. But if you want to drive your car and drive it safely on the roads, it's something you have to pay for. There are many companies that provide that service; but for me, I stick with one particular company that has always provided me with great customer service. I may walk away with a bill in hand that I'm not quite fond of, but it's no reflection of the service they provide. When we talk about customer service, it's really along those lines. My message to the Board, to the member's listening in on this presentation, or watching this presentation today, is that the Health Care Authority and the Employees and Retirees Benefits Division is a very dedicated group that looks after your best interests. We do great work. We enjoy what we do. We focus on good outcomes and we provide a genuine service that keeps the interest of our members in mind. Thank you for your time today and welcome to the Health Care Authority.

Lou McDermott: Thank you, Scott, Dave. Before our next agenda item, is there anyone that wants to provide public testimony?

Our next agenda item is training on the Open Public Meetings Act which is very exciting. I'm just kidding.

Open Public Meetings Act (OPMA) Training

Katy Hatfield, Assistant Attorney General and Board Counsel: I want to start by saying that obviously we are in a public meeting right now. I'm not going into depth about legal advice for specific things, but that doesn't mean that you don't have access to me at other times; you do. If you have a specific question about any area of law including the Open Public Meetings Act, you are welcome to contact me. My information is in the materials. Or you can send a question to Dave and I do have the ability to communicate with you in a way where attorney-client privilege is preserved. I can send email to you over email and I also can, if there are questions that are appropriate to be answered in a public setting, I can take those questions and figure out how to present that to you in an open public meeting. So I just wanted to preface my statements with that.

The Washington's Open Public Meetings Act was passed in 1971 as a part of a nationwide effort. It is codified in the Revised Code of Washington in chapter 42.30. You have a full copy of the Open Public Meetings Act in your materials. It requires that meetings be open to the public, gavel to gavel. So that's very important for Lou to make sure he does the gavel at the beginning. It really is so that meetings, government

affairs, are more open, accessible, and responsive to the public. It was modeled after a California law, that's known as the Brown Act. There is also a Florida statute that it's modeled after.

Sometimes there are situations where there is not case law in Washington that is applicable, but we can find case law in other states like California and Florida to help guide us if there's a tricky question that comes up. I really like this image where you can see the vampire being ruined by the sunshine coming in through the window. But, really, the Open Public Meetings Act and the Public Records Act are often times known as the Transparency Laws or the Sunshine Laws on the idea that they shine light on government. That it is the best disinfectant for government. And I did want to read to you the purpose of the Open Public Meetings Act which is in the RCW because the words are very strong. "The Legislature finds and declares that all public commissions, boards, councils, sub-committees, departments, divisions, offices, and all other public agencies of this state and sub-divisions thereof assist to aid in the conduct of the people's business. It is the intent of this chapter that their actions be taken openly, and that their deliberations be conducted openly. The people of this state do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created."

When you look at case law in Washington State it also has interpreted the Open Public Meetings Act very broadly. The act is to be liberally construed in all circumstances except for the exceptions to the openness requirement which there are some of; there are opportunities for the Board to go into Executive Session, which is private. But the grounds for Executive Session are to be narrowly construed. And the Supreme Court has stated, "The purpose of the Act is to allow the public to view the decision making process at all stages."

When you look at who the Open Public Meetings Act applies to, it applies to multi-member public and state agencies, such as boards, commissions, committees, education institutions, counties, cities, school districts. However, it does not apply to an agency governed by a single individual. You might be wondering why not every single meeting that the Health Care Authority has is subject to the Open Public Meetings Act, and that's why because the Health Care Authority is led by a single man, Chair McDermott right there. So the Health Care Authority is not subject to the Open Public Meetings Act, but this board is a multi-member board and is subject to the Open Public Meetings Act. The Open Public Meetings Act also does not apply to the courts, the Legislature, conveniently, or private organizations. You might be curious as to what meetings are subject to the Open Public Meetings Act? All meetings of the governing body of a public agency shall be open; and what that typically means is any meeting of a quorum, which would typically be a majority of the governing body. When those persons are gathering with a collective intent to transact the agency's business regardless of whether or not it was an advertised meeting. For example, you do not need to have a contemporaneous physical presence. An exchange of emails or a

process of individually polling board members with the concept of saying, “Oh so and so was going to vote this way. How are you going to vote? Let’s figure it all out in advance.”

That would be considered a violation of the Open Public Meetings Act. So what is the governing body? It can be two things: Usually it’s a quorum of the multi-member board or any sub-committee of the board if the committee is acting on the behalf of the governing body. They have to have authority to be acting as, or on behalf of, the body, or any time that you have a committee that is meeting to take public testimony or public comment, or to conduct any sort of hearings. That would also be subject to the Open Public Meetings Act.

Dave Iseminger: Katy, can I ask you for an example? So for example, if this board created a by-laws committee and trusted that subset to enact by-laws on behalf of the board, those meetings would be subject to the Open Public Meetings Act.

Katy Hatfield: That is correct. But, if this board decided to have a by-laws committee that was just going to gather ideas, generate concepts, and bring it back to the board to make a final decision, then it would not.

One thing about the Open Public Meetings Act is that the term “meeting” is extremely broad. It means any gathering of the governing body at which an action is taken. An “action” is more broad than you could possibly imagine. It means anything. It means deliberations, discussion, considerations, evaluations, receipt of testimony, as well as the taking of a vote, which is defined in the Open Public Meetings Act as a final action as opposed to an action. The Open Public Meetings Act also applies to “meetings” that are not called meetings. For instance, if there is a workshop, or a retreat, or a study session, or a dinner, that also could be considered a meeting for purposes for an Open Public Meetings Act if the governing body is meeting for the purpose of discussing the board’s business. So, one tip is not to “reply all” if there is an email that is sent out, for instance, there will be plenty of times when you’ll get your materials for the next meeting. You’ll get them several days in advance; you’ll have a chance to look at them. Don’t “reply all” to that email with comments about, “Oh hey, I don’t like this idea.” Save that for the meetings so that that discussion can be had in public. There also was a case that came out in 2015 called Citizen’s Alliance for Property Rights versus San Juan County, which you’ll never have to remember that again, but it was a big case from the Washington State Supreme Court where there was discussion about the concept of a serialized email or telephone exchange and the court left open the possibility that that could constitute a meeting if the majority of the governing body was having that serialized email or telephone exchange for the intent of transacting the governing body’s official business.

Dave Iseminger: Katy, can you maybe discuss if say four of our board members are driving across the state together to come to our meeting. What they could or couldn’t talk about in that car ride?

Katy Hatfield: Sure. That's Slide 9, Travel and Gathering. So the Open Public Meetings Act does expressly take into account that it is permissible to travel together, you can dine together, you can do anything you want together as long as you're talking about your kids and grandkids, your vacation plans, and not talking about the business of this Board. And it is also important to keep in mind that action is defined very broadly. It includes any discussion about the agency's business.

Pete Cutler: If you have three or four members, but you don't have a majority, you don't have a quorum, do you?

Katy Hatfield: That's true.

Pete Cutler: So it would be that fifth member?

Katy Hatfield: True.

Pete Cutler: So, we could be rude and just say sorry you can't come out.

Katy Hatfield: Right, and the Open Public Meetings Act does not prohibit communications between the two of you or the three of you talking together; as long as you don't have a quorum that's discussing the agency's business.

Dave Iseminger: Or serializing it. We couldn't have the three of you talk together and then Pete could go talk to two more people and then Katy go talk to three more people. That's the serialized issue.

Katy Hatfield: That's riskier. So, a regular meeting is a recurring meeting that takes place on a periodic schedule. You guys are very fortunate that you have Connie who publishes the meeting schedule with the Washington State Register for you. I think she just takes care of all that for you so you don't have to worry about that.

The Open Public Meetings Act also requires that the agenda for the meeting be placed online no later than 24-hours in advance of the meeting. However, it does not restrict the Board from later modifying the agenda. It also does not restrict the Board from taking action on an agenda item that was not posted in advance. And, it does not invalidate actions that were taken even if they weren't advertised in advance.

A special meeting is one that is not regular (Slide 12). It is called by the presiding officer or majority of the members. A special meeting has to be advertised in advance 24-hours to each of the members of the governing body, as well as to any local newspapers of general circulation, radio or TV station that have put on file a request to receive such notice. It also has to be posted on the agency's website and displayed at the main entrance of the agency's principal location. The notice has to discuss the time, place, and business to be transacted. And unlike a regular meeting, at a special meeting you are not allowed to take a final action on any topic that wasn't advertised on

the agenda. And again, Connie will do all of the work to make that happen if there is a special meeting.

Dave Iseminger: I don't think we have time for special meetings; we have too many regular meetings on schedule.

Katy Hatfield: The only time when a situation arises where you do not have to give 24-hour notice is for an emergency meeting if there is a situation where there is injury or damage to persons or property and the likelihood of such injury or damage would take place if you didn't have the meeting. It's hard for me to imagine that would come up for this Board, but it is possible if there was some kind of a major catastrophe or major earthquake or something. It is conceivable that there is something that this Board would need to address.

So, Open Public Meetings Act requires that the public be authorized to attend the meeting. The agency cannot place conditions on the public to attend the meeting. You cannot require that people register their names. You cannot require that they complete a questionnaire, pay a fee or anything like that that would be a condition precedent to their attendance. However, you are authorized to set reasonable rules of conduct. There's an Attorney General's opinion that came out almost 20 years ago now that found that cameras and tape recorders are permitted, so we have that today, unless they are disruptive; in which case they do not need to be allowed. Also the Open Public Meetings Act does not require public comment, which is unusual or interesting, I guess. But, most boards as a matter of practicality do allow public comment. You are authorized to limit that in terms of the numbers as well as the time. There is a provision in the Open Public Meetings Act that we can deal with if it ever comes up, where if there's somebody in the audience or even a Board member that is so disruptive that the meeting cannot continue, and hopefully that won't happen, but if it does we have options.

Dave Iseminger: I have been part of a board that had that happen before. So if anyone wants a war story another time. They chained themselves to the dais and wouldn't leave. So, that's why we have a table.

Katy Hatfield: So in terms of my role as your attorney, the most common question that's likely to come up that you might want legal advice about, or that Mr. McDermott might ask me legal advice about, is whether or not this Board can go into Executive Session where the public is excluded from the meeting. An Executive Session is limited to very specific purposes that are listed out in the Open Public Meetings Act. The purpose of the Executive Session and the reason why the public is excluded, as well as the time the Executive Session must end, has to be announced by the presiding officer before it begins. So if you have set a one hour Executive Session from 12-1, the public meeting is supposed to begin at 1:00. Let's say you need more time, you need another hour. That's fine, you just need to come in and announce to the public that it will be another hour so that the public can be here when the public meeting starts. No minutes need to be kept as a part of Executive Session. This is an interesting point because

some Boards do keep minutes of Executive Sessions and then they want to know how to keep them confidential. That's very difficult under the Public Records Act. So that's something to consider.

Dave Iseminger: Although we have very robust ways of having transcripts of these meetings, at least unless this Board has other guidance, the plan would be to not have minutes taken of Executive Sessions.

Katy Hatfield: And then also, no votes can be taken in Executive Session. You can have all of your deliberations in Executive Session, but the vote itself has to take place during the regular open public meeting portion. There are specific reasons that a Board can go into Executive Session. The two most likely reasons that this Board might go into Executive Session is: 1) to meet with me regarding litigation or potential litigation if certain conditions are met and 2) to consider the proprietary or confidential, non-published information relating to the development, acquisition, or implementation of state purchased health care. So details of contracts that bidders have deemed as proprietary, or trade secrets, or something like that.

Lou McDermott: Or national security, right?

Katy Hatfield: Or national security. Yes, it's less likely, but also conceivable. That would also apply, for instance, if there was any form of actuarial formulas or cost and utilization data that was deemed proprietary. In August of 2017, just two months ago, there was a new formal Attorney General opinion that was issued that concluded that participants in an Executive Session, the Board Members themselves, have a duty under the Open Public Meetings Act to hold in confidence information that they have obtained in the course of a properly convened Executive Session. You can't come to an Executive Session, learn all of the attorney-client privileged information about the litigation that's ongoing, and then go back and communicate that with your school district who may be a plaintiff in the lawsuit. If you want to read that Attorney General's Opinion, they're all located on the Attorney General's website, www.ATG.wa.gov. It's easy to find and they have them broken out by topic. But, this is the most recent one.

Dave Iseminger: Or if you're having trouble remembering that or finding it, ask Connie and we'll send it out.

Katy Hatfield: Yes. So again a final action is a collective positive or negative decision, a vote by a majority of the governing body or a committee thereof that has authority to make decisions for the Board. Votes have to be taken in public, even if deliberations were in closed session. Secret ballots are not allowed. Your vote is attributed to you as a person.

Minutes have to be taken for all regular and special public meetings, but not for Executive Session and there's no format required in the law. The Health Care Authority's tradition, at least for the PEB Board, is to have very robust minutes. I assume that will continue unless the Board says otherwise.

Slide 21 identifies the actual penalties under the Open Public Meetings Act. A court could impose a \$500 civil penalty against each member personally for the first violation and \$1,000 for a subsequent violation, as well as can nullify the decision that was made by the Board in a non-Open Public Meetings Act compliant meeting. The court can also award cost of attorney's fees to any person who challenges it. That's the actual penalties for an actual violation. If you look at Slide 22, these are headlines, and these do not actually mean that a violation took place. Some of these are just allegations about violations. So when you're thinking about having the Board all go out for lunch and just talking about your kids or grandkids, there could potentially be a perception of a violation even if one did not occur. It's just something to be aware of, and to have in the back of your mind. Not all of these headlines were because there was a violation, but there was merely an allegation of a violation.

Sean Corry: Katy, I have two questions. One, for other members of this Board related to something you said. If there's information disclosed in Executive Session, say information from a vendor, some of these Board members are employees of school districts. Are they precluded from telling their superiors information that they heard here?

Katy Hatfield: If it was during Executive Session, yes.

Sean Corry: Yes, that's what I meant.

Katy Hatfield: Yes, unless we decided otherwise.

Sean Corry: Then secondly, from my insurance broker's perspective, many of our clients, non-profits for example, have insurance that indemnifies or at least provides some defense coverage in cases of claims that might be violations of alleged violations, of practice, or policy. Is there indemnification for this Board and members of the Board if we get accused of violating the Open Public Meetings Act?

Katy Hatfield: We'd have to look into that to know whether there is indemnification or not in terms of the defense. I do know that the penalties, if imposed, are personal. But, I don't know whether or not the Attorney General's office would defend the case on your behalf. We would have to look at that on an individual case-by-case basis.

Sean Corry: That's the reason why Boards generally buy this coverage is to get legal defense. I can't imagine anybody here, or us as Board or individuals, getting into trouble in this way. I'm just curious about legal defense.

Katy Hatfield: We can look into that for you if you like.

Sean Corry: All right, thank you.

Katy Hatfield: So, in terms of risk management tips, I encourage you to establish a culture of compliance with the Open Public Meetings Act, to receive training on the

Open Public Meetings Act which you now have done. There's also training available online. We'll get to it in a little bit, but there is training available on the Attorney General's Office website that's very comprehensive. I encourage you to review resources that are available to you and institute best practices, and keep updated on current developments in the Open Public Meetings Act. It can be amended by not only legislation, but if there is a new case. If anything major happens I will let you know. Also please remember that you can contact me if you have specific questions. I can do legal research. You can ask Dave, and depending on the question, it might be appropriate for me to contact you individually or to send an email to the whole Board or to address it in the public meeting just depending on what the question is.

All members of governing bodies of public agencies are required to take training. This counts, so you are now current. You need to take it every four years. Connie is going to keep track of it for you. Slides 24 through 26 have web site information where you can get access to the Attorney General's Office, manuals about the Public Records Act, as well as the Open Public Meetings Act. It is very comprehensive and helpful and it's updated at least annually after the legislative cycle is done. If you have a specific question, you may want to look there first, and then ask me second. There is also a lot of materials available on the Municipal Research and Service Center's web site, the MRSC. They have practice tips, check lists, all kinds of useful information. If you have a question, I know that quite a few of you are coming from schools and so you might be familiar with the Open Public Meetings Act. Some of you are coming from the private sector where you might not have had to deal with it before. It's a good place to get baseline information.

Lou McDermott: Any questions for Katy? Are you going to get the response back to share at the next Board meeting regarding indemnification?

Katy Hatfield: Possibly, or I might send it out in an attorney-client privileged manner to the Board. I'm not certain yet of what it will be. We will get it back to the Board and it might be at the next meeting.

Lou McDermott: Okay. Does anyone want to provide public testimony? Anyone on the phone? Seeing none, Dave any last minute thoughts?

Dave Iseminger: This was the first in a series of transparency laws that we'll go over with the Board. The Open Public Meetings Act was a priority because of the potential for carpooling. It is also statutorily required within 90 days. We'll bring Katy back to provide information about the Public Records Act, and the Executive Ethics Laws. We'll try and space these out for you over time to make sure you are aware of your obligations as Board Members under various state laws, in addition to the various pieces you have as part of the gubernatorial appointment process to sign off that you've done. We are going to continue going through a series of laws that impact your membership as a Board Member.

Katy Hatfield: And if you want any particular training, let Dave know.

Lou McDermott: Our next Board meeting in November 6 from 1 p.m. to 5 p.m. I want to thank everyone for coming. Thank the Board and staff for all of the presentations. I know there is a lot of work that goes into a meeting.

Pete Cutler: Could we get a little sneak preview on the topics that you're expecting to cover at the November 6 meeting?

Dave Iseminger: At the November 6 meeting, we'll discuss by-laws, Dr. Lessler will talk about health care trends and what value-based purchasing is, the change from fee for service to outcome-based payment models. We'll discuss different plan structures of benefits, level set on what a PPO is versus an HMO, how a high deductible health plan works. We'll be going through some of the nuts and bolts to level set on various parts of the insurance framework.

Pete Cutler: That sounds like a lot. Can we hope to get materials in advance like we did for this meeting?

Dave Iseminger: Yes, you will always get the materials in advance. They're usually about the same timeframe as what we did for this meeting. We make them available to the public by posting to our web site once the Board Members have received their Briefing Books.

Pete Cutler: Great, thank you.

Lou McDermott: This meeting is adjourned.

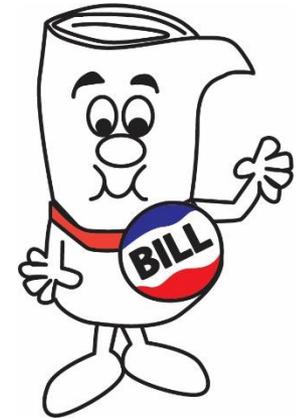
TAB 4



Legislative Update

David Iseminger, Director
Employees and Retirees Benefits Division
March 15, 2018

Number of Bill Analyses by ERB Division in 2018

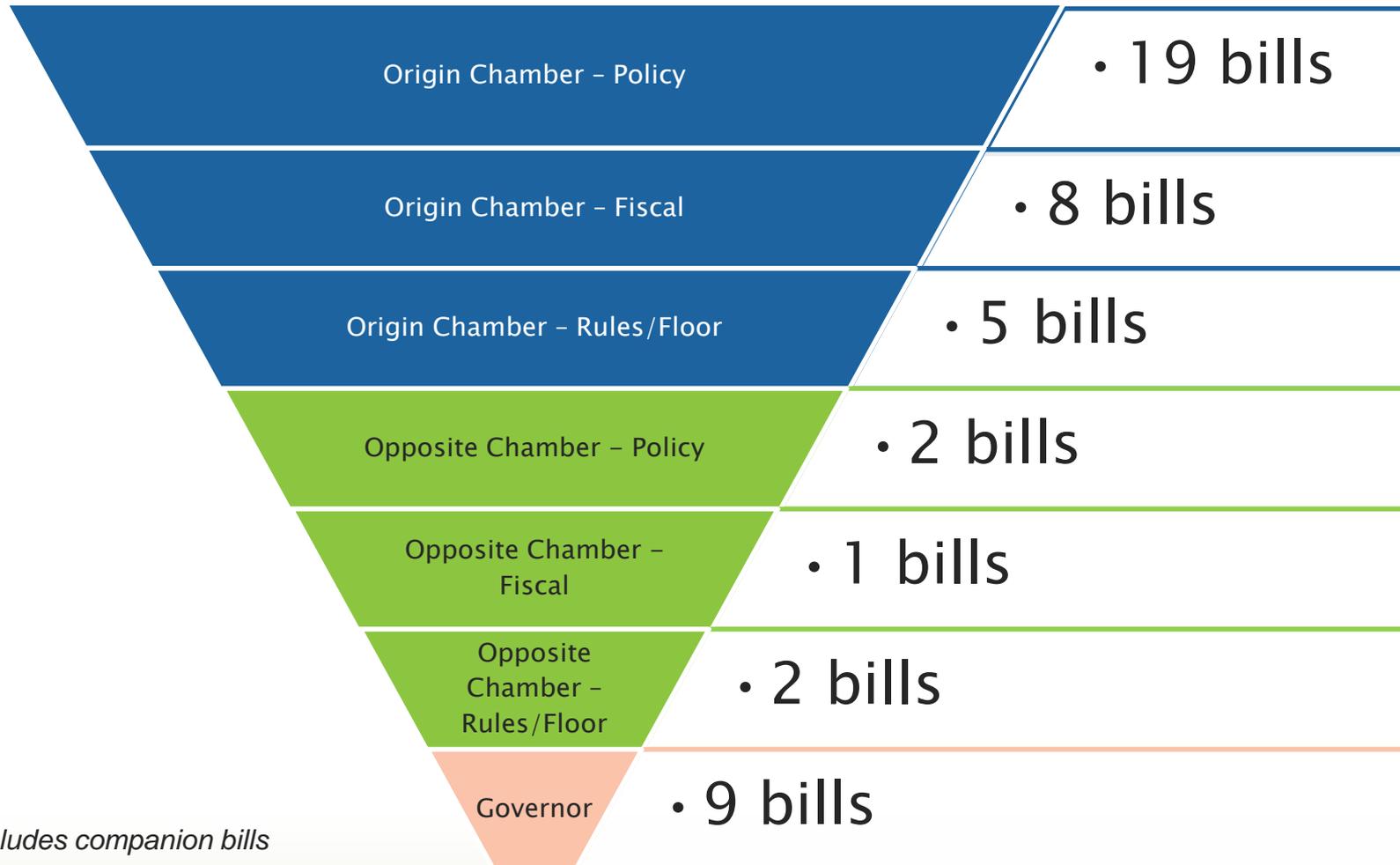


	ERB Lead	ERB Support	
High Impact	50	82	132
Low Impact	42	26	68
	92	108	200

There are also several bills originally introduced in the 2017 session that have significant 2018 session activity

Information as of March 5, 2018

Legislative Update – ERB high lead bills



Excludes companion bills

SEBB Program Impact Bills

- ESHB 2408 - Preserving access to individual market health care coverage throughout Washington State
- ESSB 6241 - Concerning the January 1, 2020 implementation of the school employees' benefits board program

Benefits Bills

- 2SSB 5179 – An act relating to requiring coverage for hearing instruments under public employees and medicaid programs
- ESSB 5518 – Requiring fair reimbursement for chiropractic services
- SB 5912 – Concerning insurance coverage of tomosynthesis or three-dimensional mammography
- SSB 6219 – Concerning health plan coverage of reproductive health care

Questions?

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ESSB 6241

An Act concerning the January 1, 2020, implementation of the school employees' benefits board program

Significant topics initially proposed by the agency in the legislation:

- Data collection requirements: Amends data collection requirements so data can be gathered directly by HCA; changes the data due date from Jan. 1, 2019 to April 1, 2018 so data is available for procurements in 2018.
- Substitute reimbursements related to SEBB member duties: Adds HCA authority (mirroring RCW 28A.300.035) to reimburse districts for substitutes when certificated/classified employees on SEBB are performing board duties.
- Clarify salary reduction plan participation: Clarifies HCA's administered IRS Section 125 Cafeteria Plan can be utilized by school employees, which allows pre-tax payroll deductions for certain benefits.
- Create all needed fiscal accounts for SEBB: Creates all accounts needed to implement, maintain, and track PEBB and SEBB Program benefits and administrative expenditures separately.
- Definition of "School Employee." Throughout the statute for clarity, uses a more distinct "school employee" definition to contrast with the "employee" definition used for PEBB benefits-eligible employees.
- Clarify and ensure alignment of "board" roles and responsibilities for SEBB and PEBB: Because the SEBB and PEBB Programs are both in Chapter 41.05 RCW, creates a new section conveying intent for "board" to mean both SEBB and PEBB—unless the usage clearly describes only one of the boards.
- 3:1 ratio employee premiums: Drawing from RCW 28A.400.350(5), expressly states the premiums for family coverage cannot be more than three times the premium of single coverage for the same plan.
- Anticipated to work requirement and "school year" definition: Clarifies school employee benefits eligibility includes when an employee is *anticipated* to work at least 630 hours during the next school year and defines "school year" in Chapter 41.05.011 RCW (mirroring the RCW 28A.150.203[11] definition).
- Clarify charter school employee inclusion in SEBB Program: Adds clarity in more statutes that charter school employees are in the SEBB Program, but HCA has discretion to maintain an ERISA governmental plan exemption.
- Clarify benefit contract length requirement: Clarifies local benefit contracts for the '18-'19 school year must exceed the statutory max one year length by the months needed to ensure benefits are maintained through Dec. 31, 2019.
- Clarifies waiving benefits provisions: Clarifies school employees can waive benefits under requirements set by the SEBB and that state contributions must be sent to HCA, including for employees who have waived coverage.

Provisions added during the legislative process:

- Allows school districts to bargain for and provide SEBB authorized benefits to employees working less than 630 hours using local funds.
- Allows school districts, using local funds, to offer optional benefits that are outside the authority of the SEBB; school districts must annually report to HCA optional benefit offerings for review and evaluation.
- Requires OIC provide HCA with historical K-12 health care benefit information and exempts this information from public disclosure (when held by either OIC or HCA).
- Outlines state funding to school districts in the 2019-2021 biennium will be no less than the PEBB Program monthly per employee funding rate.
- States a legislative intent to review funding assumptions on the proportion of people anticipated to work 630 hours or more when allocating funding to school districts in the 2019-2021 biennium.

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 6241

65th Legislature
2018 Regular Session

Passed by the Senate February 14, 2018
Yeas 41 Nays 7

President of the Senate

Passed by the House March 7, 2018
Yeas 50 Nays 48

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6241** as passed by Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6241

Passed Legislature - 2018 Regular Session

State of Washington

65th Legislature

2018 Regular Session

By Senate Ways & Means (originally sponsored by Senators Hobbs, Fain, Mullet, and Keiser; by request of Health Care Authority)

READ FIRST TIME 02/01/18.

1 AN ACT Relating to the January 1, 2020, implementation of the
2 school employees' benefits board program; amending RCW 41.05.740,
3 41.05.006, 41.05.009, 41.05.011, 41.05.021, 41.05.022, 41.05.023,
4 41.05.026, 41.05.050, 41.05.055, 41.05.065, 41.05.066, 41.05.075,
5 41.05.080, 41.05.085, 41.05.140, 41.05.225, 41.05.300, 41.05.320,
6 41.04.205, 28A.400.350, 41.05.120, 41.05.123, 41.05.143, 43.79A.040,
7 28A.400.280, and 41.05.700; reenacting and amending RCW 28A.400.275
8 and 42.56.400; adding new sections to chapter 41.05 RCW; adding a new
9 section to chapter 28A.710 RCW; adding a new section to chapter
10 28A.400 RCW; creating a new section; and declaring an emergency.

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

12 **Sec. 1.** RCW 41.05.740 and 2017 3rd sp.s. c 13 s 801 are each
13 amended to read as follows:

14 (1) The school employees' benefits board is created within the
15 authority. The function of the school employees' benefits board is to
16 design and approve insurance benefit plans for school employees and
17 to establish eligibility criteria for participation in insurance
18 benefit plans.

19 (2) By September 30, 2017, the governor shall appoint the
20 following voting members to the school employees' benefits board as
21 follows:

1 (a) Two members from associations representing certificated
2 employees;

3 (b) Two members from associations representing classified
4 employees;

5 (c) Four members with expertise in employee health benefits
6 policy and administration, one of which is nominated by an
7 association representing school business officials; and

8 (d) The director of the authority or his or her designee.

9 (3) Initial members of the school employees' benefits board shall
10 serve staggered terms not to exceed four years. Members appointed
11 thereafter shall serve two-year terms.

12 (4) Compensation and reimbursement related to school employees'
13 benefits board member service are as follows:

14 (a) Members of the school employees' benefits board must be
15 compensated in accordance with RCW 43.03.250 and must be reimbursed
16 for their travel expenses while on official business in accordance
17 with RCW 43.03.050 and 43.03.060.

18 (b) While school employees' benefits board members are carrying
19 out their powers and duties under chapter 41.05 RCW, if the service
20 of any certificated or classified employee results in a need for a
21 school employees' benefits board organization to employ a substitute
22 for such certificated or classified employee during such service,
23 payment for such a substitute may be made by the authority from funds
24 appropriated by the legislature for the school employees' benefits
25 board program. If such substitute is paid by the authority, no
26 deduction shall be made from the salary of the certificated or
27 classified employee. In no event shall a school employees' benefits
28 board organization deduct from the salary of a certificated or
29 classified employee serving on the school employees' benefits board
30 more than the amount paid the substitute employed by the school
31 employees' benefits board organization.

32 (5) The director of the authority or his or her designee shall be
33 the chair and another member shall be selected by the school
34 employees' benefits board as vice chair. The chair shall conduct
35 meetings of the school employees' benefits board. The vice chair
36 shall preside over meetings in the absence of the chair. The school
37 employees' benefits board shall develop bylaws for the conduct of its
38 business.

39 (6) The school employees' benefits board shall:

1 (a) Study all matters connected with the provision of health care
2 coverage, life insurance, liability insurance, accidental death and
3 dismemberment, and disability insurance, or any of, or combination
4 of, the enumerated types of insurance for eligible school employees
5 and their dependents on the best basis possible with relation both to
6 the welfare of the school employees and the state. However, liability
7 insurance should not be made available to dependents;

8 (b) Develop school employee benefit plans that include
9 comprehensive, evidence-based health care benefits for school
10 employees. In developing these plans, the school employees' benefits
11 board shall consider the following elements:

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

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

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

19 (iv) Utilization review procedures to support cost-effective
20 benefits delivery;

21 (v) Ways to leverage efficient purchasing by coordinating with
22 the public employees' benefits board;

23 (vi) Effective coordination of benefits; and

24 (vii) Minimum standards for insuring entities;

25 (c) Authorize premium contributions for ~~((an))~~ a school employee
26 and the employee's dependents in a manner that encourages the use of
27 cost-efficient health care systems. For participating school
28 employees, the required school employee share of the cost for family
29 coverage ~~((under a plan))~~ premiums may not exceed ~~((the required~~
30 ~~employee share of the cost for employee only coverage))~~ three times
31 the premiums for a school employee purchasing single coverage for the
32 same coverage plan;

33 (d) Determine the terms and conditions of school employee and
34 dependent eligibility criteria, enrollment policies, and scope of
35 coverage. At a minimum, the eligibility criteria established by the
36 school employees' benefits board shall address the following:

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

38 (ii) ~~((An))~~ The benefits eligibility criteria, but the school
39 employees' benefits board's criteria shall be no more restrictive
40 than requiring that a school employee ~~((must))~~ be anticipated to work

1 at least six hundred thirty hours per school year (~~to qualify for~~
2 ~~coverage~~) to be benefits eligible; and

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

8 (~~Determine the terms and conditions of purchasing system~~
9 ~~participation, consistent with chapter 13, Laws of 2017 3rd sp.~~
10 ~~sess., including establishment of criteria for employing districts~~
11 ~~and individual employees;~~) Establish terms and conditions for a
12 school employees' benefits board organization to have the ability to
13 locally negotiate eligibility criteria for a school employee who is
14 anticipated to work less than six hundred thirty hours in a school
15 year. A school employees' benefits board organization that elects to
16 use a lower threshold of hours for benefits eligibility must use
17 benefits authorized by the school employees' benefits board and shall
18 do so as an enrichment to the state's definition of basic education;

19 (f) Establish penalties to be imposed when (~~the employing~~
20 ~~district~~) a school employees' benefits board organization fails to
21 comply with established participation criteria; and

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

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

35 (8) By November 30, 2021, the authority shall review the benefit
36 plans provided through the school employees' benefits board, complete
37 an analysis of the benefits provided and the administration of the
38 benefits plans, and determine whether provisions in chapter 13, Laws
39 of 2017 3rd sp. sess. have resulted in cost savings to the state. The
40 authority shall submit a report to the relevant legislative policy

1 and fiscal committees summarizing the results of the review and
2 analysis.

3 **Sec. 2.** RCW 41.05.006 and 2006 c 299 s 1 are each amended to
4 read as follows:

5 (1) The legislature recognizes that (a) the state is a major
6 purchaser of health care services, (b) the increasing costs of such
7 health care services are posing and will continue to pose a great
8 financial burden on the state, (c) it is the state's policy,
9 consistent with the best interests of the state, to provide
10 comprehensive health care as an employer, to ~~((state))~~ employees and
11 school employees ~~((and))~~, officials ~~((and))~~, their dependents, and to
12 those who are dependent on the state for necessary medical care, and
13 (d) it is imperative that the state begin to develop effective and
14 efficient health care delivery systems and strategies for procuring
15 health care services in order for the state to continue to purchase
16 the most comprehensive health care possible.

17 (2) It is therefore the purpose of this chapter to establish the
18 Washington state health care authority whose purpose shall be to (a)
19 develop health care benefit programs that provide access to at least
20 one comprehensive benefit plan funded to the fullest extent possible
21 by the employer, and a health savings account/high deductible health
22 plan option as defined in section 1201 of the medicare prescription
23 drug improvement and modernization act of 2003, as amended, for
24 eligible ~~((state))~~ employees and school employees, officials, and
25 their dependents, and (b) study all state purchased health care,
26 alternative health care delivery systems, and strategies for the
27 procurement of health care services and make recommendations aimed at
28 minimizing the financial burden which health care poses on the state,
29 ~~((its))~~ employees and school employees, and its charges, while at the
30 same time allowing the state to provide the most comprehensive health
31 care options possible.

32 **Sec. 3.** RCW 41.05.009 and 2015 c 116 s 1 are each amended to
33 read as follows:

34 (1) The authority, or an employing agency at the authority's
35 direction, shall initially determine and periodically review whether
36 an employee or a school employee is eligible for benefits pursuant to
37 the criteria established under this chapter.

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

5 **Sec. 4.** RCW 41.05.011 and 2017 3rd sp.s. c 13 s 802 are each
6 amended to read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

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

10 (2) "Board" means the public employees' benefits board
11 established under RCW 41.05.055 and the school employees' benefits
12 board established under RCW 41.05.740.

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

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

19 (5) "Emergency service personnel killed in the line of duty"
20 means law enforcement officers and firefighters as defined in RCW
21 41.26.030, members of the Washington state patrol retirement fund as
22 defined in RCW 43.43.120, and reserve officers and firefighters as
23 defined in RCW 41.24.010 who die as a result of injuries sustained in
24 the course of employment as determined consistent with Title 51 RCW
25 by the department of labor and industries.

26 (6)(a) "Employee" for the public employees' benefits board
27 program includes all employees of the state, whether or not covered
28 by civil service; elected and appointed officials of the executive
29 branch of government, including full-time members of boards,
30 commissions, or committees; justices of the supreme court and judges
31 of the court of appeals and the superior courts; and members of the
32 state legislature. Pursuant to contractual agreement with the
33 authority, "employee" may also include: (i) Employees of a county,
34 municipality, or other political subdivision of the state and members
35 of the legislative authority of any county, city, or town who are
36 elected to office after February 20, 1970, if the legislative
37 authority of the county, municipality, or other political subdivision
38 of the state submits application materials to the authority to
39 provide any of its insurance programs by contract with the authority,

1 as provided in RCW 41.04.205 and 41.05.021(1)(g); (ii) employees of
2 employee organizations representing state civil service employees, at
3 the option of each such employee organization; (iii) through December
4 31, 2019, employees of a school district if the authority agrees to
5 provide any of the school districts' insurance programs by contract
6 with the authority as provided in RCW 28A.400.350; (iv) employees of
7 a tribal government, if the governing body of the tribal government
8 seeks and receives the approval of the authority to provide any of
9 its insurance programs by contract with the authority, as provided in
10 RCW 41.05.021(1) (f) and (g); (v) employees of the Washington health
11 benefit exchange if the governing board of the exchange established
12 in RCW 43.71.020 seeks and receives approval of the authority to
13 provide any of its insurance programs by contract with the authority,
14 as provided in RCW 41.05.021(1) (g) and (n); and (vi) through
15 December 31, 2019, employees of a charter school established under
16 chapter 28A.710 RCW. "Employee" does not include: Adult family home
17 providers; unpaid volunteers; patients of state hospitals; inmates;
18 employees of the Washington state convention and trade center as
19 provided in RCW 41.05.110; students of institutions of higher
20 education as determined by their institution; and any others not
21 expressly defined as employees under this chapter or by the authority
22 under this chapter.

23 (b) Effective January 1, 2020, "school employee" for the school
24 employees' benefits board program includes all employees of school
25 districts, educational service districts, and charter schools
26 established under chapter 28A.710 RCW.

27 (7) "Employee group" means employees of a similar employment
28 type, such as administrative, represented classified, nonrepresented
29 classified, confidential, represented certificated, or nonrepresented
30 certificated, within a school (~~(district)~~) employees' benefits board
31 organization.

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

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

37 (9) "Employer group" means those counties, municipalities,
38 political subdivisions, the Washington health benefit exchange,
39 tribal governments, (~~(school districts, and educational service~~
40 ~~districts, and)~~) employee organizations representing state civil

1 service employees, and through December 31, 2019, school districts,
2 educational service districts, and charter schools obtaining employee
3 benefits through a contractual agreement with the authority to
4 participate in benefit plans developed by the public employees'
5 benefits board.

6 (10)(a) "Employing agency" for the public employees' benefits
7 board program means a division, department, or separate agency of
8 state government, including an institution of higher education; a
9 county, municipality, or other political subdivision; (~~charter~~
10 ~~school~~;) and a tribal government covered by this chapter.

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

14 (11) "Faculty" means an academic employee of an institution of
15 higher education whose workload is not defined by work hours but
16 whose appointment, workload, and duties directly serve the
17 institution's academic mission, as determined under the authority of
18 its enabling statutes, its governing body, and any applicable
19 collective bargaining agreement.

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

24 (13) "Insuring entity" means an insurer as defined in chapter
25 48.01 RCW, a health care service contractor as defined in chapter
26 48.44 RCW, or a health maintenance organization as defined in chapter
27 48.46 RCW.

28 (14) "Medical flexible spending arrangement" means a benefit plan
29 whereby state and school employees may reduce their salary before
30 taxes to pay for medical expenses not reimbursed by insurance as
31 provided in the salary reduction plan under this chapter pursuant to
32 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

33 (15) "Participant" means an individual who fulfills the
34 eligibility and enrollment requirements under the salary reduction
35 plan.

36 (16) "Plan year" means the time period established by the
37 authority.

38 (17) "Premium payment plan" means a benefit plan whereby (~~state~~
39 ~~and~~) public employees may pay their share of group health plan
40 premiums with pretax dollars as provided in the salary reduction plan

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

3 (18) "Public employee" has the same meaning as employee and
4 school employee.

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

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

9 (b) Persons who separate from employment with a school district,
10 educational service district, or charter school on or after October
11 1, 1993, and immediately upon separation receive a retirement
12 allowance under chapter 41.32, 41.35, or 41.40 RCW;

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

17 ~~((+19))~~ (20) "Salary" means a state or school employee's monthly
18 salary or wages.

19 ~~((+20))~~ (21) "Salary reduction plan" means a benefit plan
20 whereby ~~((state and))~~ public employees may agree to a reduction of
21 salary on a pretax basis to participate in the dependent care
22 assistance program, medical flexible spending arrangement, or premium
23 payment plan offered pursuant to 26 U.S.C. Sec. 125 or other sections
24 of the internal revenue code.

25 ~~((+21) "School employees' benefits board" means the board~~
26 ~~established in RCW 41.05.740.)~~

27 (22) "School employees' benefits board ~~((participating))~~
28 organization" means a public school district or educational service
29 district or charter school established under chapter 28A.710 RCW that
30 ~~((participates))~~ is required to participate in benefit plans provided
31 by the school employees' benefits board.

32 (23) "School year" means school year as defined in RCW
33 28A.150.203(11).

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

37 ~~((+24))~~ (25) "Separated employees" means persons who separate
38 from employment with an employer as defined in:

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

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

1 (c) RCW 41.40.010 on or after March 1, 2002;
2 and who are at least age fifty-five and have at least ten years of
3 service under the teachers' retirement system plan 3 as defined in
4 RCW 41.32.010(33), the Washington school employees' retirement system
5 plan 3 as defined in RCW 41.35.010, or the public employees'
6 retirement system plan 3 as defined in RCW 41.40.010.

7 ~~((+25+))~~ (26) "State purchased health care" or "health care"
8 means medical and health care, pharmaceuticals, and medical equipment
9 purchased with state and federal funds by the department of social
10 and health services, the department of health, the basic health plan,
11 the state health care authority, the department of labor and
12 industries, the department of corrections, the department of veterans
13 affairs, and local school districts.

14 ~~((+26+))~~ (27) "Tribal government" means an Indian tribal
15 government as defined in section 3(32) of the employee retirement
16 income security act of 1974, as amended, or an agency or
17 instrumentality of the tribal government, that has government offices
18 principally located in this state.

19 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.05
20 RCW to read as follows:

21 It is the intent of the legislature that the word "board" be read
22 to mean both the school employees' benefits board and the public
23 employees' benefits board throughout this chapter. The use of "board"
24 should be liberally construed to mean both boards, to the extent not
25 in conflict with state or federal law. In no case shall either board
26 be limited from exercising its individual authority as authorized
27 within this chapter.

28 **Sec. 6.** RCW 41.05.021 and 2017 3rd sp.s. c 13 s 803 are each
29 amended to read as follows:

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

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

15 (a) To administer health care benefit programs for ((state))
16 employees, retired or disabled state and school employees, and
17 ((~~subject to school employees' benefits board direction,~~)) school
18 employees as specifically authorized in RCW 41.05.065 and 41.05.740
19 and in accordance with the methods described in RCW 41.05.075,
20 41.05.140, and other provisions of this chapter;

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

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

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

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

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

39 (v) Development of data systems to obtain utilization data from
40 state purchased health care programs in order to identify cost

1 centers, utilization patterns, provider and hospital practice
2 patterns, and procedure costs, utilizing the information obtained
3 pursuant to RCW 41.05.031; and

4 (vi) In collaboration with other state agencies that administer
5 state purchased health care programs, private health care purchasers,
6 health care facilities, providers, and carriers:

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

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

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

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

22 (I) Facilitate diagnosis or treatment;

23 (II) Reduce unnecessary duplication of medical tests;

24 (III) Promote efficient electronic physician order entry;

25 (IV) Increase access to health information for consumers and
26 their providers; and

27 (V) Improve health outcomes;

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

31 (c) To analyze areas of public and private health care
32 interaction;

33 (d) To provide information and technical and administrative
34 assistance to the board (~~and the school employees' benefits board~~);

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

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

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

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

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

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

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

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

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

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

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

23 (ii) Establishing an appeal process in accordance with chapter
24 34.05 RCW by which an employee or school employee may appeal an
25 eligibility determination;

26 (iii) Establishing a process to assure that the eligibility
27 determinations of an employing agency comply with the criteria under
28 this chapter, including the imposition of penalties as may be
29 authorized by the board (~~(or the school employees' benefits board)~~);

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

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

36 (iii) To enter into agreements with the department of social and
37 health services for administration of medical care services programs
38 under Titles XIX and XXI of the social security act. The agreements
39 shall establish the division of responsibilities between the
40 authority and the department with respect to mental health, chemical

1 dependency, and long-term care services, including services for
2 persons with developmental disabilities. The agreements shall be
3 revised as necessary, to comply with the final implementation plan
4 adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

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

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

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

33 (2) On and after January 1, 1996, the public employees' benefits
34 board and the school employees' benefits board beginning October 1,
35 2017, may implement strategies to promote managed competition among
36 employee and school employee health benefit plans. Strategies may
37 include but are not limited to:

38 (a) Standardizing the benefit package;

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

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

3 (d) Monitoring the impact of the approach under this subsection
4 with regards to: Efficiencies in health service delivery, cost shifts
5 to subscribers, access to and choice of managed care plans statewide,
6 and quality of health services. The health care authority shall also
7 advise on the value of administering a benchmark employer-managed
8 plan to promote competition among managed care plans.

9 **Sec. 7.** RCW 41.05.022 and 2017 3rd sp.s. c 13 s 804 are each
10 amended to read as follows:

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

13 (2) On and after January 1, 1995, at least the following state-
14 purchased health services programs shall be merged into a single,
15 community-rated risk pool: Health benefits for groups of employees of
16 school districts and educational service districts that voluntarily
17 purchase health benefits as provided in RCW 41.05.011 through
18 December 31, 2019; health benefits for ((state)) employees; health
19 benefits for eligible retired or disabled school employees not
20 eligible for parts A and B of medicare; and health benefits for
21 eligible state retirees not eligible for parts A and B of medicare.

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

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

38 (5) At a minimum, and regardless of other legislative enactments,
39 the state health services purchasing agent shall:

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

5 (b) Require that a health care provider or a health care facility
6 that receives funds from a public program provide care to state
7 residents receiving a state subsidy who may wish to receive care from
8 them, and that an insuring entity that receives funds from a public
9 program accept enrollment from state residents receiving a state
10 subsidy who may wish to enroll with them;

11 (c) Strive to integrate purchasing for all publicly sponsored
12 health services in order to maximize the cost control potential and
13 promote the most efficient methods of financing and coordinating
14 services;

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

18 (e) Ensure the control of benefit costs under managed competition
19 by adopting rules to prevent (~~employers~~) an employing agency from
20 entering into an agreement with employees or employee organizations
21 when the agreement would result in increased utilization in (~~public
22 employees' benefits board or school employee[s'] benefits~~) board
23 plans or reduce the expected savings of managed competition.

24 **Sec. 8.** RCW 41.05.023 and 2007 c 259 s 6 are each amended to
25 read as follows:

26 (1) The health care authority, in collaboration with the
27 department of health, shall design and implement a chronic care
28 management program for (~~state~~) employees and school employees
29 enrolled in the state's self-insured uniform medical plan. Programs
30 must be evidence based, facilitating the use of information
31 technology to improve quality of care and must improve coordination
32 of primary, acute, and long-term care for those enrollees with
33 multiple chronic conditions. The authority shall consider expansion
34 of existing medical home and chronic care management programs. The
35 authority shall use best practices in identifying those employees and
36 school employees best served under a chronic care management model
37 using predictive modeling through claims or other health risk
38 information.

39 (2) For purposes of this section:

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

4 (b) "Chronic care management" means the authority's program that
5 provides care management and coordination activities for health plan
6 enrollees determined to be at risk for high medical costs. "Chronic
7 care management" provides education and training and/or coordination
8 that assist program participants in improving self-management skills
9 to improve health outcomes and reduce medical costs by educating
10 clients to better utilize services.

11 **Sec. 9.** RCW 41.05.026 and 2017 3rd sp.s. c 13 s 805 are each
12 amended to read as follows:

13 (1) When soliciting proposals for the purpose of awarding
14 contracts for goods or services, the director shall, upon written
15 request by the bidder, exempt from public inspection and copying such
16 proprietary data, trade secrets, or other information contained in
17 the bidder's proposal that relate to the bidder's unique methods of
18 conducting business or of determining prices or premium rates to be
19 charged for services under terms of the proposal.

20 (2) When soliciting information for the development, acquisition,
21 or implementation of state purchased health care services, the
22 director shall, upon written request by the respondent, exempt from
23 public inspection and copying such proprietary data, trade secrets,
24 or other information submitted by the respondent that relate to the
25 respondent's unique methods of conducting business, data unique to
26 the product or services of the respondent, or to determining prices
27 or rates to be charged for services.

28 (3) Actuarial formulas, statistics, cost and utilization data, or
29 other proprietary information submitted upon request of the director,
30 board, (~~(school employees' benefits board,~~) or a technical review
31 committee created to facilitate the development, acquisition, or
32 implementation of state purchased health care under this chapter by a
33 contracting insurer, health care service contractor, health
34 maintenance organization, vendor, or other health services
35 organization may be withheld at any time from public inspection when
36 necessary to preserve trade secrets or prevent unfair competition.

37 (4) The board(~~(, school employees' benefits board,~~) or a
38 technical review committee created to facilitate the development,
39 acquisition, or implementation of state purchased health care under

1 this chapter, may hold an executive session in accordance with
2 chapter 42.30 RCW during any regular or special meeting to discuss
3 information submitted in accordance with subsections (1) through (3)
4 of this section.

5 (5) A person who challenges a request for or designation of
6 information as exempt under this section is entitled to seek judicial
7 review pursuant to chapter 42.56 RCW.

8 **Sec. 10.** RCW 41.05.050 and 2017 3rd sp.s. c 13 s 806 are each
9 amended to read as follows:

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

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

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

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

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

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

20 (c) Until January 1, 2020, if the authority determines at any
21 time that the conditions in (b) of this subsection cannot be met, the
22 authority shall offer enrollment to additional groups of ((district))
23 school and educational service district employees on a tiered rate
24 structure until such time as the authority determines there would be
25 no material difference between revenues and expenditures under a
26 composite rate structure for all ((district)) school and educational
27 service district employees enrolled in authority plans.

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

1 benefits under RCW 41.05.740(6)(d), including school employees who
2 have waived their coverage; contributions to the authority are not
3 required for individuals eligible for benefits under RCW
4 41.05.740(6)(e) who waive their coverage.

5 (e) For the purposes of this subsection(~~(+~~

6 ~~(i) "District" means school district and educational service~~
7 ~~district; and~~

8 ~~(ii))~~, "tiered rates" means the amounts the authority must pay
9 to insuring entities by plan and by family size.

10 (f) Notwithstanding this subsection and RCW 41.05.065(4), the
11 authority may allow school districts and educational service
12 districts enrolled on a tiered rate structure prior to September 1,
13 2002, and until January 1, 2020, to continue participation based on
14 the same rate structure and under the same conditions and eligibility
15 criteria.

16 (5) The authority shall transmit a recommendation for the amount
17 of the employer contributions to the governor and the director of
18 financial management for inclusion in the proposed budgets submitted
19 to the legislature.

20 **Sec. 11.** RCW 41.05.055 and 2017 3rd sp.s. c 13 s 807 are each
21 amended to read as follows:

22 (1) The public employees' benefits board is created within the
23 authority. The function of the public employees' benefits board is to
24 design and approve insurance benefit plans for employees and to
25 establish eligibility criteria for participation in insurance benefit
26 plans.

27 (2) The public employees' benefits board shall be composed of
28 nine members through December 31, 2019, and of eight members
29 thereafter, appointed by the governor as follows:

30 (a) Two representatives of state employees, one of whom shall
31 represent an employee union certified as exclusive representative of
32 at least one bargaining unit of classified employees, and one of whom
33 is retired, is covered by a program under the jurisdiction of the
34 public employees' benefits board, and represents an organized group
35 of retired public employees;

36 (b) Through December 31, 2019, two representatives of school
37 district employees, one of whom shall represent an association of
38 school employees as a nonvoting member, and one of whom is retired,
39 and represents an organized group of retired school employees.

1 Thereafter, and only while retired school employees are served by the
2 public employees' benefits board, only the retired representative
3 shall serve on the public employees' benefits board;

4 (c) Four members with experience in health benefit management and
5 cost containment, one of whom shall be a nonvoting member; and

6 (d) The director.

7 (3) The governor shall appoint the initial members of the public
8 employees' benefits board to staggered terms not to exceed four
9 years. Members appointed thereafter shall serve two-year terms.
10 Members of the public employees' benefits board shall be compensated
11 in accordance with RCW 43.03.250 and shall be reimbursed for their
12 travel expenses while on official business in accordance with RCW
13 43.03.050 and 43.03.060. The public employees' benefits board shall
14 prescribe rules for the conduct of its business. The director shall
15 serve as chair of the public employees' benefits board. Meetings of
16 the public employees' benefits board shall be at the call of the
17 chair.

18 **Sec. 12.** RCW 41.05.065 and 2015 c 116 s 3 are each amended to
19 read as follows:

20 (1) The public employees' benefits board shall study all matters
21 connected with the provision of health care coverage, life insurance,
22 liability insurance, accidental death and dismemberment insurance,
23 and disability income insurance or any of, or a combination of, the
24 enumerated types of insurance for employees and their dependents on
25 the best basis possible with relation both to the welfare of the
26 employees and to the state. However, liability insurance shall not be
27 made available to dependents.

28 (2) The public employees' benefits board shall develop employee
29 benefit plans that include comprehensive health care benefits for
30 employees. In developing these plans, the public employees' benefits
31 board shall consider the following elements:

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

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

37 (c) Wellness incentives that focus on proven strategies, such as
38 smoking cessation, injury and accident prevention, reduction of
39 alcohol misuse, appropriate weight reduction, exercise, automobile

1 and motorcycle safety, blood cholesterol reduction, and nutrition
2 education;

3 (d) Utilization review procedures including, but not limited to a
4 cost-efficient method for prior authorization of services, hospital
5 inpatient length of stay review, requirements for use of outpatient
6 surgeries and second opinions for surgeries, review of invoices or
7 claims submitted by service providers, and performance audit of
8 providers;

9 (e) Effective coordination of benefits; and

10 (f) Minimum standards for insuring entities.

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

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

33 (a) Except as provided in (b) through (e) of this subsection, an
34 employee is eligible for benefits from the date of employment if the
35 employing agency anticipates he or she will work an average of at
36 least eighty hours per month and for at least eight hours in each
37 month for more than six consecutive months. An employee determined
38 ineligible for benefits at the beginning of his or her employment
39 shall become eligible in the following circumstances:

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

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

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

26 (c) Faculty are eligible as follows:

27 (i) Faculty who the employing agency anticipates will work half-
28 time or more for the entire instructional year or equivalent nine-
29 month period are eligible for benefits from the date of employment.
30 Eligibility shall continue until the beginning of the first full
31 month of the next instructional year, unless the employment
32 relationship is terminated, in which case eligibility shall cease the
33 first month following the notice of termination or the effective date
34 of the termination, whichever is later.

35 (ii) Faculty who the employing agency anticipates will not work
36 for the entire instructional year or equivalent nine-month period are
37 eligible for benefits at the beginning of the second consecutive
38 quarter or semester of employment in which he or she is anticipated
39 to work, or has actually worked, half-time or more. Such an employee
40 shall continue to receive uninterrupted employer contributions for

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

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

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

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

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

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

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

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

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

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

12 (g) In determining eligibility under this section, the employing
13 agency may disregard training hours, standby hours, or temporary
14 changes in work hours as determined by the authority under this
15 section.

16 (h) Insurance coverage for all eligible employees begins on the
17 first day of the month following the date when eligibility for
18 benefits is established. If the date eligibility is established is
19 the first working day of a month, insurance coverage begins on that
20 date.

21 (i) Eligibility for an employee whose work circumstances are
22 described by more than one of the eligibility categories in (a)
23 through (e) of this subsection shall be determined solely by the
24 criteria of the category that most closely describes the employee's
25 work circumstances.

26 (j) Except for an employee eligible for benefits under (b) or
27 (c)(ii) of this subsection, an employee who has established
28 eligibility for benefits under this section shall remain eligible for
29 benefits each month in which he or she is in pay status for eight or
30 more hours, if (i) he or she remains in a benefits-eligible position
31 and (ii) leave from the benefits-eligible position is approved by the
32 employing agency. A benefits-eligible seasonal employee is eligible
33 for the employer contribution in any month of his or her season in
34 which he or she is in pay status eight or more hours during that
35 month. Eligibility ends if these conditions are not met, the
36 employment relationship is terminated, or the employee voluntarily
37 transfers to a noneligible position.

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

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

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

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

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

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

21 (iii) Any impact of enrollment in alternatives to the most
22 comprehensive plan, including the high deductible health plan with a
23 health savings account, upon the cost of health benefits for those
24 employees who have chosen to remain enrolled in the most
25 comprehensive plan.

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

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

35 (9) The public employees' benefits board shall review plans
36 proposed by insuring entities that desire to offer property insurance
37 and/or accident and casualty insurance to state employees through
38 payroll deduction. The public employees' benefits board may approve
39 any such plan for payroll deduction by insuring entities holding a
40 valid certificate of authority in the state of Washington and which

1 the public employees' benefits board determines to be in the best
2 interests of employees and the state. The public employees' benefits
3 board shall adopt rules setting forth criteria by which it shall
4 evaluate the plans.

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

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

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

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

37 (d) The public employees' benefits board and the health care
38 authority shall establish a technical advisory committee to provide
39 advice in the development of the benefit design and establishment of
40 underwriting guidelines and eligibility rules. The committee shall

1 also advise the public employees' benefits board and authority on
2 effective and cost-effective ways to market and distribute the long-
3 term care product. The technical advisory committee shall be
4 comprised, at a minimum, of representatives of the office of the
5 insurance commissioner, providers of long-term care services,
6 licensed insurance agents with expertise in long-term care insurance,
7 employees, retired employees, retired school employees, and other
8 interested parties determined to be appropriate by the public
9 employees' benefits board.

10 (e) The health care authority shall offer employees, retired
11 employees, and retired school employees the option of purchasing
12 long-term care insurance through licensed agents or brokers appointed
13 by the long-term care insurer. The authority, in consultation with
14 the public employees' benefits board, shall establish marketing
15 procedures and may consider all premium components as a part of the
16 contract negotiations with the long-term care insurer.

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

21 (g) The health care authority, with the cooperation of the office
22 of the insurance commissioner, shall develop a consumer education
23 program for the eligible employees, retired employees, and retired
24 school employees designed to provide education on the potential need
25 for long-term care, methods of financing long-term care, and the
26 availability of long-term care insurance products including the
27 products offered by the public employees' benefits board.

28 (11) The public employees' benefits board may establish penalties
29 to be imposed by the authority when the eligibility determinations of
30 an employing agency fail to comply with the criteria under this
31 chapter.

32 **Sec. 13.** RCW 41.05.066 and 2015 c 116 s 4 are each amended to
33 read as follows:

34 A certificate of domestic partnership qualified under the
35 provisions of RCW 26.60.030 shall be recognized as evidence of a
36 qualified domestic partnership fulfilling all necessary eligibility
37 criteria for the partner of the employee or school employee to
38 receive benefits. Nothing in this section affects the requirements of
39 domestic partners to complete documentation related to federal tax

1 status that may currently be required by the board for employees or
2 school employees choosing to make premium payments on a pretax basis.

3 **Sec. 14.** RCW 41.05.075 and 2017 3rd sp.s. c 13 s 808 are each
4 amended to read as follows:

5 (1) The director shall provide benefit plans designed by the
6 board (~~((and the school employees' benefits board))~~) through a contract
7 or contracts with insuring entities, through self-funding, self-
8 insurance, or other methods of providing insurance coverage
9 authorized by RCW 41.05.140. The process of contracting for plans
10 offered by the school employees' benefits board is subject to
11 (~~(oversight))~~) insight and direction by the school employees' benefits
12 board.

13 (2) The director(~~(, subject to school employees' benefits board~~
14 ~~direction for plans offered to school employees,)~~) shall establish a
15 contract bidding process that:

16 (a) Encourages competition among insuring entities;

17 (b) Maintains an equitable relationship between premiums charged
18 for similar benefits and between risk pools including premiums
19 charged for retired state and school district employees under the
20 separate risk pools established by RCW 41.05.022 and 41.05.080 such
21 that insuring entities may not avoid risk when establishing the
22 premium rates for retirees eligible for medicare;

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

24 (d) Sets conditions for awarding contracts to any insuring
25 entity.

26 (3) (~~((School districts directly providing medical and dental~~
27 ~~benefits plans and contracted insuring entities providing medical and~~
28 ~~dental benefits plans to school districts on December 31, 2017,))~~) The
29 entities described in RCW 28A.400.275(2) shall provide the school
30 employees' benefits board and authority specified data by (~~((January~~
31 ~~1, 2019))~~) April 1, 2018, in a format to be determined by the
32 authority, to support an initial benefits plans procurement. At a
33 minimum, the data must cover the period January 1, 2014, through
34 (~~((August 1, 2018))~~) December 31, 2017, and include:

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

1 (b) Aggregated subscriber and member demographic information,
2 including age band and gender, by insurance tier by month and by
3 benefit packages;

4 (c) Monthly total by benefit package, including premiums paid,
5 inpatient facility claims paid, outpatient facility claims paid,
6 physician claims paid, pharmacy claims paid, capitation amounts paid,
7 and other claims paid;

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

12 (e) A listing of calendar year ~~((2018))~~ 2017 allowed claims by
13 provider entity; and

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

16 Any data that may be confidential and contain personal health
17 information may be protected in accordance with a data-sharing
18 agreement.

19 (4) The director shall establish a requirement for review of
20 utilization and financial data from participating insuring entities
21 on a quarterly basis.

22 (5) The director shall centralize the enrollment files for all
23 employee, school employee, and retired or disabled school employee
24 health plans offered under chapter 41.05 RCW and develop enrollment
25 demographics on a plan-specific basis.

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

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

32 (b) Subscriber or member demographic and claims data necessary to
33 implement performance measures or financial incentives related to
34 performance under subsection (8) of this section.

35 (7) All contracts with insuring entities for the provision of
36 health care benefits shall provide that the beneficiaries of such
37 benefit plans may use on an equal participation basis the services of
38 practitioners licensed pursuant to chapters 18.22, 18.25, 18.32,
39 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to
40 registered nurses and advanced registered nurse practitioners.

1 However, nothing in this subsection may preclude the director from
2 establishing appropriate utilization controls approved pursuant to
3 RCW 41.05.065(2) (a), (b), and (d).

4 (8) The director shall, in collaboration with other state
5 agencies that administer state purchased health care programs,
6 private health care purchasers, health care facilities, providers,
7 and carriers:

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

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

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

18 (b) Through state health purchasing, reimbursement, or pilot
19 strategies, promote and increase the adoption of health information
20 technology systems, including electronic medical records, by
21 hospitals as defined in RCW 70.41.020, integrated delivery systems,
22 and providers that:

23 (i) Facilitate diagnosis or treatment;

24 (ii) Reduce unnecessary duplication of medical tests;

25 (iii) Promote efficient electronic physician order entry;

26 (iv) Increase access to health information for consumers and
27 their providers; and

28 (v) Improve health outcomes;

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

32 (9) The director may permit the Washington state health insurance
33 pool to contract to utilize any network maintained by the authority
34 or any network under contract with the authority.

35 **Sec. 15.** RCW 41.05.080 and 2015 c 116 s 5 are each amended to
36 read as follows:

37 (1) Under the qualifications, terms, conditions, and benefits set
38 by the public employees' benefits board:

1 (a) Retired or disabled state employees, retired or disabled
2 school employees, retired or disabled employees of county, municipal,
3 or other political subdivisions, or retired or disabled employees of
4 tribal governments covered by this chapter may continue their
5 participation in insurance plans and contracts after retirement or
6 disablement;

7 (b) Separated employees may continue their participation in
8 insurance plans and contracts if participation is selected
9 immediately upon separation from employment;

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

14 (2) Rates charged surviving spouses and surviving state
15 registered domestic partners of emergency service personnel killed in
16 the line of duty, retired or disabled employees, separated employees,
17 spouses, or dependent children who are not eligible for parts A and B
18 of medicare shall be based on the experience of the community rated
19 risk pool established under RCW 41.05.022.

20 (3) Rates charged to surviving spouses and surviving state
21 registered domestic partners of emergency service personnel killed in
22 the line of duty, retired or disabled employees, separated employees,
23 spouses, or children who are eligible for parts A and B of medicare
24 shall be calculated from a separate experience risk pool comprised
25 only of individuals eligible for parts A and B of medicare; however,
26 the premiums charged to medicare-eligible retirees and disabled
27 employees shall be reduced by the amount of the subsidy provided
28 under RCW 41.05.085.

29 (4) Surviving spouses, surviving state registered domestic
30 partners, and dependent children of emergency service personnel
31 killed in the line of duty and retired or disabled and separated
32 employees shall be responsible for payment of premium rates developed
33 by the authority which shall include the cost to the authority of
34 providing insurance coverage including any amounts necessary for
35 reserves and administration in accordance with this chapter. These
36 self pay rates will be established based on a separate rate for the
37 employee, the spouse, state registered domestic partners, and the
38 children.

39 (5) 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. 16.** RCW 41.05.085 and 2005 c 195 s 3 are each amended to
4 read as follows:

5 (1) Beginning with the appropriations act for the 2005-2007
6 biennium, the legislature shall establish as part of both the state
7 employees' and the school and educational service district employees'
8 insurance benefit allocation the portion of the allocation to be used
9 to provide a prescription drug subsidy to reduce the health care
10 insurance premiums charged to retired or disabled school district and
11 educational service district employees, or retired state employees,
12 who are eligible for parts A and B of medicare. The legislature may
13 also establish a separate health care subsidy to reduce insurance
14 premiums charged to individuals who select a medicare supplemental
15 insurance policy option established in RCW 41.05.195.

16 (2) The amount of any premium reduction shall be established by
17 the public employees' benefits board. The amount established shall
18 not result in a premium reduction of more than fifty percent, except
19 as provided in subsection (3) of this section. The public employees'
20 benefits board may also determine the amount of any subsidy to be
21 available to spouses and dependents.

22 (3) The amount of the premium reduction in subsection (2) of this
23 section may exceed fifty percent, if the (~~administrator~~) director,
24 in consultation with the office of financial management, determines
25 that it is necessary in order to meet eligibility requirements to
26 participate in the federal employer incentive program as provided in
27 RCW 41.05.068.

28 **Sec. 17.** RCW 41.05.140 and 2013 c 251 s 10 are each amended to
29 read as follows:

30 (1) Except for property and casualty insurance, the authority may
31 self-fund, self-insure, or enter into other methods of providing
32 insurance coverage for insurance programs under its jurisdiction,
33 including the basic health plan as provided in chapter 70.47 RCW. The
34 authority shall contract for payment of claims or other
35 administrative services for programs under its jurisdiction. If a
36 program does not require the prepayment of reserves, the authority
37 shall establish such reserves within a reasonable period of time for
38 the payment of claims as are normally required for that type of

1 insurance under an insured program. The authority shall endeavor to
2 reimburse basic health plan health care providers under this section
3 at rates similar to the average reimbursement rates offered by the
4 statewide benchmark plan determined through the request for proposal
5 process.

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

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

16 (4) Any savings realized as a result of a program created for
17 employees or school employees and retirees under this section shall
18 not be used to increase benefits unless such use is authorized by
19 statute.

20 ((+4)) (5) Any program created under this section shall be
21 subject to the examination requirements of chapter 48.03 RCW as if
22 the program were a domestic insurer. In conducting an examination,
23 the commissioner shall determine the adequacy of the reserves
24 established for the program.

25 ((+5)) (6) The authority shall keep full and adequate accounts
26 and records of the assets, obligations, transactions, and affairs of
27 any program created under this section.

28 ((+6)) (7) The authority shall file a quarterly statement of the
29 financial condition, transactions, and affairs of any program created
30 under this section in a form and manner prescribed by the insurance
31 commissioner. The statement shall contain information as required by
32 the commissioner for the type of insurance being offered under the
33 program. A copy of the annual statement shall be filed with the
34 speaker of the house of representatives and the president of the
35 senate.

36 ((+7)) (8) The provisions of this section do not apply to the
37 administration of chapter 74.09 RCW.

38 **Sec. 18.** RCW 41.05.225 and 2002 c 71 s 1 are each amended to
39 read as follows:

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

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

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

21 **Sec. 19.** RCW 41.05.300 and 2008 c 229 s 3 are each amended to
22 read as follows:

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

33 (2) Nothing in the salary reduction plan constitutes an
34 employment agreement between the participant and the state, and
35 nothing contained in the participant's salary reduction agreement,
36 the plan, this section, or RCW 41.05.123, 41.05.310 through
37 41.05.360, and 41.05.295 gives a participant any right to be retained
38 in state employment.

1 **Sec. 20.** RCW 41.05.320 and 2008 c 229 s 5 are each amended to
2 read as follows:

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

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

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

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

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

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

35 (5) Any reduction of salary under the salary reduction plan shall
36 not reduce the reportable compensation for the purpose of computing
37 the state retirement and pension benefits earned by the employee or
38 school employee pursuant to chapters 41.26, 41.32, 41.35, 41.37,
39 41.40, and 43.43 RCW.

1 **Sec. 21.** RCW 41.04.205 and 2016 c 67 s 1 are each amended to
2 read as follows:

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

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

21 (a) Establish the conditions for participation; and

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

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

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

31 (4) Until December 31, 2019, school districts may voluntarily
32 transfer to the public employees' benefits board, except that all
33 eligible employees in a bargaining unit of a school district may
34 transfer only as a unit and all nonrepresented employees in a
35 district may transfer only as a unit.

36 **Sec. 22.** RCW 28A.400.275 and 2017 3rd sp.s. c 13 s 814 and 2017
37 3rd sp.s. c 7 s 1 are each reenacted and amended to read as follows:

38 (1) Any contract or agreement for employee benefits executed
39 after April 13, 1990, between a school district or educational

1 service district and a benefit provider or employee bargaining unit
2 is null and void unless it contains an agreement to abide by state
3 laws relating to school district and educational service district
4 employee benefits. The term of the contract or agreement may not
5 exceed one year, except that the final contract or agreement entered
6 into for the 2018-19 school year must exceed one year only by the
7 months necessary to ensure employee benefits are maintained through
8 December 31, 2019.

9 ~~(2) ((Through December 31, 2019, school districts and their~~
10 ~~benefit providers shall annually submit, by a date determined by the~~
11 ~~office of the insurance commissioner, the following information and~~
12 ~~data for the prior calendar year to the office of the insurance~~
13 ~~commissioner:~~

14 ~~(a) Progress by the district and its benefit providers toward~~
15 ~~greater affordability for full family coverage, health care cost~~
16 ~~savings, and significantly reduced administrative costs;~~

17 ~~(b) Compliance with the requirement to provide a high deductible~~
18 ~~health plan option with a health savings account;~~

19 ~~(c) An overall plan summary including the following:~~

20 ~~(i) The financial plan structure and overall performance of each~~
21 ~~health plan including:~~

22 ~~(A) Total premium expenses;~~

23 ~~(B) Total claims expenses;~~

24 ~~(C) Claims reserves; and~~

25 ~~(D) Plan administration expenses, including compensation paid to~~
26 ~~brokers;~~

27 ~~(ii) A description of the plan's use of innovative health plan~~
28 ~~features designed to reduce health benefit premium growth and reduce~~
29 ~~utilization of unnecessary health services including but not limited~~
30 ~~to the use of enrollee health assessments or health coach services,~~
31 ~~care management for high cost or high risk enrollees, medical or~~
32 ~~health home payment mechanisms, and plan features designed to create~~
33 ~~incentives for improved personal health behaviors;~~

34 ~~(iii) Data to provide an understanding of employee health benefit~~
35 ~~plan coverage and costs, including: The total number of employees~~
36 ~~and, for each employee, the employee's full-time equivalent status,~~
37 ~~types of coverage or benefits received including numbers of covered~~
38 ~~dependents, the number of eligible dependents, the amount of the~~
39 ~~district's contribution to premium, additional premium costs paid by~~

1 ~~the employee through payroll deductions, and the age and sex of the~~
2 ~~employee and each dependent;~~

3 ~~(iv) Data necessary for school districts to more effectively and~~
4 ~~competitively manage and procure health insurance plans for~~
5 ~~employees. The data must include, but not be limited to, the~~
6 ~~following:~~

7 ~~(A) A summary of the benefit packages offered to each group of~~
8 ~~district employees, including covered benefits, employee deductibles,~~
9 ~~coinsurance, and copayments, and the number of employees and their~~
10 ~~dependents in each benefit package;~~

11 ~~(B) Aggregated employee and dependent demographic information,~~
12 ~~including age band and gender, by insurance tier and by benefit~~
13 ~~package;~~

14 ~~(C) Total claim payments by benefit package, including premiums~~
15 ~~paid, inpatient facility claims paid, outpatient facility claims~~
16 ~~paid, physician claims paid, pharmacy claims paid, capitation amounts~~
17 ~~paid, and other claims paid;~~

18 ~~(D) Total premiums paid by benefit package;~~

19 ~~(E) A listing of large claims defined as annual amounts paid in~~
20 ~~excess of one hundred thousand dollars including the amount paid, the~~
21 ~~member enrollment status, and the primary diagnosis;~~

22 ~~(F) After December 31, 2018, school districts shall submit such~~
23 ~~data as required by the school employees' benefits board to~~
24 ~~administer the consolidated purchasing of health services.~~

25 ~~(3) Through December 31, 2018, school districts and their benefit~~
26 ~~providers shall jointly report to the office of the insurance~~
27 ~~commissioner on their health insurance related efforts and~~
28 ~~achievements to:~~

29 ~~(a) Significantly reduce administrative costs for school~~
30 ~~districts;~~

31 ~~(b) Improve customer service;~~

32 ~~(c) Reduce differential plan premium rates between employee only~~
33 ~~and family health benefit premiums;~~

34 ~~(d) Protect access to coverage for part-time K-12 employees.~~

35 ~~(4) The information and data shall be submitted in a format and~~
36 ~~according to a schedule established by the office of the insurance~~
37 ~~commissioner under RCW 48.02.210 to enable the commissioner to meet~~
38 ~~the reporting obligations under that section.~~

1 ~~(5) Through December 31, 2018,)~~ School districts, educational
2 service districts, and their benefit providers shall submit data to
3 the health care authority in accordance with RCW 41.05.075(3).

4 (3) Any benefit provider offering a benefit plan by contract or
5 agreement with a school district or educational service district
6 under subsection (1) of this section shall make available to the
7 school district or educational service district the benefit plan
8 descriptions and, where available, the demographic information on
9 plan subscribers that the school district, educational service
10 district, and benefit provider are required to report to the ((office
11 of the insurance commissioner)) health care authority under this
12 section. ((After December 31, 2018, a benefit provider shall submit
13 such data to the school employees' benefits board.

14 ~~(6))~~ (4) Each school district and educational service district
15 shall:

16 (a) Carry out all actions required by the school employees'
17 benefits board and the health care authority under chapter 41.05 RCW
18 including, but not limited to, those necessary for the operation of
19 benefit plans, education of employees, claims administration, and
20 appeals process; and

21 (b) Report all data relating to employees eligible to participate
22 in benefits or plans administered by the school employees' benefits
23 board and the health care authority in a format designed and
24 communicated by the school employees' benefits board and the health
25 care authority.

26 **Sec. 23.** RCW 28A.400.350 and 2017 3rd sp.s. c 13 s 816 are each
27 amended to read as follows:

28 (1) The board of directors of any of the state's school districts
29 or educational service districts may make available medical, dental,
30 vision, liability, life, accident, disability, and salary protection
31 or insurance, direct agreements as defined in chapter 48.150 RCW, or
32 any one of, or a combination of the types of employee benefits
33 enumerated in this subsection, or any other type of insurance or
34 protection, for the members of the boards of directors, the students,
35 and employees of the school district or educational service district,
36 and their dependents. Except as provided in subsection (6) of this
37 section, such coverage may be provided by contracts or agreements
38 with private carriers, with the state health care authority, or
39 through self-insurance or self-funding pursuant to chapter 48.62 RCW,

1 or in any other manner authorized by law. Any direct agreement must
2 comply with RCW 48.150.050.

3 (2)(a) Whenever funds are available for these purposes the board
4 of directors of the school district or educational service district
5 may contribute all or a part of the cost of such protection or
6 insurance for the employees of their respective school districts or
7 educational service districts and their dependents. The premiums on
8 such liability insurance shall be borne by the school district or
9 educational service district.

10 (b) After October 1, 1990, school districts may not contribute to
11 any employee protection or insurance other than liability insurance
12 unless the district's employee benefit plan conforms to RCW
13 28A.400.275 and 28A.400.280.

14 (c) After December 31, 2019, school district contributions to any
15 employee insurance that is purchased through the health care
16 authority must conform to the requirements established by chapter
17 41.05 RCW and the school employees' benefits board.

18 (3) For school board members, educational service district board
19 members, and students, the premiums due on such protection or
20 insurance shall be borne by the assenting school board member,
21 educational service district board member, or student. The school
22 district or educational service district may contribute all or part
23 of the costs, including the premiums, of life, health, health care,
24 accident or disability insurance which shall be offered to all
25 students participating in interschool activities on the behalf of or
26 as representative of their school, school district, or educational
27 service district. The school district board of directors and the
28 educational service district board may require any student
29 participating in extracurricular interschool activities to, as a
30 condition of participation, document evidence of insurance or
31 purchase insurance that will provide adequate coverage, as determined
32 by the school district board of directors or the educational service
33 district board, for medical expenses incurred as a result of injury
34 sustained while participating in the extracurricular activity. In
35 establishing such a requirement, the district shall adopt regulations
36 for waiving or reducing the premiums of such coverage as may be
37 offered through the school district or educational service district
38 to students participating in extracurricular activities, for those
39 students whose families, by reason of their low income, would have
40 difficulty paying the entire amount of such insurance premiums. The

1 district board shall adopt regulations for waiving or reducing the
2 insurance coverage requirements for low-income students in order to
3 assure such students are not prohibited from participating in
4 extracurricular interschool activities.

5 (4) All contracts or agreements for insurance or protection
6 written to take advantage of the provisions of this section shall
7 provide that the beneficiaries of such contracts may utilize on an
8 equal participation basis the services of those practitioners
9 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71
10 RCW.

11 (5)(a) Until the creation of the school employees' benefits board
12 under RCW 41.05.740, school districts offering medical, vision, and
13 dental benefits shall:

14 (i) Offer a high deductible health plan option with a health
15 savings account that conforms to section 223, part VII of subchapter
16 1 of the internal revenue code of 1986. School districts shall comply
17 with all applicable federal standards related to the establishment of
18 health savings accounts;

19 (ii) Make progress toward employee premiums that are established
20 to ensure that full family coverage premiums are not more than three
21 times the premiums for employees purchasing single coverage for the
22 same coverage plan, unless a subsequent premium differential target
23 is defined as a result of the review and subsequent actions described
24 in RCW 41.05.655;

25 (iii) Offer employees at least one health benefit plan that is
26 not a high deductible health plan offered in conjunction with a
27 health savings account in which the employee share of the premium
28 cost for a full-time employee, regardless of whether the employee
29 chooses employee-only coverage or coverage that includes dependents,
30 does not exceed the share of premium cost paid by state employees
31 during the state employee benefits year that started immediately
32 prior to the school year.

33 (b) All contracts or agreements for employee benefits must be
34 held to responsible contracting standards, meaning a fair, prudent,
35 and accountable competitive procedure for procuring services that
36 includes an open competitive process, except where an open process
37 would compromise cost-effective purchasing, with documentation
38 justifying the approach.

39 (c) School districts offering medical, vision, and dental
40 benefits shall also make progress on promoting health care

1 innovations and cost savings and significantly reduce administrative
2 costs.

3 (d) All contracts or agreements for insurance or protection
4 described in this section shall be in compliance with chapter 3, Laws
5 of 2012 2nd sp. sess.

6 ~~((e) Upon notification from the office of the insurance
7 commissioner of a school district's substantial noncompliance with
8 the data reporting requirements of RCW 28A.400.275, and the failure
9 is due to the action or inaction of the school district, and if the
10 noncompliance has occurred for two reporting periods, the
11 superintendent is authorized and required to limit the school
12 district's authority provided in subsection (1) of this section
13 regarding employee health benefits to the provision of health benefit
14 coverage provided by the state health care authority.))~~

15 (6) The authority to make available basic and optional benefits
16 to school employees under this section expires December 31, 2019.
17 Beginning January 1, 2020, school districts and educational service
18 districts shall make available basic and optional benefits through
19 plans offered by the health care authority and the school employees'
20 benefits board.

21 NEW SECTION. **Sec. 24.** A new section is added to chapter 28A.710
22 RCW to read as follows:

23 (1) A function of the school employees' benefits board
24 established under RCW 41.05.740 is to design and approve insurance
25 benefit plans and to establish eligibility criteria for participation
26 in insurance benefit plans by January 1, 2020. In order for the
27 school employees' benefits board to develop these benefit plans,
28 charter school employees' information must be provided to the school
29 employees' benefits board and the health care authority.

30 (2) Charter schools and their benefit providers must submit data
31 to the health care authority in accordance with RCW 41.05.075(3).

32 (3) Any benefit provider offering a benefit plan by contract or
33 agreement with a charter school must make available to the charter
34 school the benefit plan descriptions and, where available, the
35 demographic information on plan subscribers that the charter school
36 and benefit providers are required to report to the health care
37 authority under this section.

38 (4) Each charter school must:

1 (a) Carry out all actions required by the school employees'
2 benefits board and the health care authority under chapter 41.05 RCW
3 including, but not limited to, those actions necessary for the
4 operation of benefit plans, education of employees, claims
5 administration, and appeals process; and

6 (b) Report all data relating to employees eligible to participate
7 in benefits or plans administered by the school employees' benefits
8 board and the health care authority in a format designed and
9 communicated by the school employees' benefits board and the health
10 care authority.

11 **Sec. 25.** RCW 41.05.120 and 2017 3rd sp.s. c 13 s 809 are each
12 amended to read as follows:

13 (1) The public employees' and retirees' insurance account is
14 hereby established in the custody of the state treasurer, to be used
15 by the director for the deposit of contributions, the remittance paid
16 by school districts and educational service districts under RCW
17 28A.400.410, reserves, dividends, and refunds, for payment of
18 premiums and claims for employee and retiree insurance benefit
19 contracts and subsidy amounts provided under RCW 41.05.085, and
20 transfers from the flexible spending administrative account as
21 authorized in RCW 41.05.123. Moneys from the account shall be
22 disbursed by the state treasurer by warrants on vouchers duly
23 authorized by the director. Moneys from the account may be
24 transferred to the flexible spending administrative account to
25 provide reserves and start-up costs for the operation of the flexible
26 spending administrative account program.

27 (2) The state treasurer and the state investment board may invest
28 moneys in the public employees' and retirees' insurance account. All
29 such investments shall be in accordance with RCW 43.84.080 or
30 43.84.150, whichever is applicable. The director shall determine
31 whether the state treasurer or the state investment board or both
32 shall invest moneys in the public employees' and retirees' insurance
33 account.

34 (3) The school employees' insurance account is hereby established
35 in the custody of the state treasurer, to be used by the director for
36 the deposit of contributions, reserves, dividends, and refunds, for
37 payment of premiums and claims for school employee insurance benefit
38 contracts, and for transfers from the school employees' benefits
39 board flexible spending and dependent care administrative account as

1 authorized in this subsection. Moneys from the account shall be
2 disbursed by the state treasurer by warrants on vouchers duly
3 authorized by the director. Moneys from the account may be
4 transferred to the school employees' benefits board flexible spending
5 and dependent care administrative account to provide reserves and
6 start-up costs for the operation of the school employees' benefits
7 board flexible spending arrangement and dependent care assistance
8 program.

9 (4) The state treasurer and the state investment board may invest
10 moneys in the school employees' insurance account. These investments
11 must be in accordance with RCW 43.84.080 or 43.84.150, whichever is
12 applicable. The director shall determine whether the state treasurer
13 or the state investment board or both shall invest moneys in the
14 school employees' insurance account.

15 **Sec. 26.** RCW 41.05.123 and 2008 c 229 s 6 are each amended to
16 read as follows:

17 (1) For the public employees' benefits board program, the
18 flexible spending administrative account is created in the custody of
19 the state treasurer.

20 (a) All receipts from the following must be deposited in the
21 account:

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

26 ~~((b) funds transferred from the dependent care administrative~~
27 ~~account; and~~

28 ~~(e))~~ (ii) Unclaimed moneys at the end of the plan year after all
29 timely submitted claims for that plan year have been processed.
30 Expenditures from the account may be used only for administrative and
31 other expenses related to operating the medical flexible spending
32 arrangement program and the dependent care assistance program
33 provided through the salary reduction plan authorized under this
34 chapter. Only the ~~((administrator))~~ director or the
35 ~~((administrator's))~~ director's designee may authorize expenditures
36 from the account. The account is subject to allotment procedures
37 under chapter 43.88 RCW, but an appropriation is not required for
38 expenditures.

1 ~~((2))~~ (b) The salary reduction account is ~~((established in the~~
2 ~~state treasury))~~ created in the custody of the state treasurer.
3 Employee salary reductions paid to reimburse participants or service
4 providers for benefits provided by the medical flexible spending
5 arrangement program and the dependent care assistance program
6 provided through the salary reduction plan authorized under this
7 chapter shall be paid from the salary reduction account. The funds
8 held by the state to pay for benefits provided by the medical
9 flexible spending arrangement program and the dependent care
10 assistance program provided through the salary reduction plan
11 authorized under this chapter shall be deposited in the salary
12 reduction account. Unclaimed moneys remaining in the salary reduction
13 account at the end of a plan year after all timely submitted claims
14 for that plan year have been processed shall become a part of the
15 flexible spending administrative account. Only the ~~((administrator))~~
16 director or the ~~((administrator's))~~ director's designee may authorize
17 expenditures from the account. The account is not subject to
18 allotment procedures under chapter 43.88 RCW and an appropriation is
19 not required for expenditures.

20 ~~((3))~~ (c) Program claims reserves and money necessary for
21 start-up costs transferred from the public employees' and retirees'
22 insurance account established in RCW 41.05.120 may be deposited in
23 the flexible spending administrative account. Moneys in excess of the
24 amount necessary for administrative and operating expenses of the
25 medical flexible spending arrangement program may be transferred to
26 the public employees' and retirees' insurance account.

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

32 (2) For the school employees' benefits board program, the school
33 employees' benefits board flexible spending and dependent care
34 administrative account is created in the custody of the state
35 treasurer.

36 (a) All receipts from the following must be deposited in the
37 account:

38 (i) Revenues from school employees' benefits board organizations
39 for costs associated with operating the school employees' benefits
40 board medical flexible spending arrangement program and the school

1 employees' benefits board dependent care assistance program provided
2 through the salary reduction plan authorized under this chapter; and

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

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

36 (c) Program claims reserves and money necessary for start-up
37 costs transferred from the school employees' insurance account
38 established in RCW 41.05.120 may be deposited in the school
39 employees' benefits board flexible spending and dependent care
40 administrative account. Moneys in excess of the amount necessary for

1 administrative and operating expenses of the school employees'
2 benefits board medical flexible spending arrangement and the school
3 employees' benefits board dependent care assistance program may be
4 transferred to the school employees' insurance account.

5 (d) The authority may periodically bill school employees'
6 benefits board organizations for costs associated with operating the
7 school employees' benefits board medical flexible spending
8 arrangement program and the school employees' benefits board
9 dependent care assistance program provided through the salary
10 reduction plan authorized under this chapter.

11 **Sec. 27.** RCW 41.05.143 and 2017 3rd sp.s. c 13 s 811 are each
12 amended to read as follows:

13 (1) The uniform medical plan benefits administration account is
14 created in the custody of the state treasurer. Only the director or
15 the director's designee may authorize expenditures from the account.
16 Moneys in the account shall be used exclusively for contracted
17 expenditures for uniform medical plan claims administration, data
18 analysis, utilization management, preferred provider administration,
19 and activities related to benefits administration where the level of
20 services provided pursuant to a contract fluctuate as a direct result
21 of changes in uniform medical plan enrollment. Moneys in the account
22 may also be used for administrative activities required to respond to
23 new and unforeseen conditions that impact the uniform medical plan,
24 but only when the authority and the office of financial management
25 jointly agree that such activities must be initiated prior to the
26 next legislative session.

27 (2) Receipts from amounts due from or on behalf of uniform
28 medical plan enrollees for expenditures related to benefits
29 administration, including moneys disbursed from the public employees'
30 and retirees' insurance account, shall be deposited into the account.
31 The account is subject to allotment procedures under chapter 43.88
32 RCW, but no appropriation is required for expenditures. All proposals
33 for allotment increases shall be provided to the house of
34 representatives appropriations committee and to the senate ways and
35 means committee at the same time as they are provided to the office
36 of financial management.

37 (3) The uniform dental plan benefits administration account is
38 created in the custody of the state treasurer. Only the director or
39 the director's designee may authorize expenditures from the account.

1 Moneys in the account shall be used exclusively for contracted
2 expenditures related to benefits administration for the uniform
3 dental plan as established under RCW 41.05.140. Receipts from amounts
4 due from or on behalf of uniform dental plan enrollees for
5 expenditures related to benefits administration, including moneys
6 disbursed from the public employees' and retirees' insurance account,
7 shall be deposited into the account. The account is subject to
8 allotment procedures under chapter 43.88 RCW, but no appropriation is
9 required for expenditures.

10 (4) The public employees' benefits board medical benefits
11 administration account is created in the custody of the state
12 treasurer. Only the director or the director's designee may authorize
13 expenditures from the account. Moneys in the account shall be used
14 exclusively for contracted expenditures related to claims
15 administration, data analysis, utilization management, preferred
16 provider administration, and other activities related to benefits
17 administration for self-insured medical plans (~~other than the~~
18 ~~uniform medical plan~~). Receipts from amounts due from or on behalf
19 of enrollees for expenditures related to benefits administration,
20 including moneys disbursed from the public employees' and retirees'
21 insurance account, shall be deposited into the account. The account
22 is subject to allotment procedures under chapter 43.88 RCW, but an
23 appropriation is not required for expenditures.

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

39 (6) The school employees' benefits board dental benefits
40 administration account is created in the custody of the state

1 treasurer. Only the director or the director's designee may authorize
2 expenditures from the account. Moneys in the account shall be used
3 exclusively for school employees' benefits board contracted
4 expenditures related to benefits administration for the self-insured
5 dental plan as established under RCW 41.05.140. Receipts from amounts
6 due from or on behalf of the self-insured dental plan enrollees for
7 expenditures related to benefits administration, including moneys
8 disbursed from the school employees' insurance account, shall be
9 deposited into the account. The account is subject to allotment
10 procedures under chapter 43.88 RCW, but no appropriation is required
11 for expenditures.

12 **Sec. 28.** RCW 43.79A.040 and 2017 3rd sp.s. c 5 s 89 are each
13 amended to read as follows:

14 (1) Money in the treasurer's trust fund may be deposited,
15 invested, and reinvested by the state treasurer in accordance with
16 RCW 43.84.080 in the same manner and to the same extent as if the
17 money were in the state treasury, and may be commingled with moneys
18 in the state treasury for cash management and cash balance purposes.

19 (2) All income received from investment of the treasurer's trust
20 fund must be set aside in an account in the treasury trust fund to be
21 known as the investment income account.

22 (3) The investment income account may be utilized for the payment
23 of purchased banking services on behalf of treasurer's trust funds
24 including, but not limited to, depository, safekeeping, and
25 disbursement functions for the state treasurer or affected state
26 agencies. The investment income account is subject in all respects to
27 chapter 43.88 RCW, but no appropriation is required for payments to
28 financial institutions. Payments must occur prior to distribution of
29 earnings set forth in subsection (4) of this section.

30 (4)(a) Monthly, the state treasurer must distribute the earnings
31 credited to the investment income account to the state general fund
32 except under (b), (c), and (d) of this subsection.

33 (b) The following accounts and funds must receive their
34 proportionate share of earnings based upon each account's or fund's
35 average daily balance for the period: The 24/7 sobriety account, the
36 Washington promise scholarship account, the Gina Grant Bull memorial
37 legislative page scholarship account, the Washington advanced college
38 tuition payment program account, the Washington college savings
39 program account, the accessible communities account, the Washington

1 achieving a better life experience program account, the community and
2 technical college innovation account, the agricultural local fund,
3 the American Indian scholarship endowment fund, the foster care
4 scholarship endowment fund, the foster care endowed scholarship trust
5 fund, the contract harvesting revolving account, the Washington state
6 combined fund drive account, the commemorative works account, the
7 county enhanced 911 excise tax account, the toll collection account,
8 the developmental disabilities endowment trust fund, the energy
9 account, the fair fund, the family and medical leave insurance
10 account, the food animal veterinarian conditional scholarship
11 account, the forest health revolving account, the fruit and vegetable
12 inspection account, the future teachers conditional scholarship
13 account, the game farm alternative account, the GET ready for math
14 and science scholarship account, the Washington global health
15 technologies and product development account, the grain inspection
16 revolving fund, the industrial insurance rainy day fund, the juvenile
17 accountability incentive account, the law enforcement officers' and
18 firefighters' plan 2 expense fund, the local tourism promotion
19 account, the low-income home rehabilitation revolving loan program
20 account, the multiagency permitting team account, the northeast
21 Washington wolf-livestock management account, the pilotage account,
22 the produce railcar pool account, the regional transportation
23 investment district account, the rural rehabilitation account, the
24 Washington sexual assault kit account, the stadium and exhibition
25 center account, the youth athletic facility account, the self-
26 insurance revolving fund, the children's trust fund, the Washington
27 horse racing commission Washington bred owners' bonus fund and
28 breeder awards account, the Washington horse racing commission class
29 C purse fund account, the individual development account program
30 account, the Washington horse racing commission operating account,
31 the life sciences discovery fund, the Washington state heritage
32 center account, the reduced cigarette ignition propensity account,
33 the center for childhood deafness and hearing loss account, the
34 school for the blind account, the Millersylvania park trust fund, the
35 public employees' and retirees' insurance reserve fund, the school
36 employees' benefits board insurance reserve fund, public employees'
37 and retirees' insurance account, school employees' insurance account,
38 and the radiation perpetual maintenance fund.

39 (c) The following accounts and funds must receive eighty percent
40 of their proportionate share of earnings based upon each account's or

1 fund's average daily balance for the period: The advanced right-of-
2 way revolving fund, the advanced environmental mitigation revolving
3 account, the federal narcotics asset forfeitures account, the high
4 occupancy vehicle account, the local rail service assistance account,
5 and the miscellaneous transportation programs account.

6 (d) Any state agency that has independent authority over accounts
7 or funds not statutorily required to be held in the custody of the
8 state treasurer that deposits funds into a fund or account in the
9 custody of the state treasurer pursuant to an agreement with the
10 office of the state treasurer shall receive its proportionate share
11 of earnings based upon each account's or fund's average daily balance
12 for the period.

13 (5) In conformance with Article II, section 37 of the state
14 Constitution, no trust accounts or funds shall be allocated earnings
15 without the specific affirmative directive of this section.

16 **Sec. 29.** RCW 28A.400.280 and 2017 3rd sp.s. c 13 s 815 are each
17 amended to read as follows:

18 (1) Except as provided in subsection (2) of this section, school
19 districts may provide employer fringe benefit contributions after
20 October 1, 1990, only for basic benefits. However, school districts
21 may continue payments under contracts with employees or benefit
22 providers in effect on April 13, 1990, until the contract expires.

23 (2) School districts may provide employer contributions after
24 October 1, 1990, (~~and until December 31, 2019,~~) for optional
25 benefit plans, in addition to basic benefits. Beginning January 1,
26 2020, school district optional benefits must be outside the school
27 employees' benefits board's authority in RCW 41.05.740(6). Beginning
28 December 1, 2019, and each December 1st thereafter, school district
29 optional benefits must be reported to the school employees' benefits
30 board and health care authority. The school employees' benefits board
31 shall review the optional benefits offered by districts and: (a)
32 Determine if the optional benefits conflict with school employees'
33 benefits board's plans offering authority and, if not, (b) evaluate
34 whether to seek additional benefit offerings authority from the
35 legislature. Optional benefits may include direct agreements as
36 defined in chapter 48.150 RCW, and may include employee beneficiary
37 accounts that can be liquidated by the employee on termination of
38 employment. Optional benefit plans may be offered only if:

1 (a) Each full-time employee, regardless of the number of
2 dependents receiving basic coverage, receives the same additional
3 employer contribution for other coverage or optional benefits; and

4 (b) For part-time employees, participation in optional benefit
5 plans shall be governed by the same eligibility criteria and/or
6 proration of employer contributions used for allocations for basic
7 benefits.

8 (3) School districts are not intended to divert state basic
9 benefit allocations for other purposes(~~(, and)~~). Beginning January 1,
10 2020, ((no basic or optional benefits may be provided by employer
11 contributions if they are not provided)) school districts must offer
12 all benefits offered by the school employees' benefits board
13 administered by the health care authority, and consistent with RCW
14 41.56.500(2).

15 (4) Any optional benefits offered by a school district under
16 subsection (2) of this section are considered an enhancement to the
17 state's definition of basic education.

18 **Sec. 30.** RCW 41.05.700 and 2017 c 219 s 2 are each amended to
19 read as follows:

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

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

27 (b) The health care service is medically necessary;

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

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

37 (2)(a) If the service is provided through store and forward
38 technology there must be an associated office visit between the
39 covered person and the referring health care provider. Nothing in

1 this section prohibits the use of telemedicine for the associated
2 office visit.

3 (b) For purposes of this section, reimbursement of store and
4 forward technology is available only for those covered services
5 specified in the negotiated agreement between the health plan and
6 health care provider.

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

9 (a) Hospital;

10 (b) Rural health clinic;

11 (c) Federally qualified health center;

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

13 (e) Community mental health center;

14 (f) Skilled nursing facility;

15 (g) Home or any location determined by the individual receiving
16 the service; or

17 (h) Renal dialysis center, except an independent renal dialysis
18 center.

19 (4) Except for subsection (3)(g) of this section, any originating
20 site under subsection (3) of this section may charge a facility fee
21 for infrastructure and preparation of the patient. Reimbursement must
22 be subject to a negotiated agreement between the originating site and
23 the health plan. A distant site or any other site not identified in
24 subsection (3) of this section may not charge a facility fee.

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

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

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

35 (a) An originating site for professional fees;

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

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

40 (8) For purposes of this section:

1 (a) "Distant site" means the site at which a physician or other
2 licensed provider, delivering a professional service, is physically
3 located at the time the service is provided through telemedicine;

4 (b) "Health care service" has the same meaning as in RCW
5 48.43.005;

6 (c) "Hospital" means a facility licensed under chapter 70.41,
7 71.12, or 72.23 RCW;

8 (d) "Originating site" means the physical location of a patient
9 receiving health care services through telemedicine;

10 (e) "Provider" has the same meaning as in RCW 48.43.005;

11 (f) "Store and forward technology" means use of an asynchronous
12 transmission of a covered person's medical information from an
13 originating site to the health care provider at a distant site which
14 results in medical diagnosis and management of the covered person,
15 and does not include the use of audio-only telephone, facsimile, or
16 email; and

17 (g) "Telemedicine" means the delivery of health care services
18 through the use of interactive audio and video technology, permitting
19 real-time communication between the patient at the originating site
20 and the provider, for the purpose of diagnosis, consultation, or
21 treatment. For purposes of this section only, "telemedicine" does not
22 include the use of audio-only telephone, facsimile, or email.

23 NEW SECTION. **Sec. 31.** A new section is added to chapter 41.05
24 RCW to read as follows:

25 (1) All health care and financial related data as required by
26 section 4, chapter 3, Laws of 2012 2nd sp. sess. that was sent by
27 school districts and their benefits providers to the office of the
28 insurance commissioner for plan years ending in 2012 through 2016 for
29 the purposes of studying health benefits provided to school employees
30 must be provided to the authority by March 15, 2018.

31 (2) All claims data, including health care and financial related
32 data received by the authority under subsection (1) of this section,
33 is the property of the state and is exempt from disclosure and not
34 subject to chapter 42.56 RCW.

35 **Sec. 32.** RCW 42.56.400 and 2017 3rd sp.s. c 30 s 2 and 2017 c
36 193 s 2 are each reenacted and amended to read as follows:

37 The following information relating to insurance and financial
38 institutions is exempt from disclosure under this chapter:

1 (1) Records maintained by the board of industrial insurance
2 appeals that are related to appeals of crime victims' compensation
3 claims filed with the board under RCW 7.68.110;

4 (2) Information obtained and exempted or withheld from public
5 inspection by the health care authority under RCW 41.05.026, whether
6 retained by the authority, transferred to another state purchased
7 health care program by the authority, or transferred by the authority
8 to a technical review committee created to facilitate the
9 development, acquisition, or implementation of state purchased health
10 care under chapter 41.05 RCW;

11 (3) The names and individual identification data of either all
12 owners or all insureds, or both, received by the insurance
13 commissioner under chapter 48.102 RCW;

14 (4) Information provided under RCW 48.30A.045 through 48.30A.060;

15 (5) Information provided under RCW 48.05.510 through 48.05.535,
16 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and
17 48.46.600 through 48.46.625;

18 (6) Examination reports and information obtained by the
19 department of financial institutions from banks under RCW 30A.04.075,
20 from savings banks under RCW 32.04.220, from savings and loan
21 associations under RCW 33.04.110, from credit unions under RCW
22 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and
23 from securities brokers and investment advisers under RCW 21.20.100,
24 all of which is confidential and privileged information;

25 (7) Information provided to the insurance commissioner under RCW
26 48.110.040(3);

27 (8) Documents, materials, or information obtained by the
28 insurance commissioner under RCW 48.02.065, all of which are
29 confidential and privileged;

30 (9) Documents, materials, or information obtained by the
31 insurance commissioner under RCW 48.31B.015(2) (l) and (m),
32 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential
33 and privileged;

34 (10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and
35 7.70.140 that, alone or in combination with any other data, may
36 reveal the identity of a claimant, health care provider, health care
37 facility, insuring entity, or self-insurer involved in a particular
38 claim or a collection of claims. For the purposes of this subsection:

39 (a) "Claimant" has the same meaning as in RCW 48.140.010(2).

1 (b) "Health care facility" has the same meaning as in RCW
2 48.140.010(6).

3 (c) "Health care provider" has the same meaning as in RCW
4 48.140.010(7).

5 (d) "Insuring entity" has the same meaning as in RCW
6 48.140.010(8).

7 (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

8 (11) Documents, materials, or information obtained by the
9 insurance commissioner under RCW 48.135.060;

10 (12) Documents, materials, or information obtained by the
11 insurance commissioner under RCW 48.37.060;

12 (13) Confidential and privileged documents obtained or produced
13 by the insurance commissioner and identified in RCW 48.37.080;

14 (14) Documents, materials, or information obtained by the
15 insurance commissioner under RCW 48.37.140;

16 (15) Documents, materials, or information obtained by the
17 insurance commissioner under RCW 48.17.595;

18 (16) Documents, materials, or information obtained by the
19 insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and
20 (7)(a)(ii);

21 (17) Documents, materials, or information obtained by the
22 insurance commissioner in the commissioner's capacity as receiver
23 under RCW 48.31.025 and 48.99.017, which are records under the
24 jurisdiction and control of the receivership court. The commissioner
25 is not required to search for, log, produce, or otherwise comply with
26 the public records act for any records that the commissioner obtains
27 under chapters 48.31 and 48.99 RCW in the commissioner's capacity as
28 a receiver, except as directed by the receivership court;

29 (18) Documents, materials, or information obtained by the
30 insurance commissioner under RCW 48.13.151;

31 (19) Data, information, and documents provided by a carrier
32 pursuant to section 1, chapter 172, Laws of 2010;

33 (20) Information in a filing of usage-based insurance about the
34 usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

35 (21) Data, information, and documents, other than those described
36 in RCW 48.02.210(2) as it existed prior to repeal by section 2,
37 chapter 7, Laws of 2017 3rd sp.s., that are submitted to the office
38 of the insurance commissioner by an entity providing health care
39 coverage pursuant to RCW 28A.400.275 as it existed on January 1,

1 2017, and 48.02.210 as it existed prior to repeal by section 2,
2 chapter 7, Laws of 2017 3rd sp.s.;

3 (22) Data, information, and documents obtained by the insurance
4 commissioner under RCW 48.29.017;

5 (23) Information not subject to public inspection or public
6 disclosure under RCW 48.43.730(5);

7 (24) Documents, materials, or information obtained by the
8 insurance commissioner under chapter 48.05A RCW;

9 (25) Documents, materials, or information obtained by the
10 insurance commissioner under RCW 48.74.025, 48.74.028, 48.74.100(6),
11 48.74.110(2) (b) and (c), and 48.74.120 to the extent such documents,
12 materials, or information independently qualify for exemption from
13 disclosure as documents, materials, or information in possession of
14 the commissioner pursuant to a financial conduct examination and
15 exempt from disclosure under RCW 48.02.065; (~~and~~))

16 (26) Nonpublic personal health information obtained by, disclosed
17 to, or in the custody of the insurance commissioner, as provided in
18 RCW 48.02.068; (~~and~~))

19 (27) Data, information, and documents obtained by the insurance
20 commissioner under RCW 48.02.230; and

21 (28) All claims data, including health care and financial related
22 data received under section 31 of this act, received and held by the
23 health care authority.

24 NEW SECTION. Sec. 33. A new section is added to chapter 28A.400
25 RCW to read as follows:

26 The monthly insurance benefit allocated to school districts for
27 state-funded staffing assumptions in the 2019-2021 biennial omnibus
28 appropriations act must be funded at a rate that is no less than the
29 per employee per month funding rate provided to state agencies for
30 state employee benefits.

31 NEW SECTION. Sec. 34. The legislature intends to review the
32 state-funded staffing assumptions for K-12 benefit allocations to
33 districts for the 2019-2021 biennial omnibus appropriations act and
34 consider assumptions related to the monthly benefit allocated for the
35 proportion of staff, that are anticipated to work six hundred thirty
36 hours or more.

1 NEW SECTION. **Sec. 35.** Sections 14, 22, 23, 31, and 32 of this
2 act are necessary for the immediate preservation of the public peace,
3 health, or safety, or support of the state government and its
4 existing public institutions, and take effect immediately.

--- END ---

TAB 5

Willamette Dental Coverage Map by County



Note: This slide replaces slide 19 behind Tab 4 from the 1/29/18 SEBB meeting

Orthodontia Coverage for PEBB Dental Plans

Uniform Dental Plan*	DeltaCare**	Willamette Dental Group
Member pays after deductible:	Member pays:	Member pays:
50% of costs until the plan has paid \$1,750 for PPO, out of state, or non-PPO; then any amount over \$1,750 in member's lifetime.	Up to \$1,500 copay per case	Up to \$1,500 copay per case

* Uniform Dental is self-insured and administered by Delta Dental

** DeltaCare is a managed care plan administered by Delta Dental

TAB 6



Medical Services Comparisons

Scott Palafox, Acting Deputy Director
Employees and Retirees Benefits Division
March 15, 2018

Medical Portfolio Overview

	Health Care Authority (PEBB Benefits)	Lynden Public School District	Seattle Public School District	Spokane Public School District	WEA Select Plans
Portfolio of Medical Benefits	<p>UMP: 1 – PPO plan 1 – ACN plan (2 networks) 1 – CDHP plan</p> <p>KPWA: 3 – HMO plans 1 – CDHP plan</p> <p>KPNW: 1 – HMO plan 1 – CDHP plan</p>	<p>KPWA: 1 – HMO plan</p> <p>Regence: 5 – PPO plans</p>	<p>KPWA: 2 – HMO plans 4 – PPO plans 1 – CDHP plan</p>	<p>KPWA: 2 – PPO plans 3 – HMO plans</p> <p>Premera: 3 – PPO plan 1 – CDHP plan</p>	<p>United Healthcare: 6 – HPN plans 6 – PPO plans 2 – CDHP plans</p> <p>Aetna: 3 – PPO plans 3 – HPN plans</p>

Note: Does not include Medicare

Source Appendix: Page 6

Medical Services Comparison

	Health Care Authority (PEBB Benefits)	Lynden Public School District	Seattle Public School District	Spokane Public School District	WEA Select Plans
Chiropractic Care/Spinal Manipulation	<ul style="list-style-type: none"> • 10 – 12 visits per calendar year • \$30 – \$35 copay • 90%/10% split – 85%/15% split 	<ul style="list-style-type: none"> • 10 visits per calendar year • 70%/30% split – 80%/20% split 	<ul style="list-style-type: none"> • Unlimited visits • \$15 – \$35 copay 	<ul style="list-style-type: none"> • 12– 45 visits per calendar year • \$35 copay • 80%/20% split 	<ul style="list-style-type: none"> • 12– 52 visits per calendar year • \$20 –\$35 copay
Primary Care Office Visit	\$0 – \$30 copay	\$15 – \$45 copay	\$15 – \$35 copay	\$20 – \$35 copay	\$20 – \$35 copay
Laboratory/Diagnostic Services	<ul style="list-style-type: none"> • \$0 – \$40 copay • 90%/10% split – 85%/15% split 	<ul style="list-style-type: none"> • First \$500 paid at 100%, then coinsurance applies • 70%/30% split – 80%/20% split 	<ul style="list-style-type: none"> • First \$500 paid at 100%, then coinsurance applies • 80%/20% split – 100% covered 	<ul style="list-style-type: none"> • First \$1,000 paid at 100%, then coinsurance applies • 80%/20% split – 75%/25% split 	<ul style="list-style-type: none"> • First \$250 paid at 100%, then coinsurance applies • 70%/30% split – 90%/10% split

Note: Does not include Medicare
Note: Benefit services being examined are based on 2017 UMP utilization data and SEB Board specified inquiry
Source Appendix: Page 6

Medical Services Comparison *(cont.)*

	Health Care Authority (PEBB Benefits)	Lynden Public School District	Seattle Public School District	Spokane Public School District	WEA Select Plans
Outpatient Psychiatric/ Mental Health	<ul style="list-style-type: none"> • \$15 – \$30 copay • 90%/10% split – 85%/15% split 	<ul style="list-style-type: none"> • \$15 – \$30 copay • 70%/30% split – 80%/20% split 	<ul style="list-style-type: none"> • \$15 – \$35 copay 	<ul style="list-style-type: none"> • \$20 copay • 75%/25% split – 90%/10% split 	<ul style="list-style-type: none"> • \$20 – \$35 copay • 80%/20% split
Outpatient Physical Therapy	<ul style="list-style-type: none"> • 60 visits per calendar year • \$30 – \$0 copay • 90%/10% split – 85%/15% split 	<ul style="list-style-type: none"> • 25 – 60 visits per calendar year • 70%/30% split – 80%/20% split 	<ul style="list-style-type: none"> • 45 visits per calendar year • \$15 – \$35 copay 	<ul style="list-style-type: none"> • 15 – 45 visits per calendar year • \$40 copay • 80%/20% split 	<ul style="list-style-type: none"> • 15 unlimited visits per calendar year • \$35 – \$50 copay • 80%/20% split
Massage Services	<ul style="list-style-type: none"> • 16– 60 visits per calendar year • \$30 – \$50 copay • 90%/10% split – 85%/15% split 	<ul style="list-style-type: none"> • 25 – 60 visits per calendar year • 70%/30% split – 80%/20% split 	<ul style="list-style-type: none"> • 45 visits per calendar year • \$0 – \$35 copay 	<ul style="list-style-type: none"> • 15 – 45 visits per calendar year • \$35 copay • 80%/20% split 	<ul style="list-style-type: none"> • 45 – 80 visits per calendar year • \$35 – \$50 copay

Note: Does not include Medicare

Note: Benefit services being examined are based on 2017 UMP utilization data and SEB Board specified inquiry

Source Appendix: Page 6

Questions?



Scott Palafox, Acting Deputy Director
Employees and Retirees Benefits Division

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Appendix

Links to benefit summaries

- Medical
 - <http://swcontent.spokaneschools.org/Page/2355>
 - <http://www.lynden.wednet.edu/cms/One.aspx?portalId=1273&pageId=2953>
 - <https://www.weaselect.com/#United>
 - <https://www.weaselect.aetna.com/puget-sound-home/health-plans/aetna-whole-health-network>
 - <https://www.weaselect.aetna.com/puget-sound-home/health-plans/preferred-provider-organization-ppo>
 - <http://www.seattleschools.org/cms/One.aspx?portalId=627&pageId=9309867>
 - <https://www.hca.wa.gov/public-employee-benefits/employees/benefits-and-coverage-plan>

TAB 7



School Employee Benefits Enrollment Data

John Bowden, Manager
School Employees Benefits Section
Employees and Retirees Benefits Division
March 15, 2018

Today's Agenda

- **School Employee Counts**
 - Headcount vs Full-time Equivalency (FTE)
 - Where Employees Live (East vs West and Urban vs Rural)
- **School Employee Enrollment for Selected Entities by:**
 - Coverage Tier
 - Actuarial Value
- **Statewide School Employee Medical Enrollment by:**
 - Plan Type
 - Coverage Tier
 - Coverage Tier and Geographic Region
 - Coverage Tier and Work Hours
- **Statewide School Employee Non-Medical Enrollment**
 - Type of Benefit (Above/Below 630 Hours)

Different School Employees Counts

Data & Data Source	Number
Statewide Headcount (S-275, LEAP*)	133,900
Statewide FTE	109,900
State-Funded FTE	94,400
Locally Funded FTE	15,500

Source: OFM analysis for mega model funding purposes using 2015-2016 data.

*Legislative Evaluation and Accountability Program

Where School Employees Live

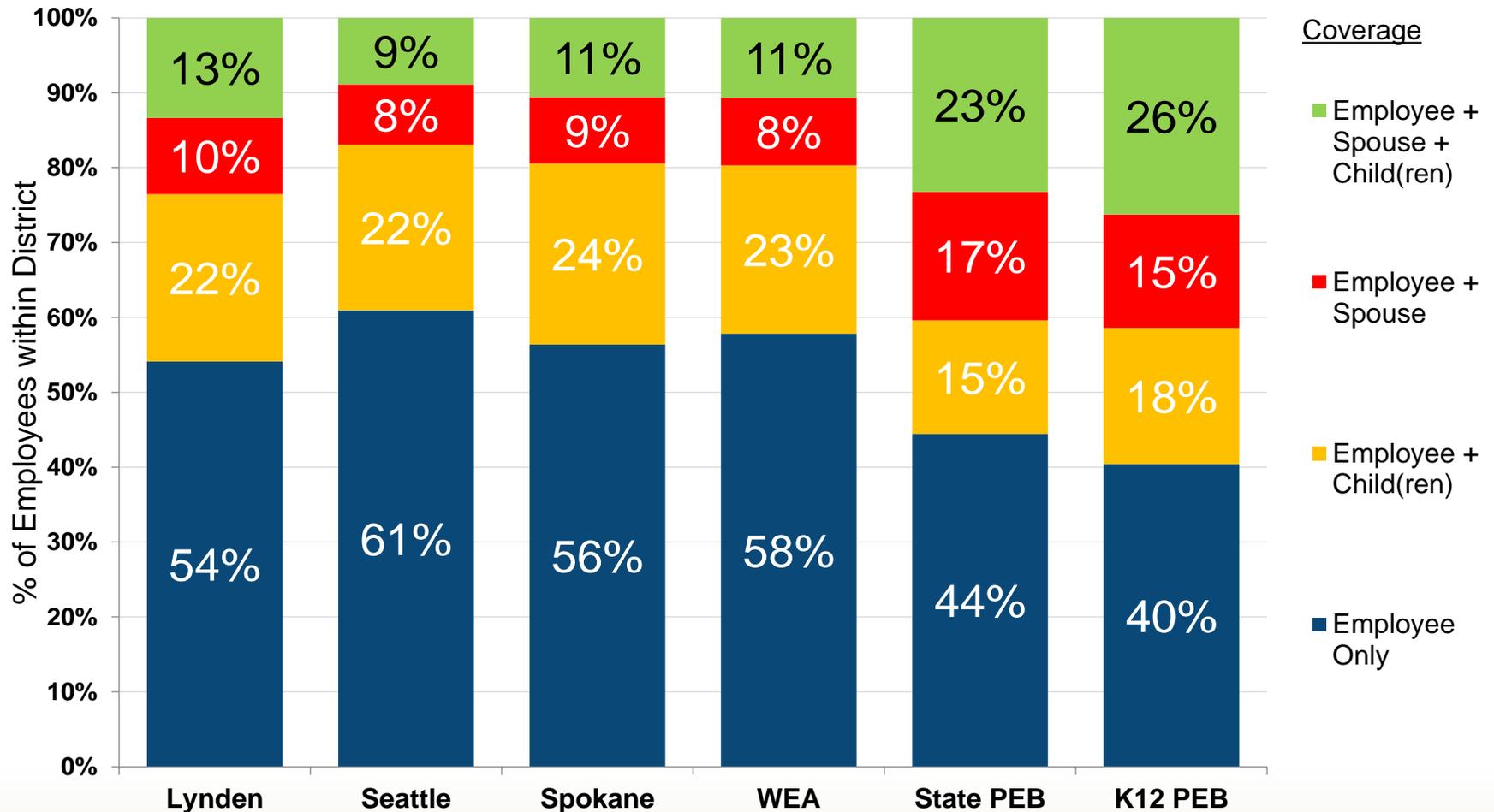


Source: S-275 Preliminary Personnel Data 2015-2016

School Employee Enrollments for Selected Entities

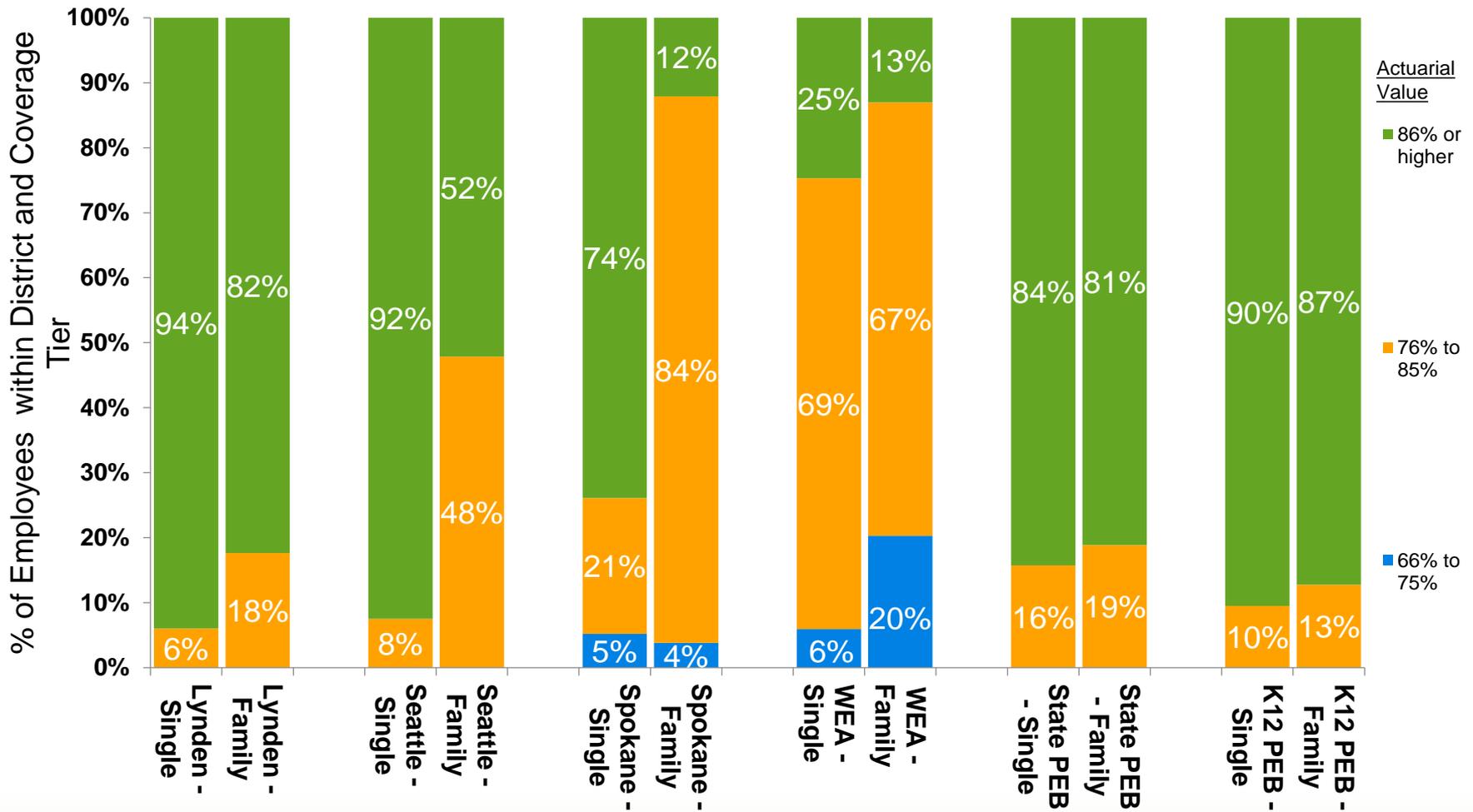
- School Employee Enrollment by Coverage Tier
- School Employee Enrollment by Actuarial Value

School Employee Enrollment by Coverage Tier



Source: WSIPC and non-participating district data 2018

School Employee Enrollment by Actuarial Value

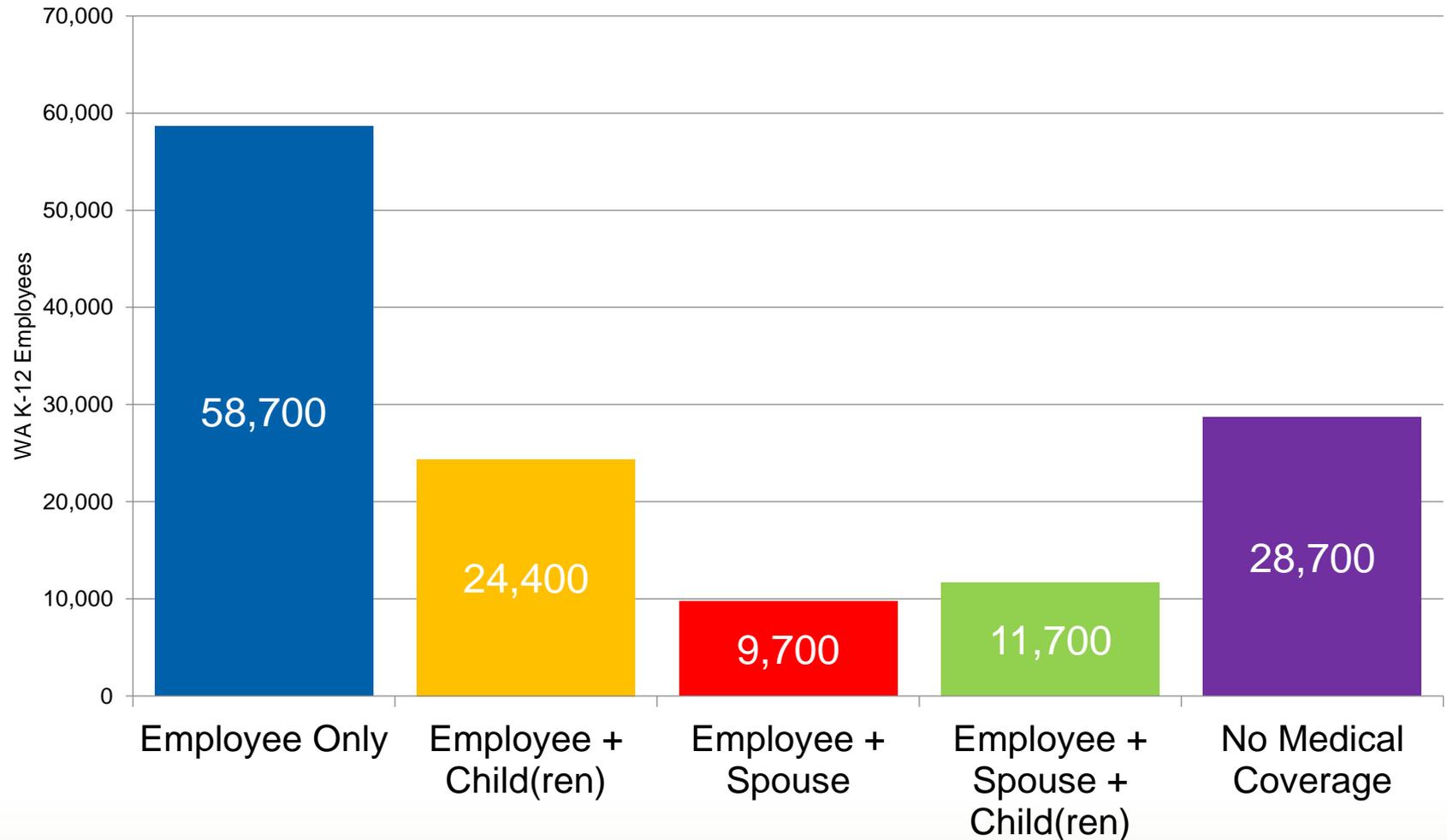


Source: WSIPC and non-participating district data 2018
 Note: "Family" means Employee + Spouse/SRDP + Child(ren)

Statewide School Employee Enrollment

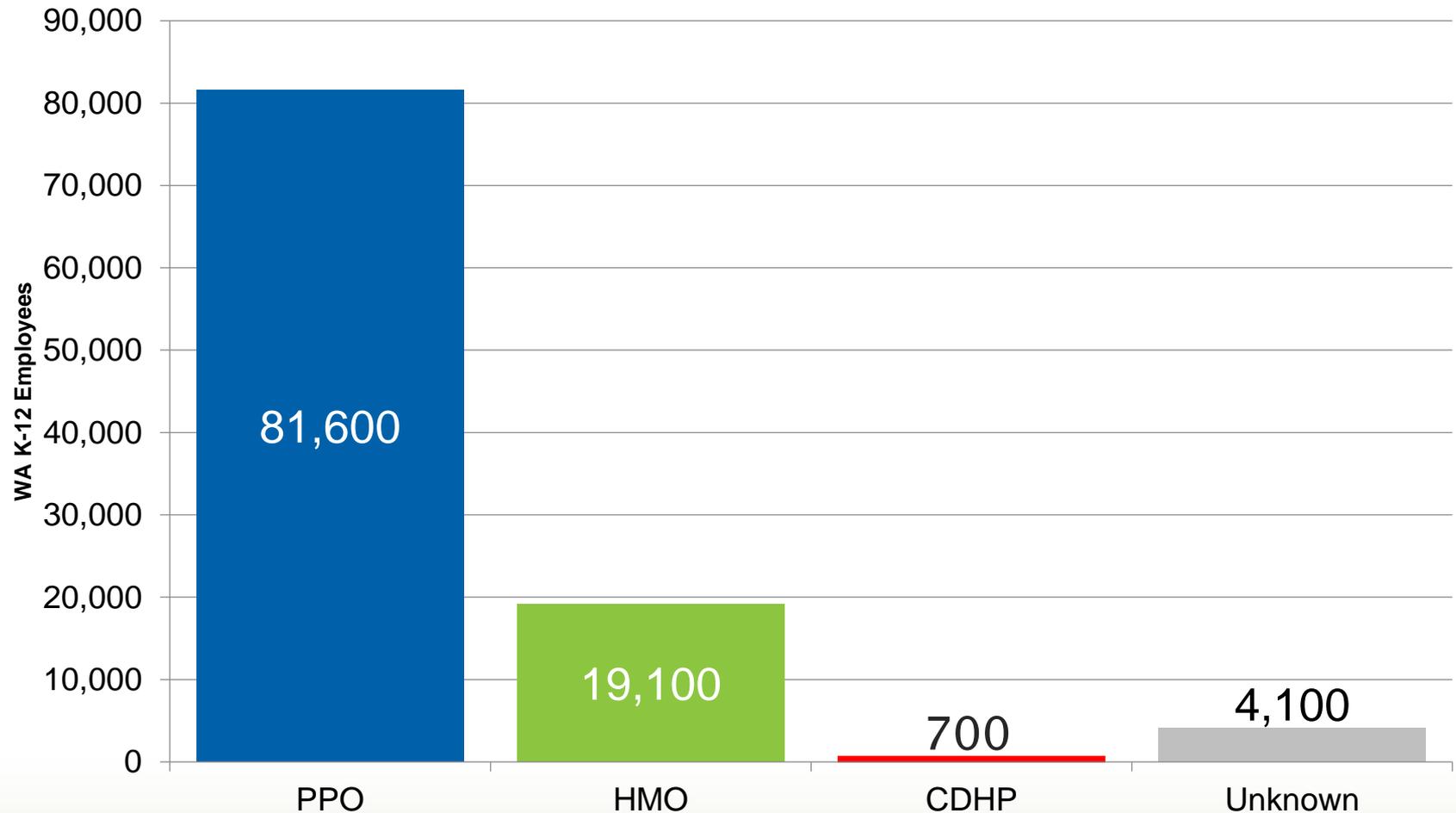
- School Employee Count
 - By Coverage Tier
 - By Plan Type
- Distribution of School Employees
 - By Plan Type (All) (Rural)
 - By Coverage Tier and Geographic Region and Work Hours

School Employee Count by Coverage Tier



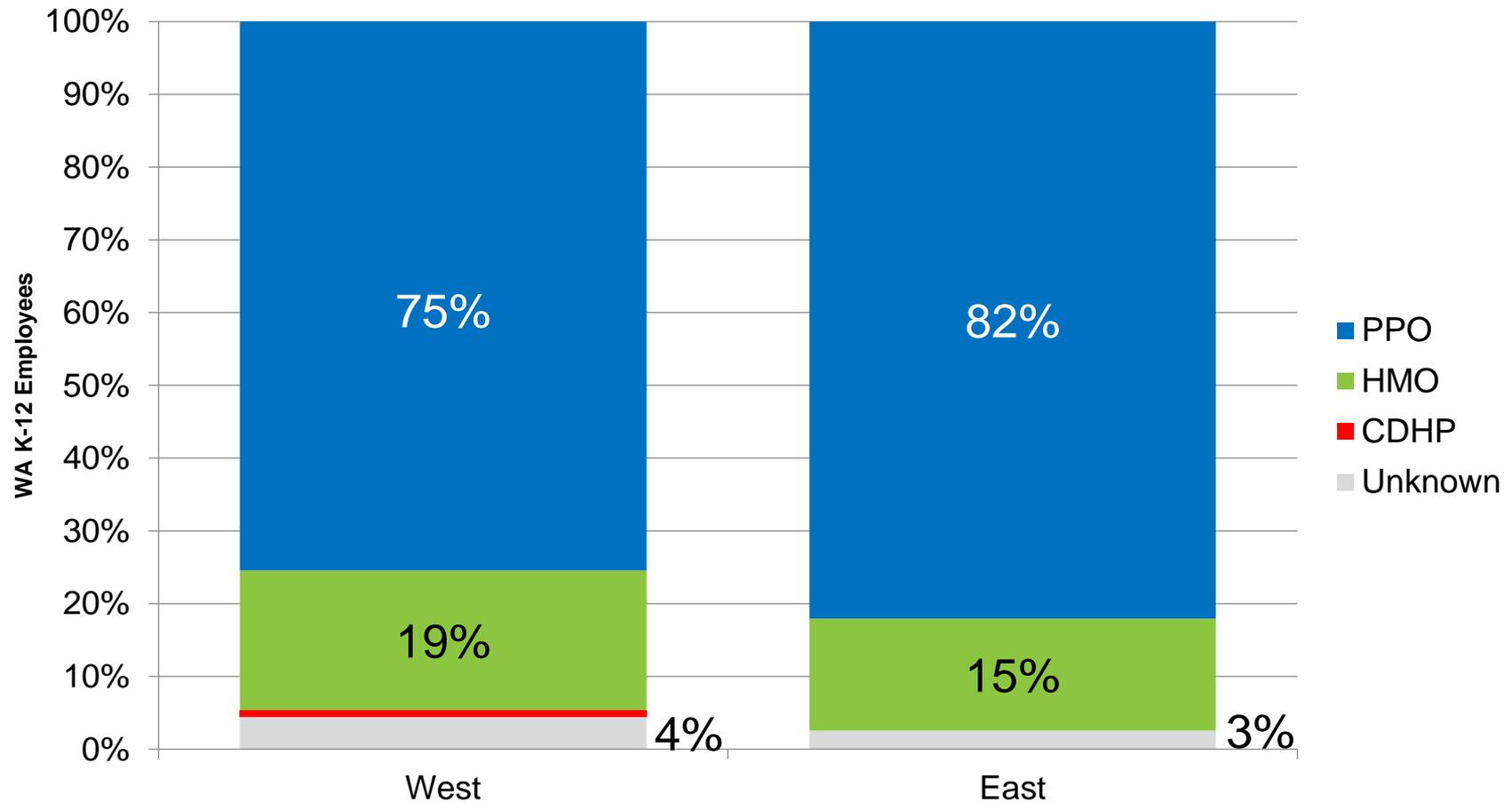
Source: Year 4 OIC Carrier Data 2014-2015

School Employee Count by Plan Type



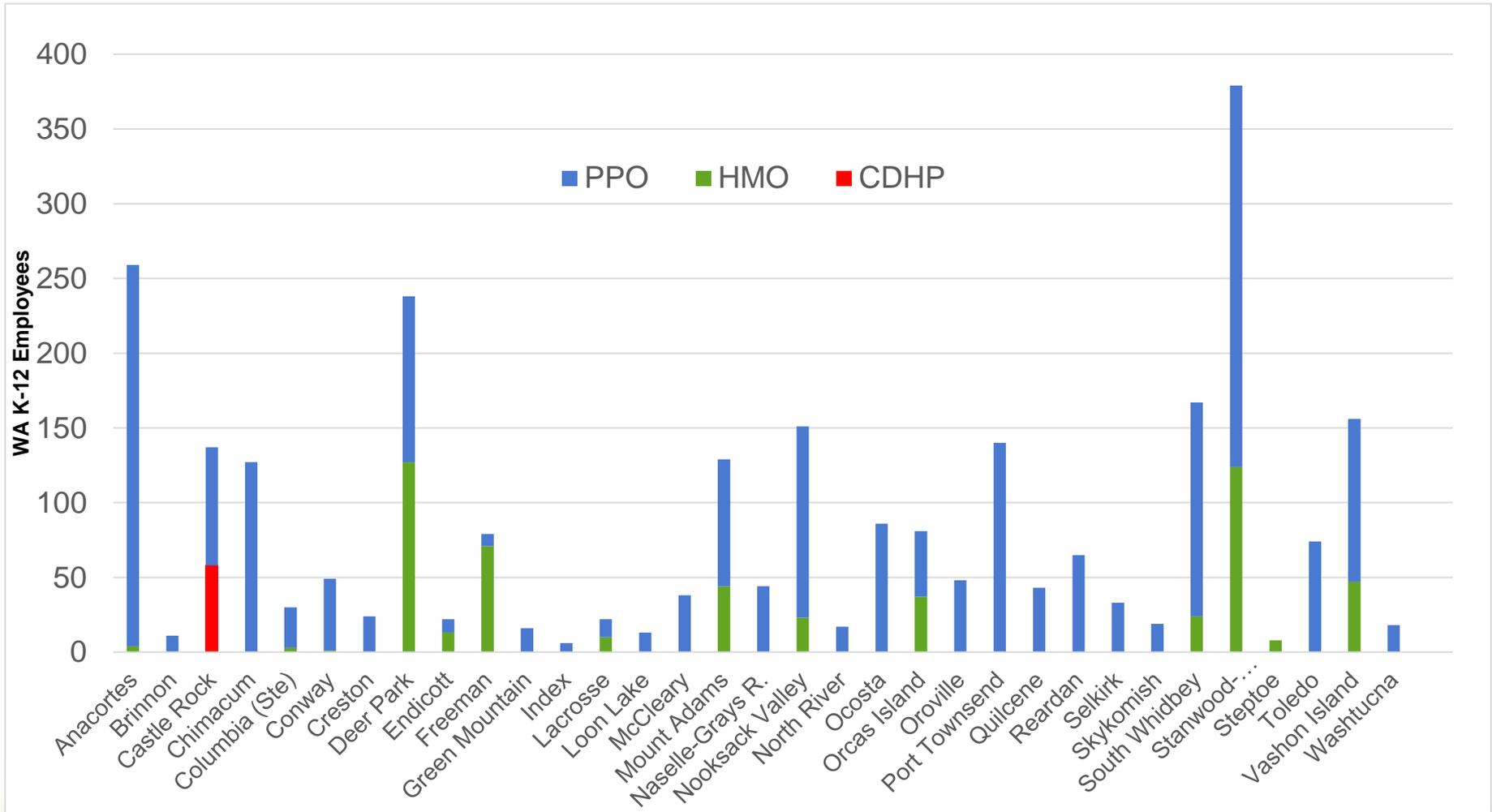
Source: Year 4 OIC Carrier Data 2014-2015

Distribution of School Employees by Plan Type



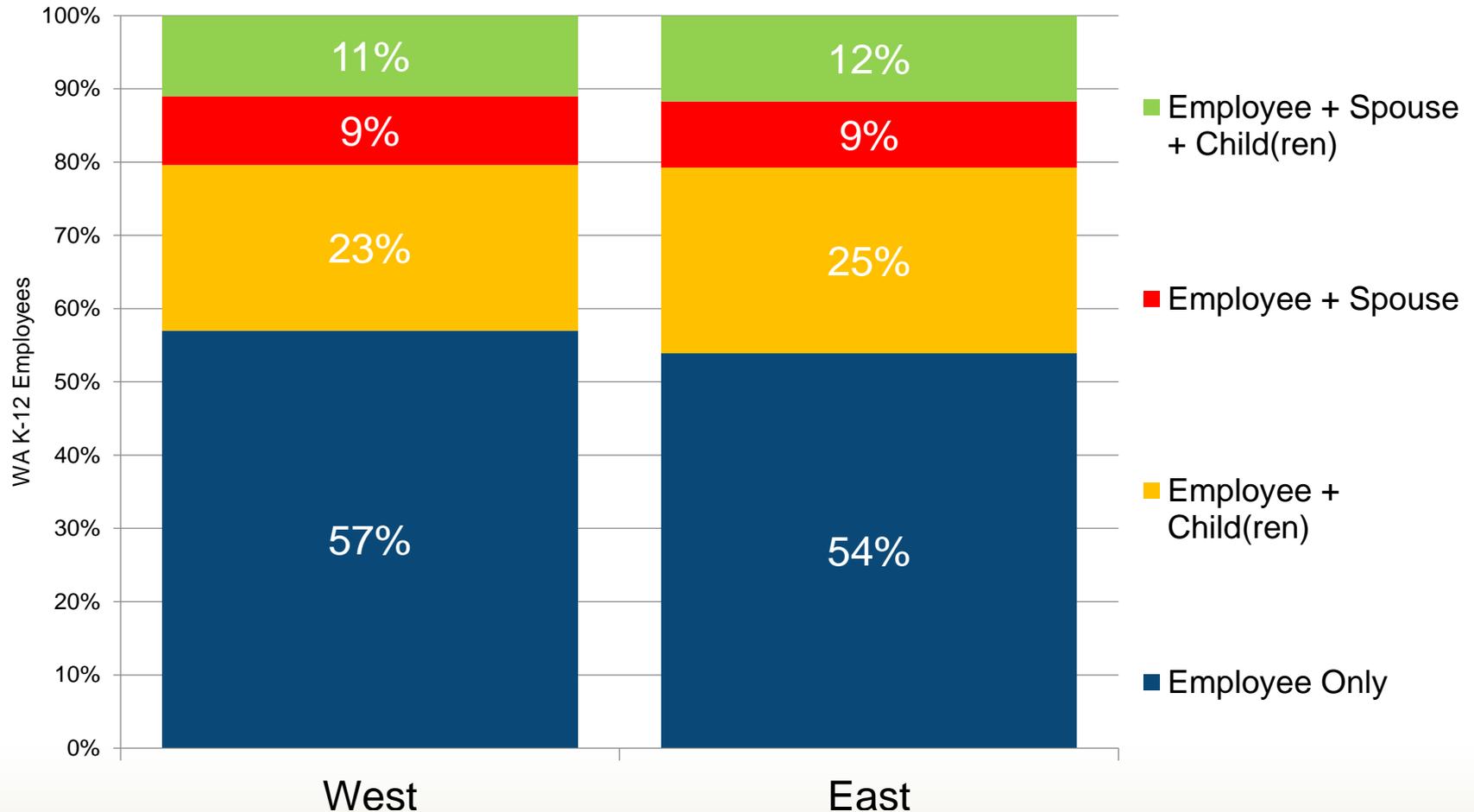
Source: Year 4 OIC Carrier Data 2014-2015

Rural School Employees by Plan Type

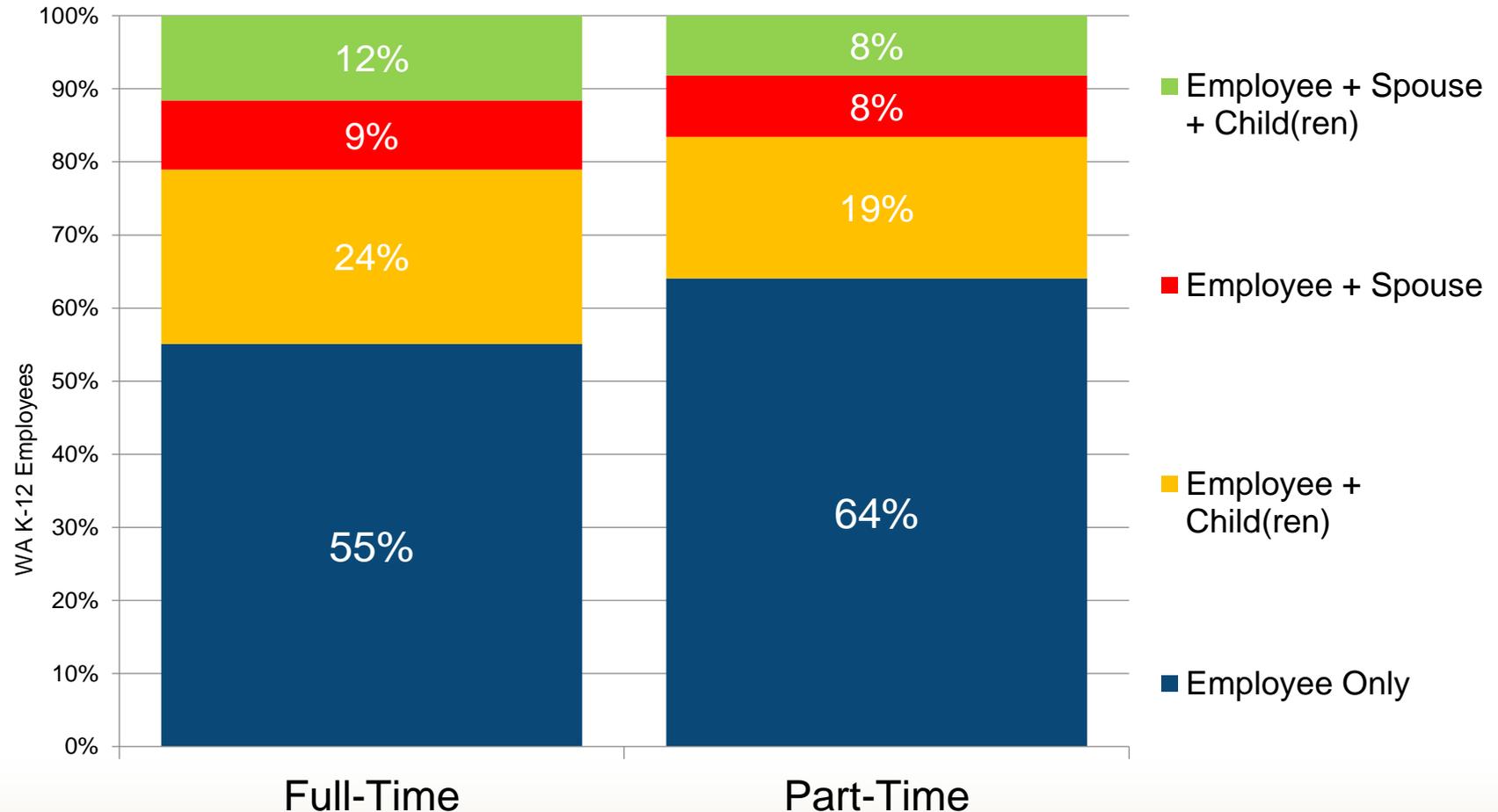


Source: Year 4 OIC Carrier Data 2014-2015

Distribution of School Employees by Coverage Tier and Geographic Region



Distribution of School Employees by Coverage Tier and Work Hours



Source: Year 4 OIC Carrier Data 2014-2015

Statewide School Employee Enrollment Non-Medical

- Percentage of school employees with:
 - Dental
 - Vision
 - Life
 - Long-Term Disability
 - Short-Term Disability

Statewide School Employee Enrollment Non-Medical by Eligibility Threshold

	Employees Less Than 630 Hours	Employees 630 Hours and More
Benefit Type	2016-17	2016-17
Vision	11%	79%
Dental	11%	85%
Life	7%	57%
Long-term Disability	8%	60%
Short-term Disability	1%	2%

Source: WSIPC and non-participating district data 2018

Questions?



John Bowden, Manager
School Employee Benefits Section
Employees and Retirees Benefits Division
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TAB 8

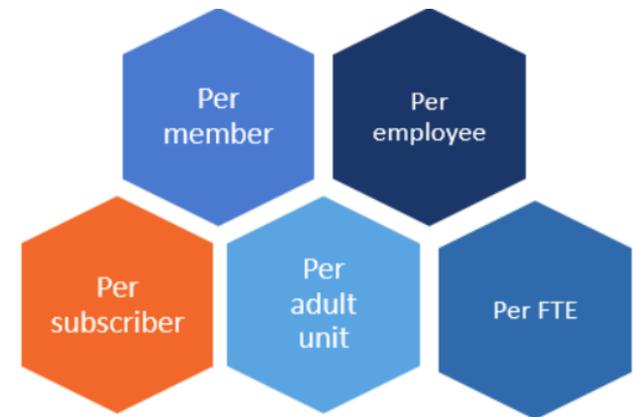


SEBB Financial Considerations and Fully-insured Medical Benefits Procurement

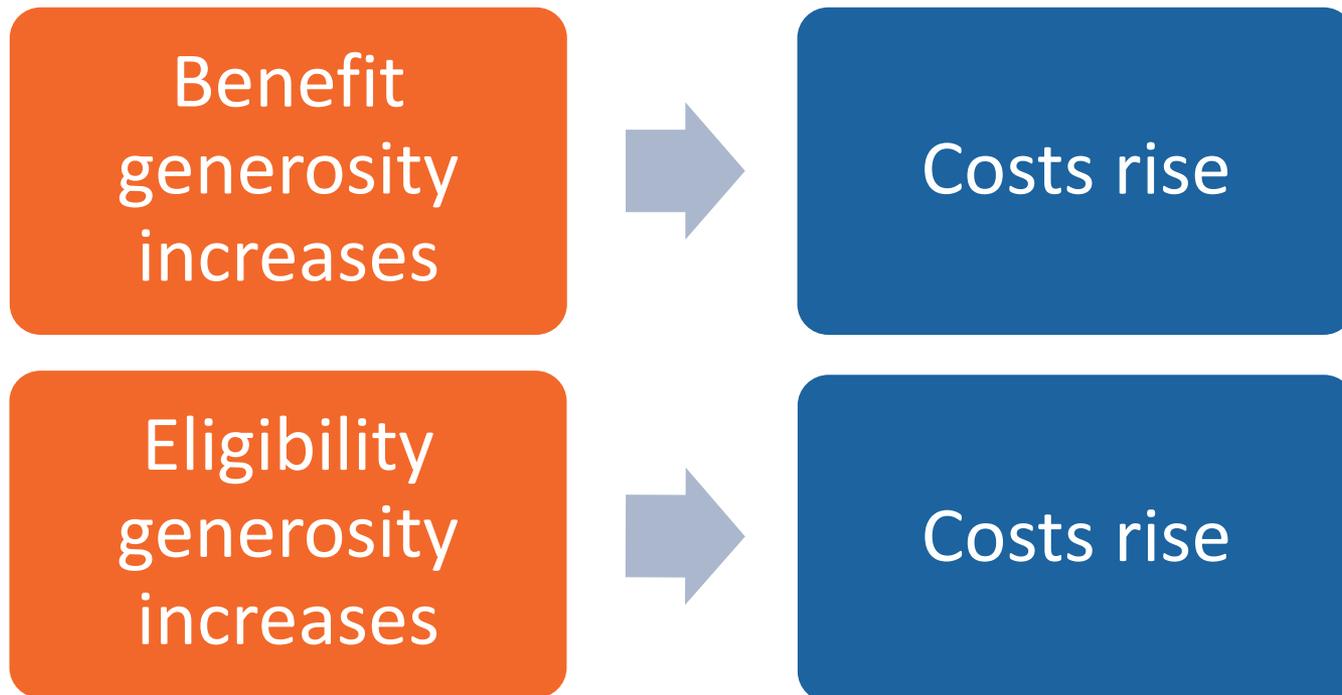
Megan Atkinson, Chief Financial Officer
Kim Wallace, Deputy Section Manager
Financial Services Division
March 15, 2018

SEBB Financial Considerations

- Finite resources
 - Health benefit funding conversations often involve “per unit” cost measures
 - This often masks the total amount
- Two basic cost drivers:
 - Generosity of benefits
 - Generosity of eligibility
- Basic calculation:
Package cost x members = total costs



SEBB Financial Considerations (*cont.*)



SEBB Financial Considerations (*cont.*)

- Total costs
 - Overall plan funding must cover costs
- Three revenue (or funding) sources
 - State
 - Local district
 - Employee (monthly premium share)
- Benefit and eligibility decisions directly impact revenue sources
 - Legislative decisions
 - Implementation decisions
 - Procurement decisions

Headcount vs FTE

- Headcount: actual number of employees, regardless of hours worked
- Full-time equivalent (FTE): The hours that must be worked for an employee to be considered full time
 - Certificated staff = 1,440 hours
 - Classified staff = varies but maximum is 2,080 hours
 - SEBB benefit requirement = 630 hours
- Can be significant difference between headcount and FTE in a district

Headcount vs FTE Illustrated

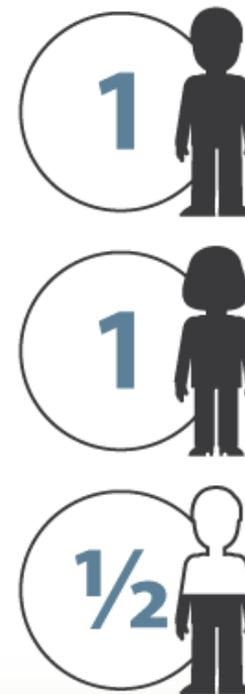
Headcount

(number of employees)



FTE

(2,080 hours/year)



Headcount vs FTE Funding

- Assumptions
 - State funding = \$780 per state allocated FTE per month
 - Health care costs = \$780 per employee per month

	District A	District B	District C
	2,000 employees 1,000 FTE	3,300 employees 2,035 FTE	500 employees 500 FTE
FTE-based funds	$1,000 \times \$780 = \$780,000$	$2,035 \times \$780 = \$1,587,300$	$500 \times \$780 = \$390,000$
Health care costs	$2,000 \times \$780 = \$1,560,000$	$3,300 \times \$780 = \$2,574,000$	$500 \times \$780 = \$390,000$
Difference	\$780,000	\$986,700	0

Headcount vs FTE Funding (*cont.*)

- Employees are SEBB eligible at 630 hours for school year 2015-16 that produces the following:
 - Statewide headcount: 133,906
 - Statewide FTE count: 109,902
- Adjusting state funding for a headcount basis increases the state contribution in excess of \$200 million
- Districts would still be responsible for funding insurance contributions on all locally funded staff

(Amounts shown here are to illustrate the magnitude of shifting from the current mechanism of per FTE funding to proportional headcount funding. This is NOT an accurate cost estimate for providing SEBB benefits.)

Procurement Preparation

- Benefit design and eligibility structure are important components of the SEBB portfolio offering
 - Which benefits (medical, dental, vision, disability, etc.)
 - Cost shares (employer pay all, employer/employee shared, employee pay all)
- We want to inform the Board discussion and decisions with relevant information
 - Likely carrier offerings and costs
- Start conversations with carriers to get crucial market information
- Spring 2018 release of request for information on fully-insured medical

The Purpose of Sample Plans

- Start conversation with medical carriers about SEBB
- Enable HCA to cost out high-level plan options
- Increase shared understanding for the Board and HCA about plan designs that make sense for SEBB Program members
- Support decision-making process:
 - “Richness” of plan benefits and coverage
 - How much the state contributes and how much employees contribute to monthly premiums

What are sample plans?

- Plan designs that HCA will include in an upcoming request for information (RFI)
- Medical carriers will be asked to provide non-binding quotes; propose additional plan designs and quotes they believe meet needs of SEBB Program members; tell us which counties they intend to serve; describe provider networks
- Each plan design has:
 - A different actuarial value.
 - A different level of member cost-sharing for annual deductible, coinsurance or copays, and annual out-of-pocket maximum.
 - A different monthly premium cost.
- All have:
 - The same covered services.
 - The same exclusions.

Sample Plan Options: Actuarial Value and Member Cost-sharing

Actuarial Value	Annual Deductible (medical & Rx) Individual/Family	Coinsurance (%) Member Pays	Annual Out of Pocket (medical & Rx) Individual/Family
88%	\$ 300/900	15%	\$ 2,500/7,500
82%	\$ 500/1,500	30%	\$ 4,000/12,000
76%	\$ 1,000/3,000	35%	\$ 5,000/15,000

- Actuarial value (AV) measures benefit richness, compares coverage under different medical plans
 - A plan with a higher AV is expected to cover a greater percentage of costs for a typical member.
- Member cost-sharing applies when a person receives services
- Employee contributions to monthly premiums are in addition to amounts above

Sample list of covered services



Maternity and newborn care



Office visits: Primary care and specialty



Preventive care services



Lab, radiology, imaging



Emergency and urgent care



Occupational, physical, speech therapy



Chiropractic, acupuncture, massage



Hospital inpatient and outpatient



Hearing/hearing aids



Prescription drugs



Mental health treatment

Summary

- HCA will support the Board in designing benefit program to balance:
 - Benefit offerings
 - Member eligibility
 - Overall costs
- Trade off between employees' monthly premiums, what is paid during the year for services received
- Medical carrier quotes for sample plans will give information on benefit value that can be provided and at what cost
- HCA is planning a fully-insured procurement that should result in a menu of medical plan offerings at different levels of benefit richness at different levels of premium cost

Questions?

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Deputy Section Manager

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TAB 9



SEBB Policy Resolutions: Eligibility

Barb Scott, Manager
Policy and Rules Section
Employees and Retirees Benefits Division
March 15, 2018

Policy Resolution Process

- Draft policy resolution for Board discussion/guidance
- Seek stakeholder insight
- Develop a recommended policy resolution and bring it to Board for a vote (*adoption*)

Note: Board resolutions will then be incorporated into SEBB Program rules.

RCW 41.05.740 (6) (d) As Amended by ESSB 6241

(6) The school employees' benefits board shall [...]

(d) Determine the terms and conditions of school employee and dependent eligibility criteria, enrollment policies, and scope of coverage. At a minimum, the eligibility criteria established by the school employees' benefits board shall address the following:

(i) The effective date of coverage following hire;

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

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

SEB Board Policy Resolutions

- SEBB 2018-01 Legal Spouse & Domestic Partner Eligibility Criteria
- SEBB 2018-02 Dependent Child Eligibility Criteria
- SEBB 2018-03 Extended Dependent Child Eligibility Criteria

Policy Resolution SEBB 2018-01 Legal Spouse & Domestic Partner Eligibility Criteria

Resolved, that eligible school employees enrolled in SEBB benefits may enroll a dependent that satisfies one of the following criteria:

- Legal spouse
- State registered domestic partner

Policy Resolution SEBB 2018-02

Dependent Child Eligibility Criteria

Resolved, that eligible school employees enrolled in SEBB benefits may enroll a child up to age 26 that satisfies one of the following criteria:

- Children of the employee based on the establishment of a parent-child relationship as described in RCW [26.26.101](#), except when parental rights have been terminated;
- Children of the employee's spouse, based on the spouse's establishment of a parent-child relationship, except when parental rights have been terminated. The stepchild's relationship to the employee (and eligibility as a dependent) ends on the same date the marriage with the spouse ends through divorce, annulment, dissolution, termination, or death;

Policy Resolution SEBB 2018-02

Dependent Child Eligibility Criteria (*cont.*)

- Children of the employee's state registered domestic partner, based on the state registered domestic partner's establishment of a parent-child relationship, except when parental rights have been terminated. The child's relationship to the employee (and eligibility as a dependent) ends on the same date the employee's legal relationship with the state registered domestic partner ends through divorce, annulment, dissolution, termination, or death;
- Children for whom the employee has assumed a legal obligation for total or partial support in anticipation of adoption of the child;
- Children specified in a court order or divorce decree for whom the employee has a legal obligation to provide support or health care coverage; and

Policy Resolution SEBB 2018-02

Dependent Child Eligibility Criteria (*cont.*)

- Children of any age with a developmental or physical disability that satisfies all of the following criteria:
 - The employee must provide proof of the disability and dependency within 60 days of the child's attainment of age 26;
 - The employee must agree to notify the SEBB Program, in writing, no later than 60 days after the date that the child is no longer eligible under this subsection.
 - A child with a developmental or physical disability who becomes self-supporting is not eligible under this subsection as of the last day of the month in which he or she becomes capable of self-support;
 - A child with a developmental or physical disability age 26 and older who becomes capable of self-support does not regain eligibility if he or she later becomes incapable of self-support;
 - The SEBB Program will, with input from the applicable contracted vendor, periodically certify the eligibility of a dependent child with a disability beginning at age 26, but no more frequently than annually after the two-year period following the child's 26 birthday, which may require renewed proof from the employee.

Policy Resolution SEBB 2018-03

Extended Dependent Child Eligibility Criteria

Resolved, that eligible school employees enrolled in SEBB benefits may enroll a child up to age 26 that is an extended dependent in the legal custody or legal guardianship of the employee, the employee's spouse, or the employee's state registered domestic partner. The legal responsibility is demonstrated by a valid court order and the child's official residence with the custodian or guardian. Extended dependent child does not include a foster child unless the employee, the employee's spouse, or the employee's state registered domestic partner has assumed a legal obligation for total or partial support in anticipation of adoption.

Next Steps

Incorporate the policy resolutions into SEBB Program rules.

Questions?

Barbara Scott, Manager
Policy and Rules Section
Employees and Retirees Benefits Division

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SEBB POLICY RESOLUTIONS: ELIGIBILITY

SEBB 2018 – 01: Resolved, that eligible school employees enrolled in SEBB benefits may enroll a dependent that satisfies one of the following criteria:

- Legal Spouse
- State Registered Domestic Partner

SEBB 2018 – 02: Resolved, that eligible school employees enrolled in SEBB benefits may enroll a child up to age 26 that satisfies one of the following criteria:

- Children of the employee based on the establishment of a parent-child relationship as described in RCW 26.26.101, except when parental rights have been terminated;
- Children of the employee's spouse, based on the spouse's establishment of a parent-child relationship, except when parental rights have been terminated. The stepchild's relationship to the employee (and eligibility as a dependent) ends on the same date the marriage with the spouse ends through divorce, annulment, dissolution, termination, or death;
- Children of the employee's state registered domestic partner, based on the state registered domestic partner's establishment of a parent-child relationship, except when parental rights have been terminated. The child's relationship to the employee (and eligibility as a dependent) ends on the same date the employee's legal relationship with the state registered domestic partner ends through divorce, annulment, dissolution, termination, or death;
- Children for whom the employee has assumed a legal obligation for total or partial support in anticipation of adoption of the child;
- Children specified in a court order or divorce decree for whom the employee has a legal obligation to provide support or health care coverage; and
- Children of any age with a developmental or physical disability that satisfies all of the following criteria:
 - The employee must provide proof of the disability and dependency within 60 days of the child's attainment of age 26;
 - The employee must agree to notify the SEBB Program, in writing, no later than 60 days after the date that the child is no longer eligible under this subsection.
 - A child with a developmental or physical disability who becomes self-supporting is not eligible under this subsection as of the last day of the month in which he or she becomes capable of self-support;
 - A child with a developmental or physical disability age 26 and older who becomes capable of self-support does not regain eligibility if he or she later becomes incapable of self-support;

- The SEBB Program will, with input from the applicable contracted vendor, periodically certify the eligibility of a dependent child with a disability beginning at age 26, but no more frequently than annually after the two-year period following the child's 26 birthday, which may require renewed proof from the employee.

SEBB 2018 – 03: Resolved, that eligible school employees enrolled in SEBB benefits may enroll a child up to age 26 that is an extended dependent in the legal custody or legal guardianship of the employee, the employee's spouse, or the employee's state registered domestic partner. The legal responsibility is demonstrated by a valid court order and the child's official residence with the custodian or guardian. Extended dependent child does not include a foster child unless the employee, the employee's spouse, or the employee's state registered domestic partner has assumed a legal obligation for total or partial support in anticipation of adoption.

Appendix Material from
January 29, 2018
SEBB Meeting

Proposed Policy SEBB 2018-01 Legal Spouse & Domestic Partner Eligibility Criteria

Eligible school employees enrolled in SEBB benefits may enroll a dependent that satisfies one of the following criteria:

- Lawful spouse
- State registered domestic partner

Proposed Policy SEBB 2018-02

Dependent Child Eligibility Criteria

Eligible school employees enrolled in SEBB benefits may enroll a child up to age 26 that satisfies one of the following criteria:

- Biological children, where parental rights have not been terminated;
- Children based on establishment of a parent-child relationship as described in RCW 26.26.101;
- Stepchildren. The stepchild's relationship to the subscriber (and eligibility as a SEBB dependent) ends, for purposes of this rule, on the same date the subscriber's legal relationship with the spouse or state registered domestic partner ends through divorce, annulment, dissolution, termination, or death;

Proposed Policy SEBB 2018-02

Dependent Child Eligibility Criteria (*cont.*)

- Legally adopted children;
- Children for whom the subscriber has assumed a legal obligation for total or partial support in anticipation of adoption of the child;
- Children of the subscriber's state registered domestic partner;
- Children specified in a court order or divorce decree; or
- Children of any age with a developmental disability or physical handicap that renders the child incapable of self-sustaining employment and chiefly dependent upon the subscriber for support and maintenance provided such condition occurs before the age twenty-six.

Proposed Policy SEBB 2018-03

Extended Dependent Child Eligibility Criteria

An eligible school employee enrolled in SEBB benefits may enroll an extended dependent child that satisfies all of the following criteria:

- The extended dependent child is in the legal custody or legal guardianship of the employee, the employee's spouse, or employee's state registered domestic partner;
- The legal responsibility is demonstrated by a valid court order and the child's official residence with the custodian or guardian; and
- The child is not a foster child for whom support payments are made to the subscriber, the subscriber's spouse, or the subscriber's state registered domestic partner through a state foster care program.

TAB 10



Eligibility & Enrollment Policy Development

Barb Scott, Manager
Policy and Rules Section
Employees and Retirees Benefits Division
Date March 15, 2018

Introduction of Policy Resolutions

Information on policy resolutions to establish the following:

- Effective Date of Coverage Following Hire
- Election Period for New Hires
- SEBB Program Premium Tier Structure

RCW 41.05.740(6)(c) & (d) As Amended by ESSB 6241

(6) The school employees' benefits board shall [...]

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

(d) Determine the terms and conditions of school employee and dependent eligibility criteria, enrollment policies, and scope of coverage. **At a minimum**, the eligibility criteria established by the school employees' benefits board shall address the following:

(i) The effective date of coverage following hire;

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

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

Proposed Policy SEBB 2018-12

Effective Date of Coverage Following Hire

For benefits eligible school employees the effective date of coverage is the first day of the month following the date the employee becomes eligible.

Proposed Policy SEBB 2018-13

Election Period for New Hires

An employee must make enrollment elections, including an election to waive SEBB medical if allowed, no later than thirty-one days after the employee becomes eligible for SEBB benefits.

Proposed Policy SEBB 2018-14

The SEBB Program Premium Structure

Within the premium structure for the SEBB Program there will be four tier categories. The premium tier ratio for each tier category will be:

Tier Category	Premium Tier Ratio
Subscriber Only	1.00
Subscriber and any Child(ren)	1.75
Subscriber and Spouse/State Registered Domestic Partner	2.00
Subscriber and Spouse/State Registered Domestic Partner and any Child(ren)	3.00

Next Steps

- Incorporate Board feedback in the proposed policies
- Send the proposed policies to stakeholders (*after today's meeting*)
- We will bring a recommended policy resolution to the Board to take action on (*April 30, 2018*)

Questions?

Barbara Scott, Manager
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Employees and Retirees Benefits Division

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TAB 11



SEBB Policy Resolutions: Benefits

David Iseminger, Director
Employees and Retirees Benefits Division
March 15, 2018

Resolution SEBB 2018-04

Resolved, that the School Employees Benefits Board Program shall perform a fully-insured medical plan procurement for multiple carriers with widespread coverage offerings.

Resolution SEBB 2018-05

Resolved, that beginning January 1, 2020, the SEBB Program will offer self-insured medical plans that leverage features of the Uniform Medical Plans such as the covered benefits, provider networks, clinical policies, and an integrated pharmacy benefit, subject to final financing decisions.

Resolution SEBB 2018-06

Resolved, that beginning January 1, 2020, the School Employees Benefits Board (SEBB) Program will offer fully-insured dental plans leveraging the fully-insured dental plans offered under the Public Employees Benefits Board Program.

Resolved further, that the Board will evaluate in 2020 whether the SEBB Program should pursue a fully-insured dental plan procurement to consider additional or different offerings.

Resolution SEBB 2018-07

Resolved, that beginning January 1, 2020, the SEBB Program will offer a self-insured dental plan that leverages the features from the Uniform Dental Plan such as covered benefits, clinical policies, and provider networks, subject to final financing determinations.

Resolution SEBB 2018-08

Resolved, that the School Employees Benefits Board Program shall perform a procurement for long-term disability insurance that includes employer paid and employee optional coverage lines.

Resolution SEBB 2018-09

Resolved, that the School Employees Benefits Board Program shall perform a procurement for short-term disability insurance that includes employee optional coverage.

Resolution SEBB 2018-10

Resolved, that beginning January 1, 2020, the School Employees Benefits Board Program will offer life insurance and accidental death and dismemberment insurance with coverage offerings and covered benefits that leverages the offerings under the Public Employees Benefits Board Program.

Resolution SEBB 2018-11

Resolved, that the School Employees Benefits Board Program shall perform a procurement for a stand-alone vision benefit.

Questions?

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Employees and Retirees Benefits Division

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SEBB POLICY RESOLUTIONS: BENEFITS

SEBB 2018 – 04: Resolved, that the School Employees Benefits Board Program shall perform a fully-insured medical plan procurement for multiple carriers with widespread coverage offerings.

SEBB 2018 – 05: Resolved, that beginning January 1, 2020, the SEBB Program will offer self-insured medical plans that leverage features of the Uniform Medical Plans such as the covered benefits, provider networks, clinical policies, and an integrated pharmacy benefit, subject to final financing decision.

SEBB 2018 – 06: Resolved, that beginning January 1, 2020, the School Employees Benefits Board (SEBB) Program will offer fully-insured dental plans leveraging the fully-insured dental plans offered under the Public Employees Benefits Board Program.

Resolved further, that the Board will evaluate in 2020 whether the SEBB Program should pursue a fully-insured dental plan procurement to consider additional or different offerings.

SEBB 2018 – 07: Resolved, that beginning January 1, 2020, the SEBB Program will offer a self-insured dental plan that leverages the features from the Uniform Dental Plan such as covered benefits, clinical policies, and provider networks, subject to financing determinations.

SEBB 2018 – 08: Resolved, that the School Employees Benefits Board Program shall perform a procurement for long-term disability insurance that includes employer paid and employee optional coverage lines.

Resolved further, that the Board will evaluate in 2020 whether the SEBB Program should pursue a fully-insured dental plan procurement to consider additional or different offerings.

SEBB 2018 – 09: Resolved, that the School Employees Benefits Board Program shall perform a procurement for short-term disability insurance that includes employee optional coverage.

SEBB 2018 – 10: Resolved, that beginning January 1, 2020, the School Employees Benefits Board Program will offer life insurance and accidental death and dismemberment insurance with coverage offerings and covered benefits that leverages the offerings under the Public Employees Benefits Board Program.

SEBB 2018 – 11: Resolved, that the School Employees Benefits Board Program shall perform a procurement for a stand-alone vision benefit.

Updated 8/12/18