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**SUBSTITUTE HOUSE BILL 2186**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** House Committee on Health Care (originally sponsored by Representatives Dyer, Cody, Dickerson, L. Thomas, Quall, Carlson and Cooke)

Read first time 02/02/96.

1 AN ACT Relating to long-term care benefits for public employees;  
2 and amending RCW 41.05.065.

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

4 **Sec. 1.** RCW 41.05.065 and 1995 1st sp.s. c 6 s 5 are each amended  
5 to read as follows:

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

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

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

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

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

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

15 (e) Effective coordination of benefits;

16 (f) Minimum standards for insuring entities; and

17 (g) Minimum scope and content of public employee benefit plans to  
18 be offered to enrollees participating in the employee health benefit  
19 plans. To maintain the comprehensive nature of employee health care  
20 benefits, employee eligibility criteria related to the number of hours  
21 worked and the benefits provided to employees shall be substantially  
22 equivalent to the state employees' health benefits plan and eligibility  
23 criteria in effect on January 1, 1993. Nothing in this subsection  
24 (2)(g) shall prohibit changes or increases in employee point-of-service  
25 payments or employee premium payments for benefits.

26 (3) The board shall design benefits and determine the terms and  
27 conditions of employee participation and coverage, including  
28 establishment of eligibility criteria.

29 (4) The board may authorize premium contributions for an employee  
30 and the employee's dependents in a manner that encourages the use of  
31 cost-efficient managed health care systems.

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

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

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

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

18 (a) Participation of eligible employees or retired employees and  
19 retired school employees in any long-term care insurance plan made  
20 available by the public employees' benefits board is voluntary unless  
21 the employee is required to participate under collective bargaining  
22 agreement provisions permitted by law. Participation is subject to  
23 reasonable underwriting guidelines and eligibility rules established by  
24 the public employees' benefits board and the health care authority.

25 (b) The employee, retired employee, and retired school employee are  
26 solely responsible for the payment of the premium rates developed by  
27 the health care authority unless the employer is required to provide  
28 payment under collective bargaining agreement provisions permitted by  
29 law. The health care authority is authorized to charge a reasonable  
30 administrative fee in addition to the premium charged by the long-term  
31 care insurer, which shall include the health care authority's cost of  
32 administration, marketing, and consumer education materials prepared by  
33 the health care authority and the 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

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

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

17 (f) In developing the long-term care insurance benefit designs, the  
18 public employees' benefits board shall consider the offering of one  
19 long-term care partnership program under chapter 48.85 RCW and shall  
20 include an alternative plan of care benefit as approved by the office  
21 of the insurance commissioner.

22 (g) The health care authority, with the cooperation of the office  
23 of the insurance commissioner, shall develop a consumer education  
24 program for the eligible employees, retired employees, and retired  
25 school employees designed to provide education on the potential need  
26 for long-term care, methods of financing long-term care, and the  
27 availability of long-term care insurance products including the  
28 products offered by the board. This education program must be in  
29 coordination with the long-term care partnership education program  
30 authorized under chapter 48.85 RCW.

31 (h) By December 1998, the health care authority, in consultation  
32 with the public employees' benefits board, shall submit a report to the  
33 appropriate committees of the legislature, including an analysis of the  
34 marketing and distribution of the long-term care insurance provided  
35 under this section.

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