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SENATE BILL 6042

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State of Washington

54th Legislature

1995 Regular Session

By Senator Moyer

Read first time 02/28/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to public employee health care coverage; adding new  
2 sections to chapter 28A.400 RCW; adding new sections to chapter 41.05  
3 RCW; adding a new section to chapter 47.64 RCW; and creating a new  
4 section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 28A.400  
7 RCW to read as follows:

8 SCHOOL EMPLOYEE BENEFIT. (1) Every school district board of  
9 directors shall fix, alter, allow, and order paid salaries and  
10 compensation for all district employees in conformance with this  
11 section.

12 (2)(a) Salaries for certificated instructional staff shall not be  
13 less than the salary provided in the appropriations act in the state-  
14 wide salary allocation schedule for an employee with a baccalaureate  
15 degree and zero years of service; and

16 (b) Salaries for certificated instructional staff with a master's  
17 degree shall not be less than the salary provided in the appropriations  
18 act in the state-wide salary allocation schedule for an employee with  
19 a master's degree and zero years of service.

1 (3)(a) The actual average salary paid to basic education  
2 certificated instructional staff shall not exceed the district's  
3 average basic education certificated instructional staff salary used  
4 for the state basic education allocations for that school year as  
5 determined pursuant to RCW 28A.150.410.

6 (b) Fringe benefit contributions for basic education certificated  
7 instructional staff shall be included as salary under (a) of this  
8 subsection to the extent that the district's actual average benefit  
9 contribution exceeds the greater of: (i) The formula amount for  
10 insurance benefits provided per certificated instructional staff unit  
11 in the state operating appropriations act in effect at the time the  
12 compensation is payable; or (ii) the actual average amount provided by  
13 the school district in the 1986-87 school year. For purposes of this  
14 section, fringe benefits shall not include payment for unused leave for  
15 illness or injury under RCW 28A.400.210; or employer contributions for  
16 old age survivors insurance, workers' compensation, unemployment  
17 compensation, and retirement benefits under the Washington state  
18 retirement system.

19 (c) Salary and benefits for certificated instructional staff in  
20 programs other than basic education shall be consistent with the salary  
21 and benefits paid to certificated instructional staff in the basic  
22 education program.

23 (4) Salaries and benefits for certificated instructional staff may  
24 exceed the limitations in subsection (3) of this section only by  
25 separate contract for additional time, additional responsibilities, or  
26 incentives. Supplemental contracts shall not cause the state to incur  
27 any present or future funding obligation. Supplemental contracts shall  
28 be subject to the collective bargaining provisions of chapter 41.59 RCW  
29 and the provisions of RCW 28A.405.240, shall not exceed one year, and  
30 if not renewed shall not constitute adverse change in accordance with  
31 RCW 28A.405.300 through 28A.405.380. No district may enter into a  
32 supplemental contract under this subsection for the provision of  
33 services which are a part of the basic education program required by  
34 Article IX, section 3 of the state Constitution.

35 (5) Employee benefit plans offered by any district shall comply  
36 with section 2 of this act and RCW 28A.400.275 and 28A.400.280.

37 NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.400  
38 RCW to read as follows:

1 (1) The board of directors of any of the state's school districts  
2 may make available liability, life, health, health care, accident,  
3 disability, and salary protection or insurance or any one of, or a  
4 combination of the enumerated types of insurance, or any other type of  
5 insurance or protection, for the members of the boards of directors,  
6 the students, and employees of the school district, and their  
7 dependents. Such coverage may be provided by contracts with private  
8 carriers, with the state health care authority after July 1, 1990,  
9 pursuant to the approval of the authority administrator, or through  
10 self-insurance or self-funding pursuant to chapter 48.62 RCW, or in any  
11 other manner authorized by law.

12 (2) Whenever funds are available for these purposes the board of  
13 directors of the school district may contribute all or a part of the  
14 cost of such protection or insurance for the employees of their  
15 respective school districts and their dependents. The premiums on such  
16 liability insurance shall be borne by the school district.

17 After October 1, 1990, school districts may not contribute to any  
18 employee protection or insurance other than liability insurance unless  
19 the district's employee benefit plan conforms to RCW 28A.400.275 and  
20 28A.400.280.

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

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

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 28A.400  
6 RCW to read as follows:

7 (1) In a manner prescribed by the state health care authority,  
8 school districts and educational service districts shall remit to the  
9 health care authority for deposit in the public employees' and  
10 retirees' insurance account established in RCW 41.05.120:

11 (a) For each full-time employee of the district, an amount equal to  
12 four and seven-tenths percent multiplied by the insurance benefit  
13 allocation rate in the appropriations act for a certificated or  
14 classified staff, for each month of the school year;

15 (b) For each part-time employee of the district who, at the time of  
16 the remittance, is employed in an eligible position as defined in RCW  
17 41.32.010 or 41.40.010 and is eligible for employer fringe benefit  
18 contributions for basic benefits as defined in RCW 28A.400.270, an  
19 amount equal to four and seven-tenths percent multiplied by the  
20 insurance benefit allocation rate in the appropriations act for a  
21 certificated or classified staff, for each month of the school year,  
22 prorated by the proportion of employer fringe benefit contributions for  
23 a full-time employee that the part-time employee receives.

24 (2) The legislature reserves the right to increase or decrease the  
25 percent or amount required to be remitted in this section.

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

28 Unless the context clearly requires otherwise, the definitions in  
29 this section apply throughout this chapter.

30 (1) "Administrator" means the administrator of the authority.

31 (2) "State purchased health care" or "health care" means medical  
32 and health care, pharmaceuticals, and medical equipment purchased with  
33 state and federal funds by the department of social and health  
34 services, the department of health, the basic health plan, the state  
35 health care authority, the department of labor and industries, the  
36 department of corrections, the department of veterans affairs, and  
37 local school districts.

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

2 (4) "Insuring entity" means an insurer as defined in chapter 48.01  
3 RCW, a health care service contractor as defined in chapter 48.44 RCW,  
4 or a health maintenance organization as defined in chapter 48.46 RCW.  
5 On and after January 1, 1996, "insuring entity" means a health carrier,  
6 as defined in chapter 48.43 RCW.

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

11 (6) "Employee" includes all full-time and career seasonal employees  
12 of the state, whether or not covered by civil service; elected and  
13 appointed officials of the executive branch of government, including  
14 full-time members of boards, commissions, or committees; and includes  
15 any or all part-time and temporary employees under the terms and  
16 conditions established under this chapter by the authority; justices of  
17 the supreme court and judges of the court of appeals and the superior  
18 courts; and members of the state legislature or of the legislative  
19 authority of any county, city, or town who are elected to office after  
20 February 20, 1970. "Employee" also includes employees of a county,  
21 municipality, or other political subdivision of the state if the  
22 legislative authority of the county, municipality, or other political  
23 subdivision of the state seeks and receives the approval of the  
24 authority to provide any of its insurance programs by contract with the  
25 authority, as provided in RCW 41.04.205, and employees of a school  
26 district if the board of directors of the school district seeks and  
27 receives the approval of the authority to provide any of its insurance  
28 programs by contract with the authority as provided in section 2 of  
29 this act.

30 (7) "Board" means the public employees' benefits board established  
31 under section 7 of this act.

32 (8) "Retired or disabled school employee" means:

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

36 (b) Persons who separate from employment with a school district or  
37 educational service district on or after October 1, 1993, and  
38 immediately upon separation receive a retirement allowance under  
39 chapter 41.32 or 41.40 RCW;

1 (c) Persons who separate from employment with a school district or  
2 educational service district due to a total and permanent disability,  
3 and are eligible to receive a deferred retirement allowance under  
4 chapter 41.32 or 41.40 RCW.

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

7 (1) The Washington state health care authority is created within  
8 the executive branch. The authority shall have an administrator  
9 appointed by the governor, with the consent of the senate. The  
10 administrator shall serve at the pleasure of the governor. The  
11 administrator may employ up to seven staff members, who shall be exempt  
12 from chapter 41.06 RCW, and any additional staff members as are  
13 necessary to administer this chapter. The administrator may delegate  
14 any power or duty vested in him or her by this chapter, including  
15 authority to make final decisions and enter final orders in hearings  
16 conducted under chapter 34.05 RCW. The primary duties of the authority  
17 shall be to administer state employees' insurance benefits and retired  
18 or disabled school employees' insurance benefits, study state-purchased  
19 health care programs in order to maximize cost containment in these  
20 programs while ensuring access to quality health care, and implement  
21 state initiatives, joint purchasing strategies, and techniques for  
22 efficient administration that have potential application to all state-  
23 purchased health services. The authority's duties include, but are not  
24 limited to, the following:

25 (a) To administer health care benefit programs for employees and  
26 retired or disabled school employees as specifically authorized in  
27 section 8 of this act and in accordance with the methods described in  
28 section 9 of this act, RCW 41.05.140, and other provisions of this  
29 chapter;

30 (b) To analyze state-purchased health care programs and to explore  
31 options for cost containment and delivery alternatives for those  
32 programs that are consistent with the purposes of those programs,  
33 including, but not limited to:

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

1 (ii) Utilization of provider arrangements that encourage cost  
2 containment, including but not limited to prepaid delivery systems,  
3 utilization review, and prospective payment methods, and that ensure  
4 access to quality care, including assuring reasonable access to local  
5 providers, especially for employees residing in rural areas;

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

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

11 (v) Development of data systems to obtain utilization data from  
12 state-purchased health care programs in order to identify cost centers,  
13 utilization patterns, provider and hospital practice patterns, and  
14 procedure costs, utilizing the information obtained pursuant to RCW  
15 41.05.031;

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

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

19 (e) To review and approve or deny applications from counties,  
20 municipalities, and other political subdivisions of the state to  
21 provide state-sponsored insurance or self-insurance programs to their  
22 employees in accordance with the provisions of RCW 41.04.205, setting  
23 the premium contribution for approved groups as outlined in RCW  
24 41.05.050;

25 (f) To appoint a health care policy technical advisory committee as  
26 required by RCW 41.05.150;

27 (g) To establish billing procedures and collect funds from school  
28 districts and educational service districts under RCW 28A.400.400 in a  
29 way that minimizes the administrative burden on districts; and

30 (h) To promulgate and adopt rules consistent with this chapter as  
31 described in RCW 41.05.160.

32 (2) The public employees' benefits board may implement strategies  
33 to promote competition among employee health benefit plans including  
34 but not limited to:

35 (a) Standardizing the benefit package;

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

37 (c) Limiting the state's contribution to a percent of the lowest  
38 priced qualified plan within a geographical area. If the state's  
39 contribution is less than one hundred percent of the lowest priced

1 qualified bid, employee financial contributions shall be structured on  
2 a sliding-scale basis related to household income;

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 plans state-wide, and quality  
6 of health services. The health care authority shall report its  
7 findings and recommendations to the legislature by January 1, 1997.

8 (3) The health care authority shall, no later than July 1, 1996,  
9 submit to the appropriate committees of the legislature, proposed  
10 methods whereby, through the use of a voucher-type process, state  
11 employees may enroll with any health carrier to receive employee  
12 benefits. Such methods shall include the employee option of  
13 participating in a health care savings account, as set forth in Title  
14 48 RCW.

15 (4) The joint committee on health systems oversight shall study the  
16 necessity and desirability of the health care authority continuing as  
17 a self-insuring entity and make recommendations to the appropriate  
18 committees of the legislature by December 1, 1996.

19 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.05 RCW  
20 to read as follows:

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

23 (2) On and after January 1, 1995, at least the following state-  
24 purchased health services programs shall be merged into a single,  
25 community-rated risk pool: Health benefits for employees of school  
26 districts and educational service districts that voluntarily purchase  
27 health benefits as provided in section 4 of this act; health benefits  
28 for state employees; health benefits for eligible retired or disabled  
29 school employees not eligible for parts A and B of medicare; and health  
30 benefits for eligible state retirees not eligible for parts A and B of  
31 medicare. Beginning January 1, 1996, the basic health plan shall be  
32 included in the risk pool. The administrator may develop mechanisms to  
33 ensure that the cost of comparable benefits packages does not vary  
34 widely across the risk pools before they are merged. At the earliest  
35 opportunity the governor shall seek necessary federal waivers and state  
36 legislation to place the medical and acute care components of the  
37 medical assistance program, the limited casualty program, and the  
38 medical care services program of the department of social and health

1 services in this single risk pool. On or before January 1, 1997, the  
2 governor shall submit necessary legislation to place the purchasing of  
3 health benefits for persons incarcerated in institutions administered  
4 by the department of corrections into the single community-rated risk  
5 pool effective on and after July 1, 1997.

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

8 (a) Require that a public agency that provides subsidies for a  
9 substantial portion of services now covered under the basic health plan  
10 or a standard benefits package as provided in chapter 48.43 RCW, use  
11 uniform eligibility processes, insofar as may be possible, and ensure  
12 that multiple eligibility determinations are not required;

13 (b) Require that a health care provider or a health care facility  
14 that receives funds from a public program provide care to state  
15 residents receiving a state subsidy who may wish to receive care from  
16 them consistent with the provisions of chapter 492, Laws of 1993, as  
17 amended, and that a health maintenance organization, health care  
18 service contractor, insurer, or health carrier that receives funds from  
19 a public program accept enrollment from state residents receiving a  
20 state subsidy who may wish to enroll with them under the provisions of  
21 chapter 492, Laws of 1993, as amended;

22 (c) Strive to integrate purchasing for all publicly sponsored  
23 health services in order to maximize the cost control potential and  
24 promote the most efficient methods of financing and coordinating  
25 services;

26 (d) Annually suggest changes in state and federal law and rules to  
27 bring all publicly funded health programs in compliance with the goals  
28 and intent of chapter 492, Laws of 1993, as amended;

29 (e) Consult regularly with the governor, the legislature, and state  
30 agency directors whose operations are affected by the implementation of  
31 this section.

32 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.05 RCW  
33 to read as follows:

34 (1) The public employees' benefits board is created within the  
35 authority. The function of the board is to design and approve  
36 insurance benefit plans for state employees.

37 (2) The board shall be composed of seven members appointed by the  
38 governor as follows:

1 (a) Two representatives of state employees, one of whom shall  
2 represent an employee union certified as exclusive representative of at  
3 least one bargaining unit of classified employees, and one of whom is  
4 retired, is covered by a program under the jurisdiction of the board,  
5 and represents an organized group of retired public employees;

6 (b) One representative of an organized group of retired school  
7 employees;

8 (c) Three members with experience in health benefit management and  
9 cost containment; and

10 (d) The administrator.

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

19 NEW SECTION. **Sec. 8.** A new section is added to chapter 41.05 RCW  
20 to read as follows:

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

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

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

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

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

1 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, review of invoices or claims submitted by service providers,  
7 and performance audit of providers;

8 (e) Effective coordination of benefits;

9 (f) Minimum standards for insuring entities; and

10 (g) Minimum scope and content of public employee benefit plans to  
11 be offered to enrollees participating in the employee health benefit  
12 plans. On and after January 1, 1996, the standard benefits package  
13 shall constitute the minimum level of health benefits offered to  
14 employees.

15 (3) The board shall design benefits and determine the terms and  
16 conditions of employee participation and coverage, including  
17 establishment of eligibility criteria.

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

21 (5) Employees shall choose participation in one of the health care  
22 benefit plans developed by the board.

23 (6) The board shall review plans proposed by insurance carriers  
24 that desire to offer property insurance and/or accident and casualty  
25 insurance to state employees through payroll deduction. The board may  
26 approve any such plan for payroll deduction by carriers holding a valid  
27 certificate of authority in the state of Washington and which the board  
28 determines to be in the best interests of employees and the state. The  
29 board shall promulgate rules setting forth criteria by which it shall  
30 evaluate the plans.

31 NEW SECTION. **Sec. 9.** A new section is added to chapter 41.05 RCW  
32 to read as follows:

33 (1) The administrator shall provide benefit plans designed by the  
34 board through a contract or contracts with insuring entities, through  
35 self-funding, self-insurance, or other methods of providing insurance  
36 coverage authorized by RCW 41.05.140.

37 (2) The administrator shall establish a contract bidding process  
38 that:

- 1 (a) Encourages competition among insuring entities;
- 2 (b) Maintains an equitable relationship between premiums charged  
3 for similar benefits and between risk pools including premiums charged  
4 for retired state and school district employees under the separate risk  
5 pools established by section 6 of this act and RCW 41.05.080 such that  
6 insuring entities may not avoid risk when establishing the premium  
7 rates for retirees eligible for medicare;
- 8 (c) Is timely to the state budgetary process; and
- 9 (d) Sets conditions for awarding contracts to any insuring entity.
- 10 (3) The administrator shall establish a requirement for review of  
11 utilization and financial data from participating insuring entities on  
12 a quarterly basis.
- 13 (4) The administrator shall centralize the enrollment files for all  
14 employee and retired or disabled school employee health plans offered  
15 under chapter 41.05 RCW and develop enrollment demographics on a plan-  
16 specific basis.
- 17 (5) All claims data shall be the property of the state. The  
18 administrator may require of any insuring entity that submits a bid to  
19 contract for coverage all information deemed necessary including  
20 subscriber or member demographic and claims data necessary for risk  
21 assessment and adjustment calculations in order to fulfill the  
22 administrator's duties as set forth in this chapter.
- 23 (6) Beginning in January 1990, and each January thereafter until  
24 January 1996, the administrator shall publish and distribute to each  
25 school district a description of health care benefit plans available  
26 through the authority and the estimated cost if school district  
27 employees were enrolled.

28 NEW SECTION. Sec. 10. A new section is added to chapter 41.05 RCW  
29 to read as follows:

30 (1) The Washington state group purchasing association is  
31 established for the purpose of coordinating and enhancing the health  
32 care purchasing power of the groups identified in subsection (2) of  
33 this section. The purchasing association shall be administered by the  
34 administrator.

35 (2) The following organizations or entities may seek the approval  
36 of the administrator for membership in the purchasing association:

1 (a) Private nonprofit human services provider organizations under  
2 contract with state agencies, on behalf of their employees and their  
3 employees' spouses and dependent children;

4 (b) Individuals providing in-home long-term care services to  
5 persons whose care is financed in whole or in part through the medical  
6 assistance personal care or community options program entry system  
7 program as provided in chapter 74.09 RCW, or the chore services  
8 program, as provided in chapter 74.08 RCW, on behalf of themselves and  
9 their spouses and dependent children;

10 (c) Owners and operators of child day care centers and family child  
11 care homes licensed under chapter 74.15 RCW and of preschool or other  
12 child care programs exempted from licensing under chapter 74.15 RCW on  
13 behalf of themselves and their employees and employees' spouses and  
14 dependent children; and

15 (d) Foster parents contracting with the department of social and  
16 health services under chapter 74.13 RCW and licensed under chapter  
17 74.15 RCW on behalf of themselves and their spouses and dependent  
18 children.

19 (3) In administering the purchasing association, the administrator  
20 shall:

21 (a) Negotiate and enter into contracts on behalf of the purchasing  
22 association's members in conjunction with its contracting and  
23 purchasing activities for employee benefits plans under section 9 of  
24 this act. In negotiating and contracting with insuring entities on  
25 behalf of employees and purchasing association members, two distinct  
26 pools shall be maintained.

27 (b) Review and approve or deny applications from entities seeking  
28 membership in the purchasing association:

29 (i) The administrator may require all or the substantial majority  
30 of the employees of the organizations or entities listed in subsection  
31 (2) of this section to enroll in the purchasing association.

32 (ii) The administrator shall require, that as a condition of  
33 membership in the purchasing association, an entity or organization  
34 listed in subsection (2) of this section that employs individuals pay  
35 at least fifty percent of the cost of the health insurance coverage for  
36 each employee enrolled in the purchasing association.

37 (iii) In offering and administering the purchasing association, the  
38 administrator may not discriminate against individuals or groups based  
39 on age, gender, geographic area, industry, or medical history.

1 (4) On and after January 1, 1996, the standard benefits package and  
2 schedule of premiums and point of service cost-sharing adopted and from  
3 time to time revised by the health services commission pursuant to  
4 chapter 492, Laws of 1993 shall be applicable to the association.

5 (5) The administrator shall adopt preexisting condition coverage  
6 provisions for the association as provided in RCW 48.20.540, 48.21.340,  
7 48.44.480, and 48.46.550.

8 (6) Premiums charged to purchasing association members shall  
9 include the authority's reasonable administrative and marketing costs.  
10 Purchasing association members may not receive any subsidy from the  
11 state for the purchase of health insurance coverage through the  
12 association.

13 (7)(a) The Washington state group purchasing association account is  
14 established in the custody of the state treasurer, to be used by the  
15 administrator for the deposit of premium payments from individuals and  
16 entities described in subsection (2) of this section, and for payment  
17 of premiums for benefit contracts entered into on behalf of the  
18 purchasing association's participants and operating expenses incurred  
19 by the authority in the administration of benefit contracts under this  
20 section. Moneys from the account shall be disbursed by the state  
21 treasurer by warrants on vouchers duly authorized by the administrator.

22 (b) Disbursements from the account are not subject to  
23 appropriations, but shall be subject to the allotment procedure  
24 provided under chapter 43.88 RCW.

25 NEW SECTION. **Sec. 11.** A new section is added to chapter 47.64 RCW  
26 to read as follows:

27 Until December 31, 1996, absent a collective bargaining agreement  
28 to the contrary, the department of transportation shall provide  
29 contributions to insurance and health care plans for ferry system  
30 employees and dependents, as determined by the state health care  
31 authority, under chapter 41.05 RCW; and the ferry system management and  
32 employee organizations may collectively bargain for other insurance and  
33 health care plans, and employer contributions may exceed that of other  
34 state agencies as provided in RCW 41.05.050, subject to RCW 47.64.180.  
35 On January 1, 1997, ferry employees shall enroll with health carriers  
36 under the provisions of chapter 492, Laws of 1993, as amended. To the  
37 extent that ferry employees by bargaining unit have absorbed the  
38 required offset of wage increases by the amount that the employer's

1 contribution for employees' and dependents' insurance and health care  
2 plans exceeds that of other state general government employees in the  
3 1985-87 fiscal biennium, employees shall not be required to absorb a  
4 further offset except to the extent the differential between employer  
5 contributions for those employees and all other state general  
6 government employees increases during any subsequent fiscal biennium.  
7 If such differential increases in the 1987-89 fiscal biennium or the  
8 1985-87 offset by bargaining unit is insufficient to meet the required  
9 deduction, the amount available for compensation shall be reduced by  
10 bargaining unit by the amount of such increase or the 1985-87 shortage  
11 in the required offset. Compensation shall include all wages and  
12 employee benefits.

13 NEW SECTION. **Sec. 12.** Captions as used in this act constitute no  
14 part of the law.

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