

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2458

Chapter 231, Laws of 2020

66th Legislature
2020 Regular Session

SCHOOL DISTRICT OPTIONAL BENEFITS--SCHOOL EMPLOYEES' BENEFITS BOARD

EFFECTIVE DATE: June 11, 2020

Passed by the House March 10, 2020
Yeas 91 Nays 6

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 6, 2020
Yeas 47 Nays 1

CYRUS HABIB

President of the Senate

Approved March 31, 2020 10:53 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2458** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 31, 2020

**Secretary of State
State of Washington**

HOUSE BILL 2458

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

State of Washington

66th Legislature

2020 Regular Session

By Representatives Stonier, Sells, Dolan, Schmick, Boehnke,
Bergquist, Vick, Pollet, and Wylie

Read first time 01/14/20. Referred to Committee on Education.

1 AN ACT Relating to optional benefits offered by school districts;
2 amending RCW 28A.400.280 and 28A.400.350; and adding a new section to
3 chapter 41.05 RCW.

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

5 **Sec. 1.** RCW 28A.400.280 and 2018 c 260 s 29 are each amended to
6 read as follows:

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

12 (2) (a) School districts may provide employer contributions after
13 October 1, 1990, for optional benefit plans, in addition to basic
14 benefits. Beginning January 1, 2020, school district optional
15 benefits must ~~((be outside))~~ not compete with any form of the basic
16 or optional benefits offered in the school employees' benefits board
17 program either under the school employees' benefits board's authority
18 in RCW 41.05.740 ~~((+6))~~ or offered under the authority of the health
19 care authority in the salary reduction plan authorized in RCW
20 41.05.300 and 41.05.310.

1 **(b) Beginning December 1, 2019, and each December 1st thereafter,**
2 **school district optional benefits must be reported to the school**
3 **employees' benefits board and health care authority. ((The school**
4 **employees' benefits board shall review the optional benefits offered**
5 **by districts and: (a) Determine if the optional benefits conflict**
6 **with school employees' benefits board's plans offering authority and,**
7 **if not, (b) evaluate whether to seek additional benefit offerings**
8 **authority from the legislature. Optional benefits may include direct**
9 **agreements as defined in chapter 48.150 RCW, and may include**
10 **employee))**

11 **(c) School districts, and the applicable carrier, must work with**
12 **the health care authority to either modify and remove competing**
13 **components of the district-based benefit or end any district-based**
14 **benefit offering in competition with either the health care**
15 **authority's or the school employees' benefits board offered benefits.**

16 **(d) Unless the school employees' benefits board offers such**
17 **benefits, school districts may offer only the following optional**
18 **benefits to school employees:**

19 **(i) Benefits listed in section 3(1) (a) through (i) of this act,**
20 **offered as employee-paid, voluntary benefits that may be administered**
21 **by using payroll deductions; and**

22 **(ii) Voluntary employees' beneficiary association accounts ((that**
23 **can be liquidated by the employee on termination of employment)),**
24 **including benefit plans authorized in RCW 28A.400.210(3).**

25 **((Optional benefit plans may be offered only if:**

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

29 **(b) For part-time employees, participation in optional benefit**
30 **plans shall be governed by the same eligibility criteria and/or**
31 **proration of employer contributions used for allocations for basic**
32 **benefits.))**

33 **(3) School districts are not intended to divert state basic**
34 **benefit allocations for other purposes. Beginning January 1, 2020,**
35 **school districts must offer all benefits offered by the school**
36 **employees' benefits board administered by the health care authority,**
37 **and consistent with RCW 41.56.500(2).**

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

1 **Sec. 2.** RCW 28A.400.350 and 2019 c 411 s 6 are each amended to
2 read as follows:

3 (1) The board of directors of any of the state's school districts
4 or educational service districts may make available medical, dental,
5 vision, liability, life, accident, disability, and salary protection
6 or insurance, direct agreements as defined in chapter 48.150 RCW, or
7 any one of, or a combination of the types of employee benefits
8 enumerated in this subsection, or any other type of insurance or
9 protection, for the members of the boards of directors, the students,
10 and employees of the school district or educational service district,
11 and their dependents. Except as provided in subsection (6) of this
12 section, such coverage may be provided by contracts or agreements
13 with private carriers, with the state health care authority, or
14 through self-insurance or self-funding pursuant to chapter 48.62 RCW,
15 or in any other manner authorized by law. Any direct agreement must
16 comply with RCW 48.150.050.

17 (2)(a) Whenever funds are available for these purposes the board
18 of directors of the school district or educational service district
19 may contribute all or a part of the cost of such protection or
20 insurance for the employees of their respective school districts or
21 educational service districts and their dependents. The premiums on
22 such liability insurance shall be borne by the school district or
23 educational service district.

24 (b) After October 1, 1990, school districts may not contribute to
25 any employee protection or insurance other than liability insurance
26 unless the district's employee benefit plan conforms to RCW
27 28A.400.275 and 28A.400.280.

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

32 (3) For school board members, educational service district board
33 members, and students, the premiums due on such protection or
34 insurance shall be borne by the assenting school board member,
35 educational service district board member, or student. The school
36 district or educational service district may contribute all or part
37 of the costs, including the premiums, of life, health, health care,
38 accident or disability insurance which shall be offered to all
39 students participating in interschool activities on the behalf of or
40 as representative of their school, school district, or educational

1 service district. The school district board of directors and the
2 educational service district board may require any student
3 participating in extracurricular interschool activities to, as a
4 condition of participation, document evidence of insurance or
5 purchase insurance that will provide adequate coverage, as determined
6 by the school district board of directors or the educational service
7 district board, for medical expenses incurred as a result of injury
8 sustained while participating in the extracurricular activity. In
9 establishing such a requirement, the district shall adopt regulations
10 for waiving or reducing the premiums of such coverage as may be
11 offered through the school district or educational service district
12 to students participating in extracurricular activities, for those
13 students whose families, by reason of their low income, would have
14 difficulty paying the entire amount of such insurance premiums. The
15 district board shall adopt regulations for waiving or reducing the
16 insurance coverage requirements for low-income students in order to
17 assure such students are not prohibited from participating in
18 extracurricular interschool activities.

19 (4) All contracts or agreements for insurance or protection
20 written to take advantage of the provisions of this section shall
21 provide that the beneficiaries of such contracts may utilize on an
22 equal participation basis the services of those practitioners
23 licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71
24 RCW.

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

28 (i) Offer a high deductible health plan option with a health
29 savings account that conforms to section 223, part VII of subchapter
30 1 of the internal revenue code of 1986. School districts shall comply
31 with all applicable federal standards related to the establishment of
32 health savings accounts;

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

39 (iii) Offer employees at least one health benefit plan that is
40 not a high deductible health plan offered in conjunction with a

1 health savings account in which the employee share of the premium
2 cost for a full-time employee, regardless of whether the employee
3 chooses employee-only coverage or coverage that includes dependents,
4 does not exceed the share of premium cost paid by state employees
5 during the state employee benefits year that started immediately
6 prior to the school year.

7 (b) All contracts or agreements for employee benefits must be
8 held to responsible contracting standards, meaning a fair, prudent,
9 and accountable competitive procedure for procuring services that
10 includes an open competitive process, except where an open process
11 would compromise cost-effective purchasing, with documentation
12 justifying the approach.

13 (c) School districts offering medical, vision, and dental
14 benefits shall also make progress on promoting health care
15 innovations and cost savings and significantly reduce administrative
16 costs.

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

20 (6) The authority to make available basic and optional benefits
21 to school employees under this section expires December 31, 2019,
22 except (a) for nonrepresented employees of educational service
23 districts for which the authority expires December 31, 2023, and (b)
24 as authorized under RCW 28A.400.280. Beginning January 1, 2020,
25 school districts, for all school employees, and educational service
26 districts, for represented employees, shall make available basic and
27 optional benefits through plans offered by the health care authority
28 and the school employees' benefits board. Beginning January 1, 2024,
29 educational service districts, for nonrepresented employees, shall
30 make available basic and optional benefits through plans offered by
31 the health care authority and the school employees' benefits board.

32 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.05
33 RCW to read as follows:

34 (1) In addition to the benefits offering authority under this
35 chapter, the school employees' benefits board may study and, subject
36 to the availability of funding, offer the following employee-paid,
37 voluntary benefits:

38 (a) Emergency transportation;

39 (b) Identity protection;

1 (c) Legal aid;
2 (d) Long-term care insurance;
3 (e) Noncommercial personal automobile insurance;
4 (f) Personal homeowner's or renter's insurance;
5 (g) Pet insurance;
6 (h) Specified disease or illness-triggered fixed payment
7 insurance, hospital confinement fixed payment insurance, or other
8 fixed payment insurance offered as an independent, noncoordinated
9 benefit regulated by the office of the insurance commissioner;

10 (i) Travel insurance; and

11 (j) Voluntary employees' beneficiary association accounts.

12 (2) The health care authority, in consultation with the school
13 employees' benefits board, shall review the optional benefits
14 reported by school districts as required in RCW 28A.400.280 and
15 determine if the optional benefits are in competition with benefits
16 currently offered under either the authority's or the board's
17 authorities. If a school district benefit offering is determined to
18 be in competition with the benefits offered under either the
19 authority's or the board's authorities, the health care authority
20 must inform the school district of the benefits conflict and work
21 with the school district, and the applicable carrier, to either
22 modify and remove competing components of the district-based benefit
23 or end the district-based offering. If a carrier is in the process of
24 modifying benefits, including seeking any required regulatory
25 approval, a school district may continue to offer the original
26 benefit.

27 (3) Specified disease or illness-triggered fixed payment
28 insurance, hospital confinement fixed payment insurance, or other
29 fixed payment insurance offered pursuant to this section as an
30 independent, noncoordinated benefit is not a health plan as defined
31 in RCW 48.43.005.

Passed by the House March 10, 2020.

Passed by the Senate March 6, 2020.

Approved by the Governor March 31, 2020.

Filed in Office of Secretary of State March 31, 2020.

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