

jurisdiction to file the required statement and reports within thirty days of the date of the order.

(3) The ~~((suspension shall not))~~ reporting provisions of this chapter apply in any jurisdiction which by ordinance, resolution, or other official action has petitioned the commission to ~~((void the suspension with respect))~~ make the provisions applicable to elected officials and candidates of the jurisdiction. A copy of the action shall be sent to the commission. If the commission finds the petition to be a valid action of the appropriate governing body or authority, the commission shall issue an appropriate order ~~((voiding the suspension for that jurisdiction))~~. The commission, upon approval of the action, shall order every incumbent elected official and candidate in the jurisdiction to file the required statement and reports within thirty days of the date of the order.

(4) Any person exempted from reporting by ~~((the suspension under))~~ subsection (1) of this section may at his or her option file the statement and reports.

Passed the Senate April 27, 1985.

Passed the House April 27, 1985.

Approved by the Governor May 20, 1985, with the exception of certain items which are vetoed.

Filed in Office of Secretary of State May 20, 1985.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to Section 1, Substitute Senate Bill No. 3367:

"AN ACT Relating to the public disclosure law."

Section 1 amends the definition of "election campaign." While there may need to be more clarity in this definition, I do not believe the proposed change is appropriate. Under the proposed new definitions an "election campaign" would begin when the initial campaign committee organization form is filed. It would not end until a final report showing a \$0 balance in the campaign fund is filed. In my opinion, this would mean an unacceptably long "election campaign" since most campaign committees do not file final reports after each November election.

With the exception of Section 1, Substitute Senate Bill No. 3367 is approved."

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## CHAPTER 368

[Substitute Senate Bill No. 3354]

### INDUSTRIAL INSURANCE—MEDICAL AID—HEALTH CARE COST CONTAINMENT

AN ACT Relating to the medical aid fund; amending RCW 51.36.080, 51.44.020, 51.44-.110, and 43.88.180; creating new sections; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

**\*NEW SECTION.** Sec. 1. The legislature finds that:

(1) The governor's steering committee on the six-year state health care purchasing plan has estimated that health care expenditures by the department of labor and industries will rise from \$172.5 million in fiscal year 1985 to \$581.5 million in fiscal year 1991, an increase of two hundred thirty-seven percent in six years, while the number of persons receiving the care will rise only fifteen percent in the same period;

(2) The growing cost of health care for covered workers is a major cause of recent industrial insurance premium increases, adversely affecting both employers and employees;

(3) The department of labor and industries has not developed adequate means of controlling the costs of health care services to which covered workers are entitled by law;

(4) There is a need for all agencies of the state to act as prudent buyers in purchasing health care; and

***(5) The absence of legislative oversight through appropriation authority has contributed to the lack of control over health care expenditure growth by the department of labor and industries.***

***The purposes of this act are to clarify the duty of the director of labor and industries to function as a prudent purchaser of health care for covered workers, to require some cost control measures that appear to have proven themselves effective in other programs, and to commit the legislature to scrutiny of future health care expenditures in industrial insurance through the appropriation process.***

\*Sec. 1 was partially vetoed, see message at end of chapter.

Sec. 2. Section 55, chapter 289, Laws of 1971 ex. sess. and RCW 51.36.080 are each amended to read as follows:

All fees and medical charges under this title shall conform to regulations promulgated by the director. In establishing fees for medical and other health care services, the director shall consider the director's duty to purchase health care in a prudent, cost-effective manner without unduly restricting access to necessary care by persons entitled to the care. With respect to workers admitted as hospital inpatients on or after the effective date of this 1985 act, the director shall pay for inpatient hospital services on the basis of diagnosis-related groups which the director shall establish by rules adopted in accordance with chapter 34.04 RCW.

\*Sec. 3. Section 51.44.020, chapter 23, Laws of 1961 and RCW 51.44.020 are each amended to read as follows:

***There shall be, in the ~~((office of the))~~ state ~~((treasurer))~~ treasury, a fund to be known and designated as the "medical aid fund~~((:))~~" disbursements from which shall be made pursuant to appropriation except as provided in RCW 51.44.110.***

\*Sec. 3 was vetoed, see message at end of chapter.

**\*Sec. 4. Section 51.44.110, chapter 23, Laws of 1961 as last amended by section 68, chapter 350, Laws of 1977 ex. sess. and RCW 51.44.110 are each amended to read as follows:**

**Disbursement out of the several funds shall be made only upon warrants drawn by the department and disbursements out of the medical aid fund shall be made only pursuant to appropriation. The state treasurer shall pay every warrant out of the fund upon which it is drawn. If, at any time, there shall not be sufficient money appropriated in the fund on which any such warrant is drawn wherewith to pay the same, the warrant shall be paid out of the unappropriated portion of the fund. If, at any time, there shall not be sufficient money in the fund on which any such warrant is drawn wherewith to pay the same, the employer on account of whose worker it was that the warrant was drawn shall pay the same, and he or she shall be credited upon his or her next following contribution to such fund the amount so paid with interest thereon at the legal rate from the date of such payment to the date such next following contribution became payable and, if the amount of the credit shall exceed the amount of the contribution, he or she shall have a warrant upon the same fund for the excess and, if any such warrant shall not be so paid, it shall remain, nevertheless, payable out of the fund. If disbursements are made out of the unappropriated portion of the fund pursuant to this section, then the director shall make a full accounting to the legislative budget committee.**

\*Sec. 4 was vetoed, see message at end of chapter.

**\*Sec. 5. Section 43.88.180, chapter 8, Laws of 1965 as amended by section 8, chapter 100, Laws of 1973 1st ex. sess. and RCW 43.88.180 are each amended to read as follows:**

**Appropriations shall not be required for refunds, as provided in RCW 43.88.170, nor in the case of payments other than for administrative expenses or capital improvements to be made from trust funds specifically created by law to discharge awards, claims, annuities and other liabilities of the state. Said trust funds shall include, but shall not be limited to, the accident fund, (~~medical aid fund~~;) retirement system fund, Washington state patrol retirement fund and unemployment trust fund. Appropriations may be required in the case of public service enterprises defined for the purposes of this section as proprietary functions conducted by an agency of the state. An appropriation may be required to permit payment of obligations by revolving funds, as provided in RCW 43.88.190.**

\*Sec. 5 was vetoed, see message at end of chapter.

**NEW SECTION.** Sec. 6. Not later than December 1, 1986, the director of labor and industries shall provide to the committees on ways and means of the senate and house of representatives and to the committees on commerce and labor of the senate and house of representatives a progress report on health care cost containment in the industrial insurance program. The report shall include:

(1) A description of the inpatient hospital rate structure planned to meet the requirement of section 2 of this 1985 act;

(2) A plan for improved health care cost containment in the industrial insurance program to meet the director's duty to function as a prudent purchaser of health care under section 2 of this 1985 act;

(3) An estimate of the amount of the appropriation from the medical aid fund that will be needed to meet the requirements of chapter 51.44 RCW during the fiscal biennium beginning July 1, 1987, and ending June 30, 1989;

(4) Any proposals for legislative action the director deems appropriate to further the goal of prudent purchase of health care without unduly restricting access to necessary care by covered workers; and

(5) Such other information as the director deems appropriate.

**\*NEW SECTION.** Sec. 7. Sections 2 , 3, 4, and 5 of this act shall take effect July 1, 1987.

\*Sec. 7 was partially vetoed, see message at end of chapter.

Passed the Senate April 28, 1985.

Passed the House April 16, 1985.

Approved by the Governor May 20, 1985, with the exception of certain items which are vetoed.

Filed in Office of Secretary of State May 20, 1985.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to Section 1 subsection (5), Sections 3, 4, 5, and a portion of Section 7, Substitute Senate Bill No. 3354, entitled:

"AN ACT Relating to the medical aid fund;"

These sections of the bill would require expenditures from the Medical Aid Fund to be subject to appropriation. While this has been a very troubled program in the past, I have appointed new management which is actively undertaking management improvements. The need for control of health care costs is to run the workers' compensation program like the insurance business that it is. To do this, management needs the flexibility to adequately direct the program. For these reasons, I have vetoed Section 1 subsection (5), Sections 3, 4, 5, and a portion of Section 7.

With the exception of Section 1 subsection (5), Sections 3, 4, 5, and a portion of Section 7, Substitute Senate Bill No. 3354 is approved."

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CHAPTER 369

[Substitute Senate Bill No. 3356]

COUNTY ROADS

AN ACT Relating to county roads; amending RCW 36.32.250, 36.75.300, 36.77.030, 36.87.020, 36.87.060, 36.87.070, 36.88.010, and 36.88.090; adding a new section to chapter 36.82 RCW; and adding a new section to chapter 36.88 RCW.

Be it enacted by the Legislature of the State of Washington: