

## CHAPTER 147

[Engrossed Substitute Senate Bill No. 2066]

STATE EMPLOYEES' INSURANCE PROGRAMS--  
MODIFICATION--BOARD MEMBERSHIP,  
JURISDICTION--EXPANDED

AN ACT Relating to public employment; modifying insurance programs for state employees and expanding the membership and jurisdiction of the state employees insurance board; amending section 2, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.020; amending section 3, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.030; amending section 5, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.050; amending section 28B.10.660, chapter 223, Laws of 1969 ex. sess. as last amended by section 3, chapter 269, Laws of 1971 ex. sess. and RCW 28B.10.660; amending section 5, chapter 59, Laws of 1969 as amended by section 11, chapter 39, Laws of 1970 ex. sess. and RCW 41.04.230; amending section 1, chapter 75, Laws of 1963 as last amended by section 10, chapter 39, Laws of 1970 ex. sess. and RCW 41.04.180; amending section .24.01, chapter 79, Laws of 1947 and RCW 48.24.010; amending section 1, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.010; amending section 8, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.080; adding a new section to Title 41 RCW; repealing section 9, chapter 39, Laws of 1970 ex. sess. and RCW 41.06.370; creating new sections; and making an appropriation.

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

Section 1. Section 2, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.020 are each amended to read as follows:

(1) There is hereby created a state employees' insurance board to be composed as follows: The governor or his designee; ~~((the state directors of the department of general administration and the department of personnel; one member representing an association of state employees and one member representing a state employees' union, who shall be appointed by the governor;))~~ one administrative officer representing all of higher education to be appointed by the governor; two higher education faculty members to be appointed by the governor; the director of the department of personnel who shall act as trustee; one representative of an employee association certified as an exclusive representative of at least one bargaining unit of classified employees and one representative of an employee union certified as exclusive representative of at least one bargaining unit of classified employees, both to be appointed by the governor; one member of the senate who shall be appointed by the president of the senate; and one member of the house of representatives who shall be

appointed by the speaker of the house. The senate and house members of the board shall serve in ex officio capacity only. All appointments shall be made effective immediately. The terms of office of the administrative officer representing higher education, the two higher education faculty members, the representative of an employee association, and the representative of an employee union shall be for four years; PROVIDED, That the first term of one faculty member and one employee association or union representative member shall be for three years. The first meeting of the board shall be held as soon as possible thereafter at the call of the director of personnel. The board shall prescribe rules for the conduct of its business and shall elect a chairman and vice chairman at its first meeting and annually thereafter. Members of the board shall receive no compensation for their services, but shall be paid for their necessary and actual expenses while on official business and legislative members shall receive allowances provided for in RCW 44.04.120.

(2) The board shall study all matters connected with the providing of adequate health care coverage, life insurance, liability insurance, accidental death and dismemberment insurance, and disability income insurance or any one of, or a combination of, the enumerated types of insurance and health care plans for state employees and their dependents on the best basis possible with relation both to the welfare of the employees and to the state; PROVIDED, That liability insurance shall not be made available to dependents. The board shall design benefits, devise specifications, analyze carrier responses to advertisements for bids, determine the terms and conditions of employee participation and coverage, and decide on the award of contracts which shall be signed by the trustee on behalf of the board; PROVIDED, That all contracts for insurance, health care plans or protection applying to employees covered by this 1973 amendatory act shall provide that the beneficiaries of such insurance, health care plans or protection may utilize on an equal participation basis the services of practitioners licensed pursuant to chapters 18.22, 18.25, 18.32, 18.53, 18.57, 18.71, 18.74, 18.83, and 18.88 RCW; PROVIDED FURTHER, That the boards of trustees and boards of regents of the several institutions of higher education shall retain sole authority to provide liability insurance as provided in RCW 28B.10.660. The board shall from time to time review and amend such plans. Contracts for ((health benefit)) all plans shall be rebid and awarded at least every five years.

(3) The board shall develop and provide ((three)) employee health care benefit plans; at least one plan will provide major medical benefits as its primary feature, ((another)) at least one plan will provide basic first-dollar benefits as its primary feature

plus major medical, either or ~~((both))~~ all of which may be provided through a contract or contracts with regularly constituted insurance carriers or health care service contractors as defined in chapter 48.44 RCW, and another plan to be provided by a panel medicine plan in its service area only when approved by the board. Except for panel medicine plans, no more than one insurance carrier or health care service contractor shall be contracted with to provide the same plan of benefits: PROVIDED, That employees may choose participation in only one of the ~~((three))~~ health care benefit plans sponsored by the board: PROVIDED FURTHER, That employees of the institutions of higher education shall be retained as a separate actuarial and experience group and the board shall report its recommendation on such retention to the legislative budget committee by November 1, 1974.

Sec. 2. Section 3, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.030 are each amended to read as follows:

(1) The director of the department of personnel shall be trustee and administrator of all health benefit and insurance contracts awarded by the board and shall have power to employ a benefits supervisor and such other assistants and employees as may be necessary subject to the jurisdiction of the state civil service law, chapter 41.06 RCW. The director of personnel shall provide any other personnel and facilities necessary for assistance to the board. He may delegate his duties hereunder to the benefits supervisor.

(2) The director of personnel, as trustee, shall transmit contributions ~~((for health care benefits))~~ for health care and other insurance plans in payment of premiums and receive and deposit contributions and dividends or refunds into the state employees insurance revolving fund, which shall be used for payment of premiums, administrative expenses ~~((other than staffing))~~ as provided in RCW 41.05.030(1), to reduce employee contributions or to increase benefits in accordance with instructions of the board.

(3) Every division, department, or separate agency of state government shall fully cooperate in administration of the plans, education of employees, claims administration, and other duties as required by the trustee or the board.

Sec. 3. Section 5, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.050 are each amended to read as follows:

(1) Every department, division, or separate agency of state government shall provide contributions to ~~((hospitalization and medical aid))~~ insurance and health care plans for its employees and their dependents, the content of such plans to be determined by the state employees insurance board. All such contributions will be paid into the state employees insurance fund to be expended by the trustee for the payment of required ~~((health))~~ insurance premiums and health

care fees.

(2) The contributions of any department, division, or separate agency of the state government shall be ((limited to ten dollars per month per employee covered; from July 1, 1970 through June, 1971. Thereafter such contribution shall be established by the state personnel board in accordance with the procedure required for the adoption and amendment of salary schedules for employees under its jurisdiction as provided in RCW 41.06.150 and 41.06.160. The contributions for employees not covered by state civil service shall be)) set by the state employees insurance board, subject to the approval of the governor for availability of funds as specifically appropriated by the legislature for that purpose: PROVIDED, That nothing herein shall be a limitation on employees employed under chapter 47.64 RCW: PROVIDED FURTHER, That provision for school district ((and higher education)) personnel shall not be made under this chapter.

(3) The trustee with the assistance of the department of personnel shall annually survey private industry in the state of Washington to determine the maximum average employer contribution for group insurance programs under the jurisdiction of the state employees insurance board. Such survey shall be reported to the board for its use in setting the amount of the contributions to the various insurance programs by departments, divisions, and separate agencies of state government.

Sec. 4. Section 28B.10.660, chapter 223, Laws of 1969 ex. sess. as last amended by section 3, chapter 269, Laws of 1971 ex. sess. and RCW 28B.10.660 are each amended to read as follows:

The regents or trustees of any of the state's institutions of higher education may make available liability, life, health, health care, accident, disability and salary protection or insurance or any one of, or a combination of, the enumerated types of insurance, or any other type of insurance or protection, for the regents or trustees((r)) and students ((and employees)) of the institution((r and their dependents. Whenever funds shall be available for these purposes; the regents or trustees of any of the state's institutions of higher education may contribute all or a part of the cost of such protection or insurance for the employees of their respective institutions and their dependents in an amount not to exceed twenty dollars per month per employee covered. The premiums due on such liability insurance shall be borne by the university or college. The premiums due on such protection or insurance shall be borne by the assenting regent, trustee or student. All contracts for insurance or protection written to take advantage of the provisions of this section shall provide that the beneficiaries of such contracts may utilize on an equal participation basis the services of those

practitioners licensed pursuant to chapters 48-22, 48-25, 48-53, 48-57 and 48-74 RCW)). The premiums due on such protection or insurance shall be borne by the assenting regents, trustees, or students. The regents or trustees of any of the state institutions of higher education may make liability insurance available for employees of the institutions. The premiums due on such liability insurance shall be borne by the university or college.

Sec. 5. Section 5, chapter 59, Laws of 1969 as amended by section 11, chapter 39, Laws of 1970 ex. sess. and RCW 41.04.230 are each amended to read as follows:

Any official of the state authorized to disburse funds in payment of salaries and wages of public officers or employees is authorized, upon written request of the officer or employee, to deduct each month from the salaries or wages of the officers or employees, the amount of money designated by the officer or employee for payment of the following:

(1) Credit union deductions: PROVIDED, That the credit union is organized solely for public employees: AND PROVIDED FURTHER, That twenty-five or more employees of a single state agency or a total of one hundred or more state employees of several agencies have authorized such a deduction for payment to the same credit union.

(2) Parking fee deductions: PROVIDED, That payment is made for parking facilities furnished by the agency or by the department of general administration.

(3) U. S. savings bond deductions: PROVIDED, That a person within the particular agency shall be appointed to act as trustee. The trustee will receive all contributions; purchase and deliver all bond certificates; and keep such records and furnish such bond or security as will render full accountability for all bond contributions.

(4) Board, lodging or uniform deductions when such board, lodging and uniforms are furnished by the state, or deductions for academic tuitions or fees or scholarship contributions payable to the employing institution.

(5) Dues and other fees deductions: PROVIDED, That the deduction is for payment of membership dues to any professional organization formed primarily for public employees or college and university professors: AND PROVIDED, FURTHER, That twenty-five or more employees of a single state agency, or a total of one hundred or more state employees of several agencies have authorized such a deduction for payment to the same professional organization.

(6) Labor or employee organization dues may be deducted in the event that a payroll deduction is not provided under a collective bargaining agreement under the provisions of RCW 41.06.150: PROVIDED, That twenty-five or more officers or employees of a single

agency, or a total of one hundred or more officers or employees of several agencies have authorized such a deduction for payment to the same labor or employee organization: PROVIDED, FURTHER, That labor or employee organizations with five hundred or more members in state government may have payroll deduction for employee benefit programs.

(7) Accident and casualty premiums to a single insurer: PROVIDED, That twenty-five or more officers or employees of a single agency, or a total of one hundred or more officers or employees of several agencies have authorized such a deduction for payment to that insurer.

(8) ((Health care)) Insurance contributions to the trustee of ((health care benefit)) contracts for payment of premiums under contracts authorized by the state employees' insurance board.

Deductions from salaries and wages of public officers and employees other than those enumerated in this section or by other law, may be authorized by the budget director for purposes clearly related to state employment or goals and objectives of the agency.

The authority to make deductions from the salaries and wages of public officers and employees as provided for in this section shall be in addition to such other authority as may be provided by law: PROVIDED, That the state or any department, division, or separate agency of the state shall not be liable to any insurance carrier or contractor for the failure to make or transmit any such deduction.

Sec. 6. Section 1, chapter 75, Laws of 1963 as last amended by section 10, chapter 39, Laws of 1970 ex. sess. and RCW 41.04.180 are each amended to read as follows:

Any county, municipality, or other political subdivision of the state acting through its principal supervising official or governing body may, whenever funds shall be available for that purpose provide for all or a part of hospitalization and medical aid for its employees and their dependents through contracts with regularly constituted insurance carriers or with health care service contractors as defined in chapter 48.44 RCW, for group hospitalization and medical aid policies or plans: PROVIDED, That any county, municipality, or other political subdivision of the state acting through its principal supervising official or governing body shall provide the employees thereof a choice of policies or plans through contracts with not less than two regularly constituted insurance carriers or health care service contractors: AND PROVIDED FURTHER, That any county may provide such hospitalization and medical aid to county elected officials and their dependents on the same basis as such hospitalization and medical aid is provided to other county employees and their dependents: PROVIDED FURTHER, That provision for school district ((and higher education)) personnel

shall not be made under this section but shall be as provided for in RCW ((28.76.440 for sections)) 28A.58.420 ((and 28B.10.660 of the 1969 education code)).

Sec. 7. Section 8, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.080 are each amended to read as follows:

Retired or disabled state employees may continue their participation in insurance plans and contracts after retirement or disablement, under the qualifications, terms, conditions, and benefits set by the board: ~~((EXCEPT))~~ PROVIDED, That the rates charged such retired or disabled state employees for health care coverage shall be identical to that charged active participants; PROVIDED FURTHER, That such retired or disabled employees shall bear the full cost of premiums required to provide such coverage. The term "retired state employees" for the purpose of this section shall include but not be limited to members of the legislature whether voluntarily or involuntarily leaving state office.

NEW SECTION. Sec. 8. Section 9, chapter 39, Laws of 1970 ex. sess. and RCW 41.06.370 are hereby repealed.

NEW SECTION. Sec. 9. If any provision of this 1973 amendatory act, or its application to any person or circumstances is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 10. This bill shall not take effect until the funds necessary for its implementation have been specifically appropriated by the legislature and such appropriation itself has become law. It is the intention of the legislature that if the governor shall veto this section or any item thereof, none of the provisions of this bill shall take effect.

Sec. 11. Section .24.01, chapter 79, Laws of 1947 and RCW 48.24.010 are each amended to read as follows:

(1) No contract of life insurance shall hereafter be delivered or issued for delivery in this state insuring the lives of more than one individual unless to one of the groups as provided for in this chapter, and unless in compliance with the other provisions of this chapter.

(2) Subsection (1) of this section shall not apply to contracts of life insurance

(a) insuring only individuals related by marriage, by blood, or by legal adoption; or

(b) insuring only individuals having a common interest through ownership of a business enterprise, or of a substantial legal interest or equity therein, and who are actively engaged in the management thereof; or

(c) insuring the lives of employees and retirees under contracts executed with the state employees insurance board under the

provisions of chapter 41.05 RCW.

Sec. 12. Section 1, chapter 39, Laws of 1970 ex. sess. and RCW 41.05.010 are each amended to read as follows:

Unless the context clearly indicates otherwise, words used in this chapter have the following meaning:

(1) "Board" means the state employees' insurance board established under the provisions of RCW 41.05.020.

(2) "Employee" shall include all full time and career seasonal employees of the state, whether or not covered by civil service; elected and appointed officials of the executive branch of government, including full time members of boards, commissions or committees; and shall include any or all part time and temporary employees under the terms and conditions established by the board; justices of the supreme court and judges of the court of appeals and the superior courts; and members of the legislature who are elected to office after February 20, 1970.

(3) "Panel medicine plan" means a health care plan which can be offered by a health care service contractor which itself furnishes the health care service contracted for by means of a group practice prepaid medical care plan.

(4) "Trustee" shall mean the director of personnel.

NEW SECTION. Sec. 13. Nothing contained in this 1973 amendatory act shall be deemed to amend, alter or affect the provisions of Chapter 23, Laws of 1972, Extraordinary Session, and RCW 28B.10.840 through 28B.10.844 as now or hereafter amended.

NEW SECTION. Sec. 14. There is appropriated from the state employees' insurance revolving fund to the state employees' insurance board the sum of one hundred thousand dollars, or so much thereof as may be necessary, to supplement other funds related to health care coverage and to provide the necessary staff and studies attendant to the investigation and review of other insurance plans for state employees.

Passed the Senate April 13, 1973.

Passed the House April 12, 1973.

Approved by the Governor April 24, 1973.

Filed in Office of Secretary of State April 25, 1973.

CHAPTER 148

[ Engrossed Senate Bill No. 2088 ]

BARBERS, COSMETOLOGISTS, HAIR  
STYLISTS--REGULATION

AN ACT Relating to business and professions; amending section 1,