

Initiative Measure No. 945, filed June 12, 2017

HEALTHCARE FOR ALL INITIATIVE, OPTION #1

Comments and questions regarding this proposal may be directed to the
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AN ACT Relating to requiring the submission of a waiver to the federal government to create the Washington health security trust; adding a new chapter to Title 43 RCW; creating new sections; repealing RCW 82.04.260 and 48.14.0201; providing contingent effective dates; and providing an expiration date.

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

NEW SECTION. **Sec.** (1) There is a crisis in health care accessibility, affordability, and choice in Washington state. Health care through insurance companies has failed to control costs, increase access, or preserve choice. More than six hundred thousand Washington residents have no health care coverage. Individual plans are unavailable or unaffordable in most counties. Many clinics, physician practices, and emergency departments, especially in rural areas, are failing. Employers, faced with fewer choices and more expensive premiums, are reducing employment-based health care coverage. Simplifying health care financing and eliminating administrative waste inherent in multiple insurance plans can create sufficient savings to extend health care coverage to all residents and enhance fairness in the system.

(2) The people of the state of Washington declare their intention to create a single health financing entity called the Washington health security trust. Through public hearings, research, and consensus building, the trust will: (a) Provide fair, simple, and accountable health care financing for all Washington residents using a single health care financing entity; (b) cover a comprehensive package of effective and necessary personal health services; (c) make health care coverage independent from employment; (d) eliminate excessive administrative costs resulting from the current fragmented system of multiple insurers; (e) generate savings sufficient to ensure coverage for all Washington residents; (f) integrate current publicly sponsored health programs into the health security trust; (g) preserve choice of providers for Washington residents; (h) protect patient rights; (i) keep clinical decisions in the hands of

health professionals and patients, rather than administrative personnel; (j) promote health care quality; and (k) control excessive health care costs.

NEW SECTION. **Sec.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the board of trustees of the Washington health security trust, created in section 3 of this act.

(2) "Capitation" means a mechanism of payment in which a provider is paid a negotiated monthly sum and is obliged to provide all covered services for specific patients who enroll with that provider.

(3) "Case rate" means a method of payment based on diagnosis. Case rate assumes that a given set of services shall be provided and the rate is based on the total compensation for those services.

(4) "Chair" means the presiding officer of the board.

(5) "Employer" means any person, partnership, corporation, association, joint venture, or public or private entity operating in Washington state and employing for wages, salary, or other compensation, one or more residents.

(6) "Federal poverty level" means the federal poverty guidelines determined annually by the United States department of health and human services or its successor agency.

(7) "Group practice" or "group" means a group of practitioners voluntarily joined into an organization for the purpose of sharing administrative costs, negotiating with payers and controlling the circumstances of their medical practice, and, in some cases, sharing revenues. The group may be of a single specialty or include more than one specialty.

(8) "Health care facility" or "facility" includes any of the following appropriately accredited entities: Hospices licensed pursuant to chapter 70.127 RCW; hospitals licensed pursuant to chapter 70.41 RCW; rural health care facilities as defined in RCW 70.175.020; psychiatric hospitals licensed pursuant to chapter 71.12 RCW; nursing homes licensed pursuant to chapter 18.51 RCW; community

mental health centers licensed pursuant to chapter 71.05 or 71.24 RCW; kidney disease treatment centers licensed pursuant to chapter 70.41 RCW; ambulatory diagnostic, treatment, or surgical facilities licensed pursuant to chapter 70.41 RCW; approved drug and alcohol treatment facilities certified by the department of social and health services; home health agencies licensed pursuant to chapter 70.127 RCW; and such facilities if owned and operated by a political subdivision or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(9) "Health care practitioner" or "practitioner" means a person licensed or certified under Title 18 RCW or chapter 70.127 RCW, and covered by the all categories of provider law, RCW 48.43.045, providing health care services in Washington state consistent with their lawful scope of practice.

(10) "Health care provider" or "provider" means any health care facility, or health care practitioner or group practice licensed or certified under Washington state law to provide health or health-related services in Washington state.

(11) "Income" means the adjusted gross household income for federal income tax purposes.

(12) "Long-term care" means institutional, residential, outpatient, or community-based services that meet the individual needs of persons of all ages who are limited in their functional capacities or have disabilities and require assistance with performing two or more activities of daily living for an extended or indefinite period of time. These services include case management, protective supervision, in-home care, nursing services, convalescent, custodial, chronic, and terminally ill care.

(13) "Native American" means an American Indian or Alaska native as defined under 25 U.S.C. Sec. 1603.

(14) "Payroll" means any amount paid to Washington state residents and defined as "wages" under section 3121 of the internal revenue code.

(15) "Resident" means an individual who presents evidence of established, permanent residency in the state of Washington, who did

not enter the state for the primary purpose of obtaining health services. "Resident" also includes people and their accompanying family members who are residing in the state for the purpose of engaging in employment for at least one month. The confinement of a person in a nursing home, hospital, or other medical institution in the state may not by itself be sufficient to qualify such person as a resident.

(16) "Trust" means the Washington health security trust created in section 3 of this act.

NEW SECTION. **Sec.** An agency of state government known as the Washington health security trust is created. The purpose of the trust is to provide coverage for a set of health services for all residents.

NEW SECTION. **Sec.** (1) The trust must be governed by a board of trustees consisting of nine members with expertise in health care financing and delivery, and representing Washington citizens, business, labor, and health professions. Trustees must include individuals with knowledge of the health care needs of diverse populations, including low-income, Native American, undocumented, non-English speaking, disabled, rural, and other minority populations. Members of the board shall have no pecuniary interest in any business subject to regulation by the board.

(2) (a) By October 1st following the effective date of this section, each of the two largest caucuses in both the house of representatives and the senate shall submit to the governor a list of five nominees who are not legislators or employees of the state or its political subdivisions, with no caucus submitting the same nominee.

(b) By December 15th following the effective date of this section, the governor shall appoint the initial trustees. The governor shall appoint one trustee from each of the lists submitted by the house of representatives and the senate. If a caucus fails to submit a list as required in (a) of this subsection, or if the

nominees on the list do not meet the qualifications specified in subsection (1) of this section, the governor shall appoint a substitute trustee meeting the qualifications specified in subsection (1) of this section at the governor's discretion. The governor shall appoint five additional trustees meeting the qualifications specified in subsection (1) of this section at his or her discretion.

(c) Of the initial trustees, three shall be appointed to terms of two years, three shall be appointed to terms of four years, and three shall be appointed to terms of six years. Thereafter, trustees shall be appointed to six-year terms. Trustees may be appointed to multiple terms.

(d) The governor shall appoint one of the initial trustees as the chair of the board. The board shall elect its own chair from its members upon the expiration of the term of the initial chair or his or her departure from the board. The term of a chair elected by the board expires upon the expiration of his or her term on the board.

(3) If convinced by a preponderance of the evidence in a due process hearing that a trustee has failed to perform required duties or has a conflict with the public interest, the governor may remove that trustee and appoint another to serve the unexpired term.

(4) A trustee whose term has expired or who otherwise leaves the board must be replaced by gubernatorial appointment. When the person leaving was nominated by one of the caucuses of the house of representatives or the senate, his or her replacement must be appointed from a list of five nominees submitted by that caucus within thirty days after the vacancy occurs. If the caucus fails to submit the list of nominees, or if the nominees do not meet the qualifications specified in subsection (1) of this section, the governor shall appoint a trustee meeting the qualifications specified in subsection (1) of this section at the governor's discretion. A person appointed to replace a trustee who leaves the board prior to the expiration of his or her term shall serve only the duration of the unexpired term.

(5) The initial board shall convene no later than three months following the initial appointment.

(6) Members of the board are subject to chapter 42.52 RCW.

(7) The health care authority shall provide staff support to the board.

(8) The trustees occupy their positions according to the bylaws, rules, and relevant governing documents of the board and are exempt from chapter 41.06 RCW. The board and its professional staff are subject to the public disclosure provisions of chapter 42.17A RCW. Trustees shall be paid a salary to be fixed by the governor in accordance with RCW 43.03.040. Six trustees constitute a quorum for the conduct of business.

NEW SECTION. **Sec.** (1) Subject to the approval of the board, the chair shall appoint three standing committees:

(a) A financial advisory committee consisting of financial experts from the office of financial management, the office of the state treasurer, and the office of the insurance commissioner. The financial advisory committee shall recommend specific details for major budget decisions and for appropriations, taxes, and other funding legislation necessary to conduct the operations of the Washington health security trust;

(b) A citizens' advisory committee consisting of balanced representation from health experts, business, labor, and consumers. The citizens' advisory committee shall hold public hearings on priorities for inclusion in the set of health services, survey public satisfaction, investigate complaints, and identify and report on health care access and other priority issues for residents; and

(c) A technical advisory committee consisting of members with broad experience in and knowledge of health care delivery, research, and policy, as well as public and private funding of health care services. The technical advisory committee shall make recommendations to the board on technical issues related to covered benefits, quality assurance, utilization, and other issues as requested by the board.

(2) The board shall consult with the citizens' advisory committee at least quarterly, receive its reports and recommendations, and then report to the governor and legislature at least annually on board

actions in response to citizens' advisory committee input. The board shall also seek financially sound recommendations from the financial advisory committee whenever the board requests funding legislation necessary to operate the Washington health security trust and whenever the board considers major budget decisions.

(3) Subject to approval of the board, the chair may appoint other committees and task forces as needed.

(4) Members of committees shall serve without compensation for their services but shall be reimbursed for their expenses while attending meetings on behalf of the board in accordance with RCW 43.03.050 and 43.03.060.

NEW SECTION. **Sec.** The chair is the presiding officer of the board and has the following powers and duties:

(1) Appoint an executive director with the approval of the board;

(2) Enter into contracts on behalf of the board. All contracts are subject to review and binding legal opinions by the attorney general's office if disputed in a due process hearing by a party to such a contract;

(3) Subject to explicit approval of a majority of the board, accept and expend gifts, donations, grants, and other funds received by the board; and

(4) Delegate administrative functions of the board to the executive director and staff of the trust as necessary to ensure efficient administration.

NEW SECTION. **Sec.** (1) The board shall: (a) With advice from the citizens' advisory committee and the technical advisory committee, establish and keep current a set of health services to be financed by the trust, as provided in section 11 of this act; (b) subject to the funding mechanism established pursuant to the recommendations made under section 16 of this act, seek all necessary waivers so that current federal and state payments for health services to residents will be paid directly to the trust; (c) subject to the funding mechanism established pursuant to the recommendations

made under section 16 of this act, request legislation authorizing the health security assessments and premiums necessary to operate the trust and make rules, policies, guidelines, and timetables needed for the trust to finance the set of health services for all residents starting the second May 15th following the effective date of this section; (d) develop or contract for development of a statewide, anonymous health care data system to use for quality assurance and cost containment; (e) with advice from the technical advisory committee, develop health care practice guidelines and quality standards; (f) develop policies to protect confidentiality of patient records throughout the health care delivery system and the claims payment system; (g) make eligibility rules, including eligibility for residents temporarily out-of-state; (h) develop or contract for development of a streamlined uniform claims processing system that must pay providers in a timely manner for covered health services; (i) develop appeals procedures for residents and providers; (j) integrate functions with other state agencies; (k) work with the citizens' advisory committee and the technical advisory committee to balance benefits and provider payments with revenues, and develop effective measures to control excessive and unnecessary health care costs; (l) address nonfinancial barriers to health care access; (m) monitor population migration into Washington state to detect any trends related to availability of universal health care coverage; and (n) develop an annual budget for the trust.

(2) To the extent that the exercise of any of the powers and duties specified in this section may be inconsistent with the powers and duties of other state agencies, offices, or commissions, the authority of the board supersedes that of such other state agency, office, or commission.

NEW SECTION. **Sec.** Beginning the third May 15th following the effective date of this section, the board shall adopt, in consultation with the office of financial management, an annual Washington health security trust budget. Except by legislative approval, each annual budget shall not exceed the budget for the

preceding year by more than the Washington state consumer price index. If operations expenses exceed revenues generated in two consecutive years, the board shall recommend adjustments in either benefits or revenues, or both, to the legislature.

NEW SECTION. **Sec.** (1) The board shall report annual changes in total Washington health care costs, along with the financial position and the status of the trust, to the governor and legislature at least once a year.

(2) The board shall seek audits annually from the state auditor.

(3) The board shall contract with the state auditor for a performance audit every two years.

(4) The board shall adopt bylaws, rules, and other appropriate governance documents to assure accountable, open, fair, effective operations of the trust, including rules under which reserve funds may be prudently invested subject to advice of the state treasurer and the director of the department of financial management.

(5) The board shall submit any internal rules or policies it adopts to the secretary of state. The internal rules or policies must be made available by the secretary of state for public inspection.

NEW SECTION. **Sec.** (1) All residents are eligible for coverage through the trust.

(2) If a resident has health insurance coverage for any health services provided in the state, the benefits provided in this act are secondary to that insurance. Nonresidents are covered for emergency services and emergency transportation only.

(3) Until federal waivers are accomplished, residents covered under federal health programs shall continue to use that coverage, and benefits provided by the trust shall extend only to costs not covered by the federal health programs unless: (a) The resident voluntarily elects to participate in the trust; (b) the resident's pay is considered in calculating the employer's health security assessment established pursuant to the recommendations made under section 16 of this act; and (c) either the employer or the employee

pays the health security premium established pursuant to the recommendations made under section 16 of this act.

(4) The board shall make provisions for determining eligibility for coverage for residents while they are temporarily out of the state.

(5) Pending integration of federally qualified trusts into the health security trust, employees covered under the trusts are not eligible for coverage through the health security trust unless: (a) The employee's pay is considered in calculating the employer's health security assessment established pursuant to the recommendations made under section 16 of this act; and (b) either the employer or the employee pays the health security premium established pursuant to the recommendations made under section 16 of this act.

(6) Pending integration of federally qualified trusts into the health security trust, residents who are retirees covered under the trusts are not eligible for coverage through the health security trust unless they pay the health security premium established pursuant to the recommendations made under section 16 of this act.

(7) Pending integration into the health security trust of applicable federal programs described in section 19 of this act, Native American residents are not eligible for coverage through the health security trust unless: (a) The resident's pay is considered in calculating the employer's health security assessment established pursuant to the recommendations made under section 16 of this act; and (b) either the employer or the resident pays any health security premium established pursuant to the recommendations made under section 16 of this act.

(8) Nothing in this act shall be construed to limit a resident's right to seek health care from any provider he or she chooses, or from obtaining coverage for health care benefits in excess of those available under the trust.

NEW SECTION. **Sec.** (1) With advice from the citizens' advisory committee and the technical advisory committee, the board shall establish a single benefits package covering health services that are

effective and necessary for the good health of residents and that emphasize preventive and primary health care. The board shall ensure that the benefits package constitutes minimum essential coverage for purposes of the federal patient protection and affordable care act.

(2) The benefits package shall include, but is not limited to:

(a) Inpatient and outpatient hospital care, including twenty-four hour a day emergency services and emergency ambulance services; (b) outpatient, home-based, and office-based care; (c) rehabilitation services, including speech, occupational, and physical therapy; (d) inpatient and outpatient mental health services and substance abuse treatment; (e) hospice care; (f) prescription drugs and prescribed medical nutrition; (g) vision and hearing care; (h) diagnostic tests; (i) durable medical equipment; (j) preventive care; and (k) any other benefits defined as "essential health benefits" under the federal patient protection and affordable care act.

(3) Subject to a financial analysis demonstrating ongoing sufficient funds in the trust, long-term care shall be a covered benefit as of the third May 15th following the effective date of this section. Long-term care coverage shall include a uniform initial assessment and coordination between home health, adult day care, and nursing home services, and other treatment alternatives. The board shall establish a copayment for long-term nursing home care, to cover some costs of room and board, for residents with incomes above one hundred fifty percent of the federal poverty level.

(4) The board, in coordination with the office of the insurance commissioner, shall examine by the third May 15th following the effective date of this section, possible remedies for residents who have made previous payments for long-term care insurance.

(5) The board shall submit to the legislature by the third July 1st following the effective date of this section, a plan to incorporate dental care coverage in the benefits package, to be effective the following year.

(6) The board shall submit to the governor and legislature by the first December 1st following the effective date of this section, and

by December 1st of the following years: (a) The benefits package, and (b) an actuarial analysis of the cost of the package.

(7) The board shall consider the extent to which medical research and health professions training activities should be included in the scope of covered activities set forth in this act. The board shall make a report to the governor and the legislature by the third July 1st following the effective date of this section.

NEW SECTION. **Sec.** (1) When consistent with existing federal law, the board shall require pharmaceutical and durable medical equipment manufacturers to provide their products in Washington state at the lowest rate offered to federal and other government entities.

(2) The board may seek other means of financing drugs and durable medical equipment at the lowest possible cost, including bulk purchasing agreements with Washington state tribes.

(3) The board may enact drug formularies that do not interfere with treatments necessary for appropriate standards of care.

NEW SECTION. **Sec.** (1) The board shall adopt rules permitting providers to collectively negotiate budgets, payment schedules, and other terms and conditions of trust participation.

(2) The board shall annually negotiate with each hospital and each facility a prospective global budget for operational and other costs to be covered by the trust. Group practices may also negotiate on a global budget basis. Hospitals and other facilities shall be paid on a fee-for-service or case rate basis, within the limits of their prospective annual budget.

(3) Payment to individual practitioners shall be by fee-for-service or on a case rate basis or on a combination of bases. The board shall study the feasibility of paying by capitation to providers, and how resident enrollment would take place under capitation.

(4) Individual practitioners who are employed by a group, facility, clinic, or hospital may be paid by salary.

(5) The board shall adopt rules ensuring that payment schedules and procedures for mental health services are comparable to other health care services.

(6) The board shall study and seek to develop provider payment methods that: (a) Encourage an integrated multispecialty approach to disease management; (b) reward education time spent with patients; and (c) include a medical risk adjustment formula for providers whose practices serve patients with higher than average health risks.

(7) Nothing in this act shall be construed to limit a provider's right to receive payments from sources other than the trust. However, any provider who does accept payment from the trust for a service must accept that payment, along with applicable copayments, as payment in full.

NEW SECTION. **Sec.** (1) The intent of this section is to exempt activities approved under this act from state antitrust laws and to provide immunity from federal antitrust laws through the state action doctrine.

(2) Activities that might otherwise be constrained by antitrust laws, including: (a) Containing the aggregate cost of health care services; (b) promoting cooperative activities among health care providers to develop cost-effective health care delivery systems; and (c) any other lawful actions taken under this act by any person or entity created or regulated by this act, are declared to be pursuant to state statute and for the public purposes of the state of Washington.

NEW SECTION. **Sec.** (1) Administrative expenses to operate and maintain the trust shall not exceed eleven percent of the trust's annual budget. The board shall not shift administrative costs or duties of the trust to providers or to resident beneficiaries.

(2) The board shall work with providers to develop and apply scientifically based utilization standards, to use encounter and prescribing data to detect excessive utilization, to develop due

processes for enforcing appropriate utilization standards, and to identify and prosecute fraud.

(3) The board may institute other cost-containment measures in order to maintain a balanced budget. The board shall pursue due diligence to ensure that cost-containment measures do not limit access to clinically necessary care, nor infringe upon legitimate clinical decision making by practitioners.

NEW SECTION. **Sec.** (1) The joint select committee on health care oversight shall contract for an actuarial analysis of the funding needs of the Washington health security trust created in section 3 of this act and recommend a funding mechanism to the appropriate standing committees of the house of representatives, the senate, and the governor by January 1, 2018.

(2) The recommended funding mechanism may contain the following elements:

(a) A health security assessment to be paid by all employers in Washington state; and

(b) A monthly health security premium to be paid by Washington residents with incomes over two hundred percent of the federal poverty level, subject to exemptions such as for medicare and medicaid beneficiaries or for persons under the age of eighteen.

(3) The recommendations must also include recommended additional funding sources including, but not limited to, revenues collected under RCW 41.05.120, 41.05.130, 66.24.290, 82.24.020, 82.26.020, 82.08.150, 43.79.480, and 41.05.220.

(4) The recommendations shall specify the amounts that must be deposited in the reserve account created in section 20 of this act, the displaced worker training account created in section 21 of this act, and the benefits account created in section 22 of this act.

(5) Prior to making its recommendations, the joint select committee on health care oversight shall conduct at least six public hearings in different geographic regions of the state seeking public input or comment on the recommended funding mechanism.

NEW SECTION. **Sec.** Revenue derived from the health security assessment and the health security premium established pursuant to the recommendations made under section 16 of this act may not be used to pay for medical assistance currently provided under chapter 74.09 RCW or other existing federal and state health care programs. If existing federal and state sources of payment for health services are reduced or terminated after the effective date of this section, the legislature shall replace these appropriations from the general fund.

NEW SECTION. **Sec.** (1) No later than January 1, 2019, the Washington state health care authority shall apply for a waiver from the provisions of the federal patient protection and affordable care act, P.L. 111-148, as amended by the federal health care and education reconciliation act, P.L. 111-152, to:

 (a) Suspend the operation of the Washington health benefit exchange established in chapter 43.71 RCW;

 (b) Enable the state to receive appropriate federal funding in lieu of the federal premium tax credits, federal cost-sharing subsidies, and other federal payments and tax credits that will no longer be necessary due to the suspension of the operations of the Washington health benefits exchange;

 (c) Ensure the operation of the Washington health security trust consistent with this act; and

 (d) Enable the state to provide equitable coverage for all residents, including those covered through medicaid and medicare, and maximize the use of appropriate federal funding in the Washington health security trust.

 (2) The waiver application must be consistent with 42 U.S.C. Sec. 18052.

 (3) Beginning January 1, 2018, the health care authority shall submit annual progress reports to the appropriate legislative committees regarding the development of the waiver application. The report submitted on January 1, 2019, must include a list of any statutory changes necessary to implement the waiver.

(4) Upon receipt of the waiver, the health care authority shall promptly notify in writing the office of the code reviser, the governor, and the appropriate committees of the legislature.

NEW SECTION. **Sec.** (1) The board, in consultation with sovereign tribal governments as called for by the centennial accord, shall determine the state and federal laws that need to be repealed, amended, or waived to implement this act, and report its recommendations, with proposed revisions to the Revised Code of Washington, to the governor and the appropriate committees of the legislature by the first October 1st following the effective date of this section.

(2) The governor, in consultation with the board and sovereign tribal governments as called for by the centennial accord, shall take the following steps in an effort to receive waivers or exemptions from federal statutes necessary to fully implement this act:

(a) Negotiate with the federal department of health and human services, health care financing administration, to obtain a statutory or regulatory waiver of provisions of the medical assistance statute, Title XIX of the federal social security act and the children's health insurance program;

(b) Negotiate with the federal department of health and human services to obtain a statutory or regulatory waiver of provisions of the medicare statute, Title XVIII of the federal social security act, that currently constitute barriers to full implementation of this act;

(c) Negotiate with the federal department of health and human services to obtain any statutory or regulatory waivers of provisions of the United States public health services act necessary to ensure integration of federally funded community and migrant health clinics and other health services funded through the public health services act into the trust system under this act;

(d) Negotiate with the federal office of personnel management for the inclusion of federal employee health benefits in the trust under this act;

(e) Negotiate with the federal department of veterans' affairs for the inclusion of veterans' medical benefits in the trust under this act;

(f) Negotiate with the federal department of defense and other federal agencies for the inclusion of the civilian health and medical program of the uniformed services (CHAMPUS) in the trust under this act;

(g) Negotiate with the Indian health services and sovereign tribal governments for inclusion and adequate reimbursement of Indian health benefits under the trust created by this act; and

(h) Request that the United States congress amend the internal revenue code to treat the employer health security assessment and the individual health security premiums established pursuant to the recommendations made under section 16 of this act as fully deductible from adjusted gross income.

NEW SECTION. **Sec.** (1) The reserve account is created in the custody of the state treasurer. The reserve account will accumulate moneys until its value equals ten percent of the total annual budgeted expenditures of the trust and then will be considered fully funded, unless the legislature determines that a different level of reserve is necessary and prudent. Whenever the reserve account is fully funded, additional moneys shall be transferred to the benefits account created in section 22 of this act.

(2) Expenditures from the reserve account may be used only for the purposes of health care services and maintenance of the trust. Only the board or the board's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. **Sec.** (1) The displaced worker training account is created in the custody of the state treasurer. Expenditures from the account may be used only for retraining and job placement of workers displaced by the transition to the trust. Only the board or the

board's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

(2) Any funds remaining in the account on the second December 31st following the effective date of this section must be deposited into the benefits account created in section 22 of this act.

(3) This section expires the third January 1st following the effective date of this section.

NEW SECTION. **Sec.** The benefits account is created in the custody of the state treasurer. Expenditures from the account may be used only for health care services and maintenance of the trust. Only the board or the board's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. **Sec.** Following the repeal, amendment, or waiver of existing state and federal laws delineated in section 19 of this act, all other revenues currently deposited in the health services account for personal health care services shall be deposited to the reserve account created in section 20 of this act and the benefits account created in section 22 of this act.

NEW SECTION. **Sec.** Nothing in this act shall be construed to limit an employer's right to maintain employee benefit plans under the federal employee retirement income security act of 1974.

NEW SECTION. **Sec.** No later than the third January 1st following the effective date of this section, the board shall submit to the legislature a proposal to integrate those current and future federally qualified trusts that choose to participate in the trust.

NEW SECTION. **Sec.** On or before the third January 1st following the effective date of this section, the board, in coordination with the department of labor and industries, shall study and make a report

to the governor and appropriate committees of the legislature on the provision of medical benefits for injured workers under the trust.

NEW SECTION. **Sec.** An appropriation by separate act of the legislature may be necessary for the fiscal year ending June 30th in the second year following the effective date of this section, from the general fund to the benefits account of the Washington health security trust for start-up moneys for purposes of this act during the period of the first July 1st following the effective date of this section through the second June 30th following the effective date of this section.

NEW SECTION. **Sec.** The following acts or parts of acts, as now existing or hereafter amended, are each repealed:

(1) RCW 82.04.260 (Tax on manufacturers and processors of various foods and by-products—Research and development organizations—Travel agents—Certain international activities—Stevedoring and associated activities—Low-level waste disposers—Insurance producers, surplus line brokers, and title insurance agents—Hospitals—Commercial airplane activities—Timber product activities—Canned salmon processors) and 2017 c 135 s 11, 2015 3rd sp.s. c 6 s 602, & 2015 3rd sp.s. c 6 s 205; and

(2) RCW 48.14.0201 (Premiums and prepayments tax—Health care services—Exemptions—State preemption) and 2016 c 133 s 2, 2013 2nd sp.s. c 6 s 5, 2013 c 325 s 3, 2011 c 47 s 8, & 2009 c 479 s 41.

NEW SECTION. **Sec.** Sections 1 through 15, 17, 19 through 22, and 23 through 25 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. **Sec.** (1) Sections 2 through 15, 17, 19, and 25 through 27 of this act take effect upon receipt of the waiver requested under section 18 of this act.

(2) Sections 20 through 22 of this act take effect the second January 1st following receipt of the waiver requested under section 18 of this act.

(3) Sections 23, 24, and 28 of this act take effect the second May 15th following receipt of the waiver requested under section 18 of this act.

(4) The Washington health security trust must provide written notice of the effective dates provided in this section to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the trust.

NEW SECTION. **Sec.** If any provision of this act or its application to any person or circumstance 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.** If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this act in its application to the agencies concerned. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state.

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