



**Health Care for All-Washington's
Washington Health Security Trust (formerly [HB 1104](#))
Final Revised Version--December 10, 2024**

An ACT Relating to providing equitable access to affordable health care for all Washington residents by establishing the Washington health security trust and governing board, requiring the pursuit of waivers, including those established by Public Law 111–148, and adding a new chapter to Title 43 RCW: creating new sections, providing contingent effective dates, and providing an expiration date.

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

NEW SECTION. **Section 1.** INTRODUCTION

(1) There is a crisis in equitable health care accessibility, affordability, and choice in Washington state.

(2) Health care is a human right and it is in the public interest that all residents, including the undocumented, have affordable access to health care that improves health outcomes, contains health care costs for the state and its residents, and reduces health disparities.

(3) 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) allow freedom of 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 equity and quality;
- (k) control excessive health care costs; and
- (l) assure all residents have timely access to high quality medical care.

(4) On and after the day the Washington health security trust becomes operational, a health plan, as defined in 48.41.030(11) RCW, may not be sold in Washington for benefits provided by the Washington health security trust. Private supplemental insurance plans for benefits not covered by the trust are permitted. Contracts between the state and administrative service organizations for day-to-day trust management are also permitted.

(5) Should legislation of this kind be enacted on a federal level, it is the intent of this act to become a part of a nationwide system.

NEW SECTION. Section 2. DEFINITIONS 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) “Chair” means the presiding officer of the board.

(3) “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.

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

(5) “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.

(6) “Health care facility” or “facility” includes, but is not limited to, any of the following appropriately accredited entities: Hospitals licensed pursuant to chapter 70.127 RCW; hospitals licensed pursuant to chapter 70.41 RCW; rural health care facilities as defined in 70.175.020 RCW; 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.

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

(8) “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.

(9) “Income” means the adjusted gross household income for federal income tax purposes.

(10) “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.

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

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

(13) “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 those meeting the Apple Health Residency Requirements in WAC [182-503-0502](#) and [182-503-0525](#).

(14) “Trust” means the Washington health security trust created in Section 3 of this act.

NEW SECTION. Section 3. ESTABLISHING THE TRUST

An autonomous entity within state government known as the Washington health security trust is created, with a start-up appropriation from the general fund. The purpose of the trust is to provide coverage for a set of health benefits for all state residents.

NEW SECTION. Section 4. GOVERNING BOARD

(1) The trust shall 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.

(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 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 initial chair of the board. The board shall then elect its own chair and co-chair from its members. The term of a chair and co-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 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 43.03.040 RCW. Six trustees constitute a quorum for the conduct of business.

NEW SECTION. Section 5. COMMITTEES

(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, including provider reimbursements, 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, patients, and the general public. The citizens' advisory committee shall hold public hearings on priorities for inclusion in the set of health services to be covered, survey public satisfaction, investigate complaints, and identify and report on health care access, equity, provider reimbursement, and other priority issues for residents; and

(c) A technical advisory committee consisting of members with broad experience in and knowledge of clinical health care, research, and policy, the evaluation of efficacy and cost effectiveness of diagnostic testing, treatments, pharmaceuticals, medical devices, and electronic medical record and billing systems, 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, provider reimbursements, quality assurance, utilization, and other issues as requested by the board. In consultation with the citizens advisory committee, develop provider network adequacy standards taking into account wait and travel times to access care.

(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 43.03.050 and 43.03.060 RCW.

NEW SECTION. Section 6. DUTIES OF THE CHAIR

The chair is the presiding officer of the board and has the following powers and duties:

(1) Hire an executive director, who will then hire staff, 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. Section 7. DUTIES OF THE BOARD

(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 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, those who are employed in another state, and those receiving medically necessary care in another 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;
- (n) develop an annual budget for the trust;
- (o) establish and use a process to enter into voluntary participation agreements with health care providers and other contractors;
- (p) establish policies to reduce health disparities including, but not limited to, mitigating structural racism and other determinants of health as set forth by the office of equity;
- (q) redesign purchasing and payment methods to promote payment models such as fee-for-service that incentivize higher quality of care and the appropriate utilization of care;
- (r) in cooperation with Washington's Accountable Communities of Health, establish a process of holding regional public hearings on a regular basis to receive comments, complaints, and suggestions regarding regional health care needs. Reports shall be submitted to the board to ensure that regional concerns are considered in the development and update of future plans;
- (s) develop procedures for closely supervising any contractors charged with trust operations;
- (t) develop a cost control model for provider, device, and pharmaceutical payments; and
- (u) develop a procedure for community needs assessments across the state in cooperation with local providers and the Department of Health.

(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. Section 8. ANNUAL BUDGET

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. Section 9. FINANCIAL ACCOUNTABILITY

- (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. Section 10. ELIGIBILITY

(1) All Washington residents are eligible for coverage through the trust. The board shall establish a process for automatic trust enrollment at the time of birth in Washington or at the time a person establishes residency as defined in this act.

(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.

(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) Nonresidents are covered for emergency services and emergency transportation only. The board shall make provisions for determining eligibility for coverage for residents while they are temporarily out of the state and for residents who are employed in another state. If a resident receives medically necessary care in another state, the resident will be reimbursed by the trust according to rules established by the board.

(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.

(9) A participating provider shall not charge a rate in excess of the payment established through the trust for a health care item or service furnished under the trust.

NEW SECTION. Section 11. BENEFITS

(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 the residents and that emphasize preventive and primary health care. The board shall ensure that the benefits package consists, but is not limited to, Washington's [current essential health benefits](#) plus vision, hearing, and dental care.

(2) Health care items and services covered under the trust shall not be subject to prior authorization or step therapy protocols, beyond what is required by Medicare or the board. The determination of medical necessity or appropriateness shall be made by the resident's health care professional who is treating that individual and is authorized to make that determination.

(3) Subject to a benefit design and financial analysis demonstrating ongoing sufficient funds in the trust, the board shall submit a plan to the legislature for long-term care coverage 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 and personal care, adult day care, residential care services, and other treatment alternatives. The board may establish limited cost sharing on a sliding fee scale for long-term residential care to cover some costs of room and board.

(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, including the Washington Cares Fund.

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

(a) the benefits package, and

(b) an actuarial analysis of the cost of the package.

(6) 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. Section 12. PHARMACEUTICAL AND DME COSTS

(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 states that have enacted their own state-sponsored pharmaceutical manufacturing and production entities.

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

NEW SECTION. Section 13. PROVIDER PAYMENTS

(1) After consulting with all three advisory committees, the board shall establish reasonable payment rates for health care practitioners, hospitals, devices, and pharmaceuticals. Practitioners should be reimbursed based on their training, expertise, and time needed for each procedure, rather than on an assigned value to the procedure itself.

(2) The board shall adopt a cost control model for payments by the trust. The model could include elements of global budgeting, price caps, reference-based pricing, or any other government controlled system designed to place limits on rising prices.

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

(4) The board shall study and seek to develop provider payment methods that:

(a) encourage care coordination and integration; and

(b) reward education time spent with patients.

(5) 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 covered benefit must accept that payment as payment in full.

NEW SECTION. Section 14. ANTI-TRUST LAWS

(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; and

(b) promoting cooperative activities among health care providers to develop cost-effective health care delivery systems.

(3) 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. Section 15. BOARD COST-CONTAINMENT

(1) Administrative expenses to operate and maintain the trust shall not exceed 7% 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. Section 16. FUNDING

(1) The board, in consultation with the House and Senate appropriations committees, the Department of Revenue, and the Office of Financial Management, 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 the next June 30 following the effective date of this act.

(2) The recommended funding mechanism should 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 and for persons under the age of eighteen.

(3) The recommendations must also include recommended additional funding sources.

(4) An enrolled resident shall not be required to pay a copayment, deductible, coinsurance, or any other form of cost sharing for all covered benefits under the trust.

(5) 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, the benefits account created in Section 22, and the education and training account created in Section 23 of this act.

(6) Prior to making its final recommendations, the board shall conduct at least six public hearings in different geographic regions of the state seeking public input or comment on the recommended funding mechanism.

(7) The legislature shall enact legislation implementing the recommendations of the board during its next regular session.

NEW SECTION. Section 17. REVENUE FOR OTHER PROGRAMS

Revenue derived from the health security assessment, the health security premium established pursuant to the recommendations made under Section 6 of this act, and other dedicated fund sources that may be established under this act, shall be used solely to finance the health care benefits established by this act.

NEW SECTION. Section. 18. FEDERAL WAIVER

(1) No later than the second January 1st following the effective date of this section, the board 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 benefit 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 Affordable Care Act [Section 1332](#).

(3) Beginning the second November 15th following the effective date of this section, the board shall submit annual progress reports to the appropriate legislative committees

regarding the development of the waiver application. The report submitted on the following November 15th must include a list of any statutory changes necessary to implement the waiver.

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

NEW SECTION. Section 19. OTHER NEGOTIATIONS

The governor, in consultation with the board shall take the following steps in an effort to receive waivers or exemptions from federal statutes necessary to fully implement this act:

(1) 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, Title XXI of the federal social security act;

(2) 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. Options for negotiation include, but are not limited to, the administration of Medicare in Washington under 42 USC S1395kk, supplemental coverage and premium assistance for drug coverage under Medicare Part D, and seeking approval for the trust to operate as a Medicare Advantage plan, Direct Contracting Entity, or demonstration project;

(3) 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;

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

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

(6) 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;

(7) 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;

(8) Request that if a Medicare-eligible person covered by a state plan moves to a state without a state plan, that the Department of Health and Human Services consider that person eligible to resume Medicare coverage, including supplemental policies, without penalty.

NEW SECTION. Section 20. RESERVE ACCOUNT

(1) The reserve account is created in the custody of the state treasurer. The board, in consultation with the Office of Insurance Commissioner, shall establish reserve account levels, subject to approval by the legislature, as part of its biennial authorization of the use of trust account funds. 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. Section 21. DISPLACED WORKER ACCOUNT

(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. Section 22. BENEFITS ACCOUNT

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. Section 23. EDUCATION & TRAINING ACCOUNT

The health professional education and training account is created in the custody of the state treasurer. Upon appropriation by the Board, moneys in the health professional education and training fund shall be used solely to pay for the education and training of health professionals, such loan to be forgiven if work in the field of training is performed in underserved areas of the state for a length of time commensurate with the length of time spent in health profession education and training.

NEW SECTION. Section 24. REVENUE DEPOSITS

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. Section 25. EMPLOYER PLANS

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, or to provide supplemental benefits not provided by the trust.

NEW SECTION. Section 26. INTEGRATING FEDERAL TRUSTS

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. Section 27. INTEGRATING INJURED WORKERS

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. Section 28. INCLUSION

Sections 1 through 15, 17, and 19 through 24 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. Section 29. IMPLEMENTATION

(1) Sections 2 through 15, 17, 19, 26 and 27 of this act take effect upon receipt of the waiver requested under Section 18 of this act.

(2) Sections 20 through 23 of this act take effect the second January 1st following receipt of the waiver requested under Section 18 of this act.

(3) Sections 24 and 25 of this act take effect the second May 15th following receipt of the waiver requested under Section 18 of this act.

NEW SECTION. Section 30. SEVERABILITY

(1) 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.

(2) 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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