

SENATE BILL REPORT

EHB 1679

As of April 3, 2009

Title: An act relating to access to catastrophic disability medical insurance under plan 2 of the law enforcement officers' and firefighters' retirement system.

Brief Description: Providing access to catastrophic disability medical insurance under plan 2 of the law enforcement officers' and firefighters' retirement system.

Sponsors: Representatives Simpson, Van De Wege, Ericks, Williams, White, Kelley, Sells, Ross, Hope and Conway; by request of LEOFF Plan 2 Retirement Board.

Brief History: Passed House: 3/05/09, 97-0.

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The surviving spouses of emergency service personnel killed in the line of duty on or after January 1, 1998, may purchase health care benefits from the Public Employees' Benefits Board (PEBB). "Emergency service personnel" for this purpose includes firefighter and law enforcement members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) and the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System, and the Washington State Patrol Retirement System (WSPRS). The cost of the insurance is paid by the surviving spouses and dependent children.

The 2006 Legislature added to the retirement allowance paid to survivors of all LEOFF Plan 2 members killed in the course of employment reimbursement for the cost of participating in a PEBB health insurance plan. The survivors of members killed in the line of duty prior to January 1, 1998, as well as on or after January 1, 1998, are eligible to participate in PEBB health insurance plans. A similar reimbursement benefit was added by the 2007 Legislature for similarly-situated survivors of the WSPRS members.

A member of LEOFF Plan 2 who is totally disabled in the line of duty is entitled to a disability allowance equal to 70 percent of final average salary. The total disability benefit is reduced to the extent that in combination with certain workers' compensation payments and Social Security disability benefits, the disabled member would receive more than 100 percent of final average salary. The Department of Fish and Wildlife Enforcement Officers'

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compensation insurance benefits are also reduced for any disability benefits received from LEOFF Plan 2.

Total disability is defined as a member's inability to perform any substantial gainful activity due to a physical or mental condition that may be expected to result in death or last for at least 12 months. Substantial gainful activity is defined as average earnings of more than \$860 per month, adjusted annually based on federal Social Security standards.

The LEOFF Plan 2 does not provide access to or pay for any health care insurance for any disability retirees. A disability retiree may have access to health care insurance through employer or employee associations or the open market. The LEOFF Plan 2 does pay for PEBB benefits for survivors of members that were killed in the course of employment.

Summary of Bill: The LEOFF Plan 2 members that are totally disabled in the line of duty, as well as their spouses and dependent children, are eligible to participate the the PEBB

The rates charged to totally disabled LEOFF Plan 2 members and dependents ineligible for Medicare for participation in the PEBB health insurance plans are based on the risk pool of all actively employed and Medicare-ineligible PEBB members. If eligible for Medicare, the totally disabled LEOFF Plan 2 members or their dependents participate in the PEBB Medicare supplemental plans, as do other Medicare-eligible PEBB members.

The eligibilty to participate in PEBB plans is a benefit of LEOFF Plan 2, and the Health Care Authority will charge an amount to the LEOFF Plan 2 Retirement Fund sufficient to offset the increased costs of the community risk pool attributable to the participation of the totally disabled members and their dependents.

The act expires July 1, 2011.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.