

SENATE BILL REPORT

SB 5394

As of February 27, 1995

Title: An act relating to health insurance.

Brief Description: Modifying continuation of health plan coverage for certain persons.

Sponsors: Senators Franklin, Moyer, Long, Wood, Pelz, Winsley, Kohl, Fairley, Prince, Sellar, Quigley, Prentice, Bauer, Loveland, Fraser and Newhouse.

Brief History:

Committee Activity: Health & Long-Term Care: 2/3/95.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Don Sloma (786-7319)

Background: Local government employees are covered by the state Health Care Authority if their employer contracts with the state Health Care Authority for such coverage.

Under certain conditions, local government employees covered by the state Health Care Authority may continue their participation in the insurance plans of their employer after they retire or are disabled. Such retired or disabled employees are responsible for paying their own premiums, but the premiums charged must be developed from the same experience pool as active employees.

Local government employees not covered by the state Health Care Authority have no other right under state law to continue to participate in the insurance plans of their employer after they retire or are disabled.

Federal law, under the Consolidated Omnibus Budget Reconciliation Act (COBRA), requires that employees who retire be allowed to purchase group health insurance from their employer for a period of 18 months, at a rate no more than 2 percent higher than active employees would pay. COBRA does not apply to retirees eligible for Medicare.

Summary of Bill: With some exceptions and under certain conditions, retired or disabled local government employees not covered by the state Health Care Authority must be allowed to continue participation in their employer's health insurance program.

Persons continuing their insurance coverage may be required to pay for it, but may not be charged more than an active employee under the same plan. However, if their participation increases the cost of the plan by more than 10 percent, what they are charged shall be adjusted to cover the additional cost in excess of the 10 percent.

If a person continuing insurance coverage becomes eligible for Medicare, the coverage terminates but the person shall have the option of participating in a supplemental plan provided by the employer.

Other conditions are established regarding, among other things, enrollment periods, coordination of benefits with a participant's other medical coverage, and coverage of dependents if the retired or disabled employee dies.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.