

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2371**

Chapter 254, Laws of 1998

55th Legislature  
1998 Regular Session

MEDICAL EXPENSE PLAN FOR CERTAIN RETIREES

EFFECTIVE DATE: 6/11/98

Passed by the House February 16, 1998  
Yeas 98 Nays 0

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Passed by the Senate March 12, 1998  
Yeas 48 Nays 0

BRAD OWEN  
**President of the Senate**

Approved April 1, 1998

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2371** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

April 1, 1998 - 2:57 p.m.

**Secretary of State  
State of Washington**

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HOUSE BILL 2371

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Passed Legislature - 1998 Regular Session

State of Washington

55th Legislature

1998 Regular Session

By Representatives Carlson, Radcliff, Constantine, Sheahan, Mulliken, Kastama, Johnson, Gardner, Pennington, Kenney, H. Sommers, L. Thomas, Kessler, Anderson and Dyer

Read first time 01/12/98. Referred to Committee on Appropriations.

1 AN ACT Relating to a medical expense plan for certain retirees;  
2 amending RCW 41.04.340; and creating a new section.

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

4 **Sec. 1.** RCW 41.04.340 and 1997 c 232 s 2 are each amended to read  
5 as follows:

6 (1) An attendance incentive program is established for all eligible  
7 employees. As used in this section the term "eligible employee" means  
8 any employee of the state, other than eligible employees of the  
9 community and technical colleges and the state board for community and  
10 technical colleges identified in RCW 28B.50.553, and teaching and  
11 research faculty at the state and regional universities and The  
12 Evergreen State College, entitled to accumulate sick leave and for whom  
13 accurate sick leave records have been maintained. No employee may  
14 receive compensation under this section for any portion of sick leave  
15 accumulated at a rate in excess of one day per month. The state and  
16 regional universities and The Evergreen State College shall maintain  
17 complete and accurate sick leave records for all teaching and research  
18 faculty.

1 (2) In January of the year following any year in which a minimum of  
2 sixty days of sick leave is accrued, and each January thereafter, any  
3 eligible employee may receive remuneration for unused sick leave  
4 accumulated in the previous year at a rate equal to one day's monetary  
5 compensation of the employee for each four full days of accrued sick  
6 leave in excess of sixty days. Sick leave for which compensation has  
7 been received shall be deducted from accrued sick leave at the rate of  
8 four days for every one day's monetary compensation.

9 (3) At the time of separation from state service due to retirement  
10 or death, an eligible employee or the employee's estate may elect to  
11 receive remuneration at a rate equal to one day's current monetary  
12 compensation of the employee for each four full days of accrued sick  
13 leave.

14 ~~(4) ((Pursuant to this subsection, in lieu of cash remuneration the  
15 state may, with equivalent funds, provide eligible employees with a  
16 benefit plan providing for reimbursement of medical expenses. The  
17 committee for deferred compensation shall develop any benefit plan  
18 established under this subsection, but may offer and administer the  
19 plan only if (a) each eligible employee has the option of whether to  
20 receive cash remuneration or to have his or her employer transfer  
21 equivalent funds to the plan; and (b) the committee has received an  
22 opinion from the United States internal revenue service stating that  
23 participating employees, prior to the time of receiving reimbursement  
24 for expenses, will incur no United States income tax liability on the  
25 amount of the equivalent funds transferred to the plan.~~

26 ~~(5))~~ Remuneration or benefits received under this section shall  
27 not be included for the purpose of computing a retirement allowance  
28 under any public retirement system in this state.

29 ~~((6) With the exception of subsection (4) of this section))~~ (5)  
30 Except as provided in subsections (7) through (9) of this section for  
31 employees not covered by chapter 41.06 RCW, this section shall be  
32 administered, and rules shall be adopted to carry out its purposes, by  
33 the Washington personnel resources board for persons subject to chapter  
34 41.06 RCW: PROVIDED, That determination of classes of eligible  
35 employees shall be subject to approval by the office of financial  
36 management.

37 ~~((7))~~ (6) Should the legislature revoke any remuneration or  
38 benefits granted under this section, no affected employee shall be

1 entitled thereafter to receive such benefits as a matter of contractual  
2 right.

3 (7) In lieu of remuneration for unused sick leave at retirement as  
4 provided in subsection (3) of this section, an agency head or designee  
5 may with equivalent funds, provide eligible employees with a benefit  
6 plan that provides for reimbursement for medical expenses. This plan  
7 shall be implemented only after consultation with affected groups of  
8 employees. For eligible employees covered by chapter 41.06 RCW,  
9 procedures for the implementation of these plans shall be adopted by  
10 the Washington personnel resources board. For eligible employees  
11 exempt from chapter 41.06 RCW, and classified employees who have opted  
12 out of coverage of chapter 41.06 RCW as provided in RCW 41.56.201,  
13 implementation procedures shall be adopted by an agency head having  
14 jurisdiction over the employees.

15 (8) Implementing procedures adopted by the Washington personnel  
16 resources board or agency heads shall require that each medical expense  
17 plan authorized by subsection (7) of this section apply to all eligible  
18 employees in any one of the following groups: (a) Employees in an  
19 agency; (b) employees in a major organizational subdivision of an  
20 agency; (c) employees at a major operating location of an agency; (d)  
21 exempt employees under the jurisdiction of an elected or appointed  
22 Washington state executive; (e) Employees of the Washington state  
23 senate; (f) employees of the Washington state house of representatives;  
24 (g) classified employees in a bargaining unit established by the  
25 Washington personnel resources board; or (h) other group of employees  
26 defined by an agency head that is not designed to provide an  
27 individual-employee choice regarding participation in a medical expense  
28 plan. However, medical expense plans for eligible employees in any of  
29 the groups under (a) through (h) of this subsection who are covered by  
30 a collective bargaining agreement shall be implemented only by written  
31 agreement with the bargaining unit's exclusive representative and a  
32 separate medical expense plan may be provided for unrepresented  
33 employees.

34 (9) Medical expense plans authorized by subsection (7) of this  
35 section must require as a condition of participation in the plan that  
36 employees in the group affected by the plan sign an agreement with the  
37 employer. The agreement must include a provision to hold the employer  
38 harmless should the United States government find that the employer or  
39 the employee is in debt to the United States as a result of the

1 employee not paying income taxes due on the equivalent funds placed  
2 into the plan, or as a result of the employer not withholding or  
3 deducting a tax, assessment, or other payment on the funds as required  
4 by federal law. The agreement must also include a provision that  
5 requires an eligible employee to forfeit remuneration under subsection  
6 (3) of this section if the employee belongs to a group that has been  
7 designated to participate in the medical expense plan permitted under  
8 this section and the employee refuses to execute the required  
9 agreement.

10 NEW SECTION. Sec. 2. If any part of RCW 41.04.340 (7) through (9)  
11 is found to be in conflict with federal tax laws or rulings or  
12 regulations of the federal internal revenue service, the conflicting  
13 part is inoperative solely to the extent of the conflict and such a  
14 finding shall not affect the remainder of section 1, chapter . . . ,  
15 Laws of 1998 (section 1 of this act).

Passed the House February 16, 1998.

Passed the Senate March 12, 1998.

Approved by the Governor April 1, 1998.

Filed in Office of Secretary of State April 1, 1998.