

SENATE BILL REPORT

SB 5808

As Reported By Senate Committee On:
Health & Long-Term Care, March 3, 1999

Title: An act relating to subsidies for health benefit premiums.

Brief Description: Subsidizing health benefit premiums for certain retired or disabled employees.

Sponsors: Senators Franklin, Winsley, Fraser, Rasmussen, McAuliffe, Wojahn, Fairley, Thibaudeau, Prentice and Kohl-Welles.

Brief History:

Committee Activity: Health & Long-Term Care: 3/3/99 [DP-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Thibaudeau, Chair; Wojahn, Vice Chair; Johnson and Winsley.

Staff: Jonathan Seib (786-7427)

Background: Medicare eligible disabled or retired employees of school districts and the state are in a separate risk pool from active employees and other retirees for purposes of providing health insurance through the Public Employee Benefits Board. These employees, however, are provided with an explicit subsidy at a rate determined by the board. There is concern that the current system for providing such subsidy is not fair or predictable, and makes it difficult for the Legislature to obtain accurate and timely information necessary for appropriating funds.

Summary of Bill: Beginning January 1, 2002, and each January 1 thereafter, the health insurance subsidy that is provided to disabled or retired employees who are eligible for Medicare must be based on the average of the actual costs from the preceding two years. The subsidy for any given fiscal year may never be lower than the subsidy for the preceding fiscal year.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill was modeled after a formula appearing in the Governor's proposed 1999-01 operating budget to preserve the value of the PEBB Medicare eligible explicit subsidy. Premiums for Medicare eligible retirees have increased substantially. The bill would establish predictability for budget purposes and fairness for retirees.

Testimony Against: None.

Testified: PRO: Maria Short; Jean Kycek, WEA retired; Leslie Main, Pat Hobin, Washington State Retires Teachers Association.