

SENATE BILL REPORT

SB 6383

As Reported By Senate Committee On:
Ways & Means, January 27, 2000

Title: An act relating to eligibility for retirement allowance adjustments.

Brief Description: Restricting eligibility for retirement allowance adjustments.

Sponsors: Senators Loveland and Haugen.

Brief History:

Committee Activity: Ways & Means: 1/26/2000, 1/27/2000 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6383 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Brown, Vice Chair; Fraser, Honeyford, Kline, Kohl-Welles, McDonald, Rasmussen, Rossi, B. Sheldon, Spanel, Thibaudeau, Winsley, Wojahn and Zarelli.

Staff: Pete Cutler (786-7454)

Background: The Department of Social and Health Services (DSHS) administers the COPEs program which provides financial support for certain low income persons who are living in assisted care facilities. The state limits COPEs eligibility to only persons who meet Medicaid categorically needy—standards, which have an absolute income limit. The current income limit is \$1,536 per month. Persons who have income over the limit are not eligible for any financial support through COPEs.

Certain retirees of the Public Employees Retirement System, Plan 1 (PERS 1) and the Teachers Retirement System, Plan 1 (TRS 1) are eligible for automatic annual cost of living adjustments (COLAs).

In 1998 the Legislature enacted a retroactive pop-up—benefit for persons who had retired from PERS 1 and TRS 1 prior to January 1, 1996. The pop-up benefit was provided to persons who had selected an actuarially reduced retirement allowance that included a survivor benefit, where the person selected as the beneficiary of the survivor benefit had already pre-deceased the retiree. The retirement allowances for these retirees were increased to the full retirement allowance formula, as though the retiree had never selected a survivor benefit option. In 1999 the law was amended to provide that a PERS 1 retiree who is receiving state-funded long-term care services is not eligible for the retroactive pop-up benefit if the increase would make the retiree ineligible for the services. No such change was made for TRS 1 retirees.

PERS 1 and TRS 1 retirees do not have the option to waive all or part of a COLA increase. TRS 1 retirees do not have the option to waive a pop-up benefit. A PERS 1 or TRS 1 retiree loses his or her eligibility for the COPES program if the increase provided by a COLA, or by a pop-up benefit, causes the retiree's income to exceed the COPES income limit.

Summary of Substitute Bill: A PERS 1 or TRS 1 retiree who is receiving state-funded long-term care services is not eligible for a COLA increase if the increase would make the retiree ineligible for the services. Also, a TRS 1 retiree who is receiving state-funded long-term care services is not eligible for a retroactive pop-up benefit if the increase would make the retiree ineligible for the services.

State-funded long-term care services— is defined to mean a state-funded adult family home, adult residential care, assisted living, enhanced adult residential care, or nursing home service, as defined in RCW 74.39A.009, for which the retiree is required to contribute all income other than a specified amount reserved for the retiree's personal maintenance needs.

Retirees who are subject to these limitations are required to notify the Department of Retirement Systems in writing.

Substitute Bill Compared to Original Bill: Technical changes are made to clarify that the bill also applies to persons receiving survivor benefits.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.