

2 **ESSB 5777** - H COMM AMD **Adopted March 7, 2002**
3 By Committee on Appropriations

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** It is the intent of this act to provide
8 retirees of local government employers access to health care benefits.
9 It is also the intent of this act that local government employers be
10 allowed the flexibility to design programs to meet the health care
11 needs of their retirees and that the local government employer be able
12 to recover all costs associated with providing retirees access to
13 health benefits.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.04 RCW
15 to read as follows:

16 (1) Unless the context clearly requires otherwise, the definitions
17 in this subsection apply throughout this section.

18 (a) "Disabled employee" means an individual eligible to receive a
19 disability retirement allowance from the public employees' retirement
20 system.

21 (b) "Health plan" means a contract, policy, fund, trust, or other
22 program established jointly or individually by a county, municipality,
23 or other political subdivision of the state that provides for all or a
24 part of hospitalization or medical aid for its employees and their
25 dependents under RCW 41.04.180.

26 (c) "Retired employee" means a public employee meeting the
27 retirement eligibility, years of service requirements, and other
28 criteria set forth in the public employees' retirement system.

29 (2) A county, municipality, or other political subdivision that
30 provides a health plan for its employees shall permit retired and
31 disabled employees and their dependents to continue participation in a
32 plan subject to the exceptions, limitations, and conditions set forth
33 in this section. However, this section does not apply to a county,
34 municipality, or other political subdivision participating in an
35 insurance program administered under chapter 41.05 RCW if retired and

1 disabled employees and their dependents of the participating county,
2 municipality, or other political subdivision are covered under an
3 insurance program administered under chapter 41.05 RCW. Nothing in
4 this subsection or this act precludes the local government employer
5 from offering retired or disabled employees a health plan with a
6 benefit structure, copayment, deductible, coinsurance, lifetime benefit
7 maximum, and other plan features which differ from those offered
8 through a health plan provided to active employees. Further, nothing
9 in this subsection precludes a local government employer from joining
10 with other public agency employers, including interjurisdictional
11 benefit pools and multi-employer associations or consortiums, to
12 fulfill its obligations under this act.

13 (3) A county, municipality, or other political subdivision has full
14 authority to require a person who requests continued participation in
15 a health plan under subsection (2) of this section to pay the full cost
16 of such participation, including any amounts necessary for
17 administration. However, this subsection does not require an employer
18 who is currently paying for all or part of a health plan for its
19 retired and disabled employees to discontinue those payments.

20 (4) Payments for continued participation in a former employer's
21 health plan may be assigned to the underwriter of the health plan from
22 public pension benefits or may be paid to the former employer, as
23 determined by the former employer, so that an underwriter of the health
24 plan that is an insurance company, health care service contractor, or
25 health maintenance organization is not required to accept individual
26 payments from persons continuing participation in the employer's health
27 plan.

28 (5) After an initial open enrollment period of ninety days after
29 the effective date of this section, an employer may not be required to
30 permit a person to continue participation in the health plan if the
31 person is responsible for a lapse in coverage under the plan. In
32 addition, an employer may not be required to permit a person to
33 continue participation in the employer's health plan if the employer
34 offered continued participation in a health plan that meets the
35 requirements of this act.

36 (6) If a person continuing participation in the former employer's
37 health plan has medical coverage available through another employer,
38 the medical coverage of the other employer is the primary coverage for

1 purposes of coordination of benefits as provided for in the former
2 employer's health plan.

3 (7) If a person's continued participation in a health plan was
4 permitted because of the person's relationship to a retired or disabled
5 employee of the employer providing the health plan and the retired or
6 disabled employee dies, then that person is permitted to continue
7 participation in the health plan for a period of not more than six
8 months after the death of the retired or disabled employee. However,
9 the employer providing the health plan may permit continued
10 participation beyond that time period.

11 (8) An employer may offer one or more health plans different from
12 that provided for active employees and designed to meet the needs of
13 persons requesting continued participation in the employer's health
14 plan. An employer, in designing or offering continued participation in
15 a health plan, may utilize terms or conditions necessary to administer
16 the plan to the extent the terms and conditions do not conflict with
17 this section.

18 (9) If an employer changes the underwriter of a health plan, the
19 replaced underwriter has no further responsibility or obligation to
20 persons who continued participation in a health plan of the replaced
21 underwriter. However, the employer shall permit those persons to
22 participate in any new health plan.

23 (10) The benefits granted under this section are not considered a
24 matter of contractual right. Should the legislature, a county,
25 municipality, or other political subdivision of the state revoke or
26 change any benefits granted under this section, an affected person is
27 not entitled to receive the benefits as a matter of contractual right.

28 (11) This section does not affect any health plan contained in a
29 collective bargaining agreement in existence as of the effective date
30 of this section. However, any plan contained in future collective
31 bargaining agreements shall conform to this section. In addition, this
32 section does not affect any health plan contract or policy in existence
33 as of the effective date of this section. However, any renewal of the
34 contract or policy shall conform to this section.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.04 RCW
36 to read as follows:

37 Employers providing access to health insurance coverage under this
38 act may adopt criteria which specify allowable enrollment periods,

1 require enrollees to keep current addresses and information, and
2 outline other processes to ensure that plans can be administered
3 efficiently and effectively.

4 **Sec. 4.** RCW 41.05.050 and 1995 1st sp.s. c 6 s 22 and 1994 c 153
5 s 4 are each reenacted and amended to read as follows:

6 (1) Every department, division, or separate agency of state
7 government, and such county, municipal, school district, educational
8 service district, or other political subdivisions as are covered by
9 this chapter, shall provide contributions to insurance and health care
10 plans for its employees and their dependents, the content of such plans
11 to be determined by the authority. Contributions, paid by the county,
12 the municipality, school district, educational service district, or
13 other political subdivision for their employees, shall include an
14 amount determined by the authority to pay such administrative expenses
15 of the authority as are necessary to administer the plans for employees
16 of those groups. Until October 1, 1995, contributions to be paid by
17 school districts or educational service districts shall be adjusted by
18 the authority to reflect the remittance provided under RCW 28A.400.400.

19 (2) If the authority at any time determines that the participation
20 of a county, municipal, or other political subdivision covered under
21 this chapter adversely impacts insurance rates for state employees, the
22 authority shall implement limitations on the participation of
23 additional county, municipal, or other political subdivisions.

24 (3) The contributions of any department, division, or separate
25 agency of the state government, and such county, municipal, or other
26 political subdivisions as are covered by this chapter, shall be set by
27 the authority, subject to the approval of the governor for availability
28 of funds as specifically appropriated by the legislature for that
29 purpose. Insurance and health care contributions for ferry employees
30 shall be governed by RCW 47.64.270.

31 ~~((+3+))~~ (4) The authority shall transmit a recommendation for the
32 amount of the employer contribution to the governor and the director of
33 financial management for inclusion in the proposed budgets submitted to
34 the legislature.

35 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2003.
36 However, if a political subdivision is unable to structure a health
37 plan to meet the requirements of this act by January 1, 2003,

1 additional time of up to one year is allowed. All political
2 subdivisions must implement this act by January 1, 2004."

3 Correct the title.

--- END ---