

FINAL BILL REPORT

ESSB 5777

C 319 L 02
Synopsis as Enacted

Brief Description: Permitting retired and disabled employees to obtain health insurance.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Prentice, Winsley, Thibaudeau, Deccio and Rasmussen).

Senate Committee on Health & Long-Term Care

Senate Committee on Ways & Means

House Committee on Health Care

House Committee on Appropriations

Background: Local government employees have health insurance coverage through 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: With some exceptions and under certain terms and conditions, retired or disabled local government employees not covered by the state Health Care Authority (HCA) must be allowed to continue participation in a health plan of their employer.

A local government may require a retired or disabled person who requests continued participation in its health plan to pay the full cost of such participation, including any amounts necessary for administration.

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

If the HCA determines that allowing political subdivisions to participate in HCA health plans is adversely impacting state employee insurance rates, it must implement limitations on the participation of additional political subdivisions.

The act takes effect January 1, 2003, but allows political subdivisions up to one year following this date to come into compliance.

Votes on Final Passage:

Senate	47	0	
House	93	0	(House amended)
Senate	44	0	(Senate concurred)

Effective: January 1, 2003