1 AN ACT Relating to health care benefits for retirees of local
government employers; adding new sections to chapter 41.04 RCW;
creating a new section; providing an effective date; and providing an
expiration date.

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

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

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

15 (1) Unless the context clearly requires otherwise, the definitions
in this subsection apply throughout this section.
(a) "Disabled employee" means an individual eligible to receive a
disability retirement allowance from the public employees’ retirement
system.
(b) "Health plan" means a contract, policy, fund, trust, or other
program established by a county, municipality, or other political
subdivision of the state that provides for all or a part of
hospitalization or medical aid for its employees and their dependents
under RCW 41.04.180.
(c) "Retired employee" means a public employee meeting the
retirement eligibility, years of service requirements, and other
criteria set forth in the public employees’ retirement system.

(2) A county, municipality, or other political subdivision that
provides a health plan for its employees shall permit retired and
disabled employees and their dependents to continue participation in a
plan subject to the exceptions, limitations, and conditions set forth
in this section. However, this section does not apply to a county,
municipality, or other political subdivision participating in an
insurance program administered under chapter 41.05 RCW if retired and
disabled employees and their dependents of the participating county,
municipality, or other political subdivision are covered under an
insurance program administered under chapter 41.05 RCW. Nothing in
this subsection or this act precludes the local government employer
from offering retired or disabled employees a health plan with a
benefit structure, copayment, deductible, coinsurance, lifetime benefit
maximum, and other plan features which differ from those offered
through a retirement plan provided to active employees. Further,
nothing in this subsection precludes a local government employer from
joining with other public agency employers, including
interjurisdictional benefit pools and multi-employer associations or
consortiums, to fulfill its obligations under this act.

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

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

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

(6) If a person continuing participation in the former employer’s
health plan has medical coverage through another employer, the medical
coverage of the other employer is the primary coverage for purposes of
coordination of benefits as provided for in the former employer’s
health plan.

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

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

(9) If an employer changes the underwriter of a health plan, the
replaced underwriter has no further responsibility or obligation to
persons who continued participation in a health plan of the replaced
underwriter. However, the employer shall permit those persons to
participate in any new health plan.
The benefits granted under this section are not considered a matter of contractual right. Should the legislature, a county, municipality, or other political subdivision of the state revoke or change any benefits granted under this section, an affected person is not entitled to receive the benefits as a matter of contractual right.

This section does not affect any health plan contained in a collective bargaining agreement in existence as of the effective date of this section. However, any plan contained in future collective bargaining agreements shall conform to this section. In addition, this section does not affect any health plan contract or policy in existence as of the effective date of this section. However, any renewal of the contract or policy shall conform to this section.

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

Employers providing access to health insurance coverage under this act may adopt criteria which specify allowable enrollment periods, require enrollees to keep current addresses and information, and outline other processes to ensure that plans can be administered efficiently and effectively.

NEW SECTION. Sec. 4. This act takes effect January 1, 2003.

NEW SECTION. Sec. 5. This act expires December 31, 2008.

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