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**SENATE BILL 5777**

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**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senators Prentice, Winsley, Thibaudeau, Deccio and Rasmussen

Read first time 02/02/2001. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to health care benefits for retirees of local  
2 government employers; adding new sections to chapter 41.04 RCW;  
3 creating a new section; providing an effective date; and providing an  
4 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  
7 retirees of local government employers access to health care benefits.  
8 It is also the intent of this act that local government employers be  
9 allowed the flexibility to design programs to meet the health care  
10 needs of their retirees and that the local government employer be able  
11 to recover all costs associated with providing retirees access to  
12 health benefits.

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

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

1 (a) "Disabled employee" means an individual eligible to receive a  
2 disability retirement allowance from the public employees' retirement  
3 system.

4 (b) "Health plan" means a contract, policy, fund, trust, or other  
5 program established by a county, municipality, or other political  
6 subdivision of the state that provides for all or a part of  
7 hospitalization or medical aid for its employees and their dependents  
8 under RCW 41.04.180.

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

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

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

38 (4) Payments for continued participation in a former employer's  
39 health plan may be assigned to the underwriter of the health plan from

1 public pension benefits or may be paid to the former employer, as  
2 determined by the former employer, so that an underwriter of the health  
3 plan that is an insurance company, health care service contractor, or  
4 health maintenance organization is not required to accept individual  
5 payments from persons continuing participation in the employer's health  
6 plan.

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

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

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

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

35 (9) If an employer changes the underwriter of a health plan, the  
36 replaced underwriter has no further responsibility or obligation to  
37 persons who continued participation in a health plan of the replaced  
38 underwriter. However, the employer shall permit those persons to  
39 participate in any new health plan.

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

6 (11) This section does not affect any health plan contained in a  
7 collective bargaining agreement in existence as of the effective date  
8 of this section. However, any plan contained in future collective  
9 bargaining agreements shall conform to this section. In addition, this  
10 section does not affect any health plan contract or policy in existence  
11 as of the effective date of this section. However, any renewal of the  
12 contract or policy shall conform to this section.

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

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

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

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

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