

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2985

Chapter 173, Laws of 2004

58th Legislature
2004 Regular Session

RETIRED AND DISABLED PUBLIC EMPLOYEES--HEALTH INSURANCE

EFFECTIVE DATE: 3/26/04

Passed by the House March 11, 2004
Yeas 96 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 11, 2004
Yeas 49 Nays 0

BRAD OWEN

President of the Senate

Approved March 26, 2004.

GARY F. LOCKE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2985** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

March 26, 2004 - 4:31 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2985

AS AMENDED BY THE SENATE

Passed Legislature - 2004 Regular Session

State of Washington 58th Legislature 2004 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Cody, Campbell, Kenney, Dickerson and Rockefeller)

READ FIRST TIME 02/06/04.

1 AN ACT Relating to health insurance for retired and disabled public
2 employees; amending RCW 41.04.208; repealing 2002 c 319 s 5
3 (uncodified); and declaring an emergency.

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

5 **Sec. 1.** RCW 41.04.208 and 2002 c 319 s 2 are each amended to read
6 as follows:

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

9 (a) "Disabled employee" means (~~(an individual)~~) a person eligible
10 to receive a disability retirement allowance from the Washington law
11 enforcement officers' and fire fighters' retirement system plan 2 and
12 the public employees' retirement system.

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

18 (c) "Retired employee" means a public employee meeting the
19 retirement eligibility, years of service requirements, and other

1 criteria (~~set forth in~~) of the Washington law enforcement officers'
2 and fire fighters' retirement system plan 2 and the public employees'
3 retirement system.

4 (2) A county, municipality, or other political subdivision that
5 provides a health plan for its employees shall permit retired and
6 disabled employees and their dependents to continue participation in a
7 plan subject to the exceptions, limitations, and conditions set forth
8 in this section. However, this section does not apply to a county,
9 municipality, or other political subdivision participating in an
10 insurance program administered under chapter 41.05 RCW if retired and
11 disabled employees and their dependents of the participating county,
12 municipality, or other political subdivision are covered under an
13 insurance program administered under chapter 41.05 RCW. Nothing in
14 this subsection or chapter 319, Laws of 2002 precludes the local
15 government employer from offering retired or disabled employees a
16 health plan with a benefit structure, copayment, deductible,
17 coinsurance, lifetime benefit maximum, and other plan features which
18 differ from those offered through a health plan provided to active
19 employees. Further, nothing in this subsection precludes a local
20 government employer from joining with other public agency employers,
21 including interjurisdictional benefit pools and multi-employer
22 associations or consortiums, to fulfill its obligations under chapter
23 319, Laws of 2002.

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

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

1 (5) After an initial open enrollment period of ninety days after
2 January 1, 2003, an employer may not be required to permit a person to
3 continue participation in the health plan if the person is responsible
4 for a lapse in coverage under the plan. In addition, an employer may
5 not be required to permit a person to continue participation in the
6 employer's health plan if the employer offered continued participation
7 in a health plan that meets the requirements of chapter 319, Laws of
8 2002.

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

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

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

29 (9) If an employer changes the underwriter of a health plan, the
30 replaced underwriter has no further responsibility or obligation to
31 persons who continued participation in a health plan of the replaced
32 underwriter. However, the employer shall permit those persons to
33 participate in any new health plan.

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

1 (11) This section does not affect any health plan contained in a
2 collective bargaining agreement in existence as of January 1, 2003.
3 However, any plan contained in future collective bargaining agreements
4 shall conform to this section. In addition, this section does not
5 affect any health plan contract or policy in existence as of January 1,
6 2003. However, any renewal of the contract or policy shall conform to
7 this section.

8 (12) Counties, municipalities, and other political subdivisions
9 that make a documented good faith effort to comply with the provisions
10 of subsections (2) through (11) of this section and are unable to
11 provide access to a fully insured group health benefit plan are
12 discharged from any obligations under subsections (2) through (11) of
13 this section but shall assist disabled employees and retired employees
14 in applying for health insurance. Assistance may include developing
15 and distributing standardized information on the availability and cost
16 of individual health benefit plans, application packages, and health
17 benefit fairs.

18 (13) The office of the insurance commissioner shall make available
19 to counties, municipalities, and other political subdivisions
20 information regarding individual health benefit plans, including a list
21 of carriers offering individual coverage, the rates charged, and how to
22 apply for coverage.

23 NEW SECTION. Sec. 2. 2002 c 319 s 5 (uncodified) is repealed.

24 NEW SECTION. Sec. 3. This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 immediately.

Passed by the House March 11, 2004.
Passed by the Senate March 11, 2004.
Approved by the Governor March 26, 2004.
Filed in Office of Secretary of State March 26, 2004.