
SUBSTITUTE SENATE BILL 5777

State of Washington

57th Legislature

2001 Regular Session

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

READ FIRST TIME 02/28/01.

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; and providing an effective date.

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

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

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

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

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

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

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

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

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

35 (4) Payments for continued participation in a former employer's
36 health plan may be assigned to the underwriter of the health plan from
37 public pension benefits or may be paid to the former employer, as
38 determined by the former employer, so that an underwriter of the health
39 plan that is an insurance company, health care service contractor, or

1 health maintenance organization is not required to accept individual
2 payments from persons continuing participation in the employer's health
3 plan.

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

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

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

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

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

37 (10) The benefits granted under this section are not considered a
38 matter of contractual right. Should the legislature, a county,
39 municipality, or other political subdivision of the state revoke or

1 change any benefits granted under this section, an affected person is
2 not entitled to receive the benefits as a matter of contractual right.

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

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

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

17 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.04 RCW
18 to read as follows:

19 The joint legislative audit and review committee shall report on
20 the impact of this act on local governments, and evaluate this act's
21 effectiveness in providing access to affordable, quality health care
22 coverage to local government retirees. The report shall be submitted
23 to the appropriate committees of the legislature by December 1, 2008.

24 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2002.
25 However, if a political subdivision is unable to structure a health
26 plan to meet the requirements of this act by January 1, 2002,
27 additional time of up to one year is allowed. All political
28 subdivisions must implement this act by January 1, 2003.

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