
Appropriations Committee

HB 1085

Brief Description: Concerning premium reduction for medicare-eligible retiree participants in the public employees' benefits board program.

Sponsors: Representatives Dolan, Kilduff, Fitzgibbon, Macri, Doglio and Leavitt.

Brief Summary of Bill

- Changes the premium subsidy for Medicare-eligible retirees participating in the Public Employees' Benefits Board program from the lesser of 50 percent of the cost or the amount established in the operating budget to no less than 50 percent of the premium cost.

Hearing Date: 1/28/19

Staff: David Pringle (786-7310).

Background:

The Health Care Authority (HCA) administers benefits plans, forms benefits contracts, develops participation rules, and through the Public Employees' Benefit Board (PEBB) approves schedules of rates and premiums for active employee and retired participants. The members of the PEBB vote to approve contracts and benefits for the PEBB program.

The PEBB program primarily covers employees and retirees of state agencies and state higher education institutions, and the retirees of school districts and educational service districts. Active employees and pre-Medicare retirees participate in a single medical risk pool, so that the cost of claims, insurance, and risk are shared amongst all employers and employees that participate. The PEBB covers about 110,000 retirees and their spouses/domestic partners, about 100,000 of which are eligible for Medicare. The employer contributions for retiree health benefits come from a portion of the funding rate that is charged to state agencies, and a "retiree remittance" paid by school district for each active employee.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Retirees eligible for Medicare participate in a separate risk pool; however, employer cost sharing is significantly different. Medicare absorbs the majority of medical expenses for this group, and other insurance costs are limited by a maximum per person retiree cost established in the state biennial operating budget. Currently, this "explicit" Medicare-eligible retiree subsidy is set at \$168 per Medicare-eligible participant per month, an increase from the \$150 per month that was in place for several preceding fiscal biennia.

Summary of Bill:

The method of determining the premium subsidy for Medicare-eligible retirees participating in the Public Employees' Benefits Board is changed from the lesser of 50 percent of the cost or the amount established in the operating budget to no less than 50 percent of the premium cost.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.