

SENATE BILL REPORT

SB 5490

As Reported by Senate Committee On:
Health & Long Term Care, January 26, 2023
Ways & Means, February 20, 2023

Title: An act relating to health care coverage for retired or disabled employees denied coverage for failure to timely notify the authority of their intent to defer coverage.

Brief Description: Concerning health care coverage for retired or disabled employees denied coverage for failure to timely notify the authority of their intent to defer coverage.

Sponsors: Senators Rolfes, Conway, Hunt, Lovick, Saldaña and Wilson, C..

Brief History:

Committee Activity: Health & Long Term Care: 1/26/23 [w/oRec-WM].
Ways & Means: 2/07/23, 2/20/23 [DPS].

Brief Summary of First Substitute Bill

- Allows certain retired or disabled public employees who were denied retiree health care coverage provided by the Public Employees Benefits Board another limited opportunity to enroll.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5490 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

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

Staff: Amanda Cecil (786-7460)

Background: The Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for retired employees of the state, participating local governments, and school employees covered by the School Employees' Benefits Board (SEBB).

Members of most of the state retirement Plans 2 may continue state employee health insurance coverage when they retire. Members of the Plans 3 who have at least ten years of service and are at least 55 years of age may elect to retain their state employee health insurance upon separation from state employment, regardless of whether they choose to retire.

Retirees and separated employees who are eligible for retiree coverage may defer coverage until a later date if they retain continuous enrollment in a comprehensive employer-sponsored medical insurance program as either an employee or dependent of an employee. Retirees may also qualify for deferred enrollment if they are enrolled directly or as a dependent in medical coverage provided by a federal plan, such as TRICARE. To defer coverage, an employee must apply to HCA within 60 days of becoming eligible for retiree coverage.

Retired and separated employees choosing to continue coverage are responsible for paying the full cost of their insurance premiums until they are eligible for Medicare, at which time they qualify for a state subsidy of up to 50 percent of their monthly premium, up to a maximum of \$183 per month.

Summary of Bill (First Substitute): A retired or disabled employee who was eligible to defer coverage when they left employment, but failed to do so and later applied for retiree coverage and was denied solely for failure to notify HCA of their plan to defer coverage, and appealed the denial of benefits by December 31, 2022, may enroll in retiree health care.

A retired or disabled employee enrolling in benefits may only enroll in a fully-insured Medicare advantage or Medicare supplement plan.

A retiree taking advantage of this provision must apply by the end of the open enrollment period for the plan year beginning January 1, 2024.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Provides that to be eligible to enroll in health care the denied employee must have appealed the denial on or before December 31, 2022.

Appropriation: None.

Fiscal Note: Requested on February 4, 2023.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: There is no recourse under state law. There are many people who retired early that fell through the cracks and are unable to access the retirement benefits that they have been promised their whole lives and have paid into.

OTHER: There are procedural requirements for retirement benefit qualification including timing. Until 2001, an individual lost eligibility if they did not enroll immediately, which led to the creation of the deferment option. This bill offers a one-time chance for a specific set of retired or disabled employees to reapply for coverage if they missed their opportunity to do so.

Persons Testifying: PRO: Senator Christine Rolfes, Prime Sponsor.

OTHER: David Iseminger, WA State Health Care Authority.

Persons Signed In To Testify But Not Testifying: No one.