

SENATE BILL REPORT

SHB 2867

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 26, 1992

Brief Description: Authorizing reimbursement of certain medical insurance premiums to retired police officers and fire fighters.

SPONSORS: House Committee on Appropriations (originally sponsored by Representatives H. Sommers, Edmondson, Horn, Orr, Winsley, Jones, Paris, Wood, Bray and J. Kohl)

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Amondson, Bailey, Bluechel, Cantu, Gaspard, Hayner, M. Kreidler, Metcalf, Murray, Newhouse, Owen, Rinehart, Saling, Talmadge, and West.

Staff: Denise Graham (786-7715)

Hearing Dates: February 25, 1992; February 26, 1992

BACKGROUND:

Plan I of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) requires employers to pay for medical services needed by retired and disabled members. Local LEOFF disability boards oversee the medical services. The law allows employers to purchase insurance plans to cover these members, with the employer then also paying for charges not covered by the insurance. Employers are also allowed to deduct charges that have been paid by Medicare from amounts they owe to the retired members.

Pre-LEOFF police officers' pension boards have discretion over whether and how much to pay for medical services for retired members, although many do provide some level of reimbursement. Pre-LEOFF fire fighters' disability boards are required to provide medical services for retired disabled fire fighters.

Part B of Medicare covers the cost of physicians' charges and may be purchased by Medicare-eligible retirees for \$29.60 per month. Medicare part B coverage is not mandatory, but retirees who purchase it receive substantial discounts on other insurance to supplement Medicare because the federal government is then responsible for the largest portion of charges for medical services.

Some former employers of LEOFF and pre-LEOFF retirees have been reimbursing the retirees for the cost of the Medicare

part B premiums so that the employers' supplemental insurance obligations are reduced. The state Attorney General and the State Auditor have found exception to this practice, stating that the employers and the local disability boards have no statutory authority to reimburse retirees for part B premiums.

SUMMARY:

Former employers of retired members of plan I of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) have the authority, at their discretion, to reimburse such members for the cost of Medicare part B premiums or premiums for other insurance that supplements Medicare.

Disability boards overseeing retirees under the police officers' retirement system and disabled retirees under the fire fighters' retirement system established prior to LEOFF also have authority and discretion to reimburse retirees for Medicare part B premiums or other supplemental insurance.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Currently, there are 12 cities known to be paying Medicare Part B premiums; passing the bill would mean a savings to all of these cities. The bill's impact on the Seattle Police Pension Board alone would be a savings of about \$700,000 a year.

TESTIMONY AGAINST: None

TESTIFIED: Jackie McFayden, Assn. of WA Cities (pro); Dave Grayson, Seattle Police Pension Board (pro)