

SENATE BILL REPORT

SSB 5873

AS PASSED SENATE, MARCH 19, 1991

Brief Description: Providing insurance coverage for retired and disabled school district employees.

SPONSORS: Senate Committee on Ways & Means (originally sponsored by Senators McDonald, Gaspard, Saling, Snyder, L. Smith, Johnson, Bauer, Rasmussen and Barr).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5873 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, Johnson, L. Kreidler, Metcalf, Murray, Newhouse, Niemi, Rinehart, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: March 7, 1991; March 8, 1991

HOUSE COMMITTEE ON APPROPRIATIONS

BACKGROUND:

State law provides that state employees who are retired or disabled may continue their participation in any insurance plans and contracts after retirement or disablement. Federal law requires this for 18 months after retirement. These employees bear the full cost of premiums required to provide coverage, and the rates charged for health care are developed from the same experience pool as active employees. Rates for a retired or disabled employee or the employee's dependents who are covered by Medicare are actuarially reduced to reflect the value of that care.

SUMMARY:

Retired and disabled school district employees may continue their participation in any insurance plans and contracts after retirement or disablement in the same manner as state employees. Premiums for coverage shall be deducted by the department of retirement systems from the monthly retirement benefit of the retired or disabled employee and transmitted by the department to the appropriate insurance carrier.

The bill applies to school district employees who retire or are disabled after the effective date of this act, school district employees who retired within the 18-month period ending on the effective date of this act, and school district

employees who retired more than 18 months before the effective date of this act if they were covered by a school district's insurance plan on January 1, 1991.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Retired persons are faced with large insurance premiums without this bill. It would result in only a small increase in premiums for active teachers. The state appropriates the same money for teacher insurance as for state employee insurance so that retired teachers can be covered. Not all school districts use the money for this purpose.

TESTIMONY AGAINST:

The costs would be astronomical if the bill covers all insurance. The active employees would subsidize the retired employees. The bill creates inequity. The issue should be studied.

TESTIFIED: Mary Green, Karen Davis, WEA (con); Mel Sorenson, Washington Physicians Service, Blue Cross of Washington/Alaska (con); Calvin Watness, Leland Weaver, Washington State Retired Teachers Association (pro); Cliff Webster, Washington Dental Service, Health Insurance Association of America (con); Lee Ozmun, Washington State Retired Teachers Association (pro)

HOUSE AMENDMENT(S):

Retired or disabled school district employees may continue participation in any insurance plans and contracts for a period of at least 30 months after their retirement or disablement. This provision applies to employees who retire after the bill's effective date and to those who retired in the 18-month period immediately prior to the bill's effective date. Employees who retired more than 18 months prior to the bill's effective date but who were covered by a school district insurance plan on January 1, 1991, may continue coverage for at least one year after the bill's effective date.

The Health Care Authority is directed to conduct a study of health care coverage for retired school district employees, including development of mechanisms to pre-fund health care coverage, establishment of variable premiums to reflect an individual's income level, and evaluation of the feasibility of allowing retirees to continue their school district insurance coverage at a reasonable cost.

The Health Care Authority is required to submit its findings and recommendations to the Legislature by December 1, 1991.