
SUBSTITUTE SENATE BILL 6423

State of Washington

53rd Legislature

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By Senate Committee on Labor & Commerce (originally sponsored by Senators Prentice, Winsley, Vognild, Erwin, Bauer, Moore, Snyder, Hochstatter, Newhouse, Prince, Talmadge, Pelz, Franklin, Fraser and Sellar)

Read first time 02/04/94.

1 AN ACT Relating to health insurance; and adding a new section to
2 chapter 41.04 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.04 RCW
5 to read as follows:

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

8 (a) "Disabled employee" means an individual eligible to receive a
9 disability retirement allowance from the public employees' retirement
10 system.

11 (b) "Health plan" means a contract, policy, fund, trust, or other
12 program established by a county, municipality, or other political
13 subdivision of the state that provides for all or a part of
14 hospitalization or medical aid for its employees and their dependents
15 under RCW 41.04.180.

16 (c) "Retired employee" means an individual who is a public employee
17 covered under the public employees' retirement system with not less
18 than five years of service at the date of retirement.

1 (d) "Supplemental plan" means an individual or group health plan
2 designed primarily as a supplement to reimbursements under federal
3 medicare for the hospital, medical, or surgical expenses of persons
4 eligible for medicare by reason of age.

5 (2) A county, municipality, or other political subdivision that
6 provides a health plan for its employees shall permit retired and
7 disabled employees and their dependents to continue participation in
8 the plan subject to the exceptions, limitations, and conditions set
9 forth in this section. However, this section does not apply to a
10 county, municipality, or other political subdivision participating in
11 an insurance program administered under chapter 41.05 RCW if retired
12 and disabled employees and their dependents of the participating
13 county, municipality, or other political subdivision are covered under
14 an insurance program administered under chapter 41.05 RCW.

15 (3) A person who requests continued participation in their
16 employer's health plan may be required to pay for such participation.
17 However, the payment may not exceed the rate, cost, or premium that is
18 calculated for an active employee under the same plan. If the
19 utilization of health plan benefits by those continuing participation
20 in the health plan is attributable to a greater than ten percent
21 increase in the active employee rate or cost for the plan, then the
22 rate or cost for those continuing participation in the health plan
23 shall be adjusted to cover the additional cost in excess of the ten
24 percent increase. However, no provision of this subsection may be
25 deemed to require an employer who is currently paying for all or part
26 of a health plan for their retired and disabled employees and their
27 dependents from discontinuing those payments.

28 (4) If a person continuing participation under a health plan
29 becomes eligible for federal medicare, then health plan participation
30 shall be terminated and the person shall have the option of
31 participating in a supplemental plan provided by the employer. Payment
32 required of the person shall be modified to reflect cost differences
33 between the health plan and the supplemental plan.

34 (5) Payments for continued participation in a former employer's
35 health plan may be assigned to the underwriter of the health plan from
36 public pension benefits or may be paid to the former employer, as
37 determined by the former employer, so that an underwriter of the health
38 plan that is an insurance company, health care service contractor, or
39 health maintenance organization shall not be required to accept

1 individual payments from persons continuing participation in the
2 employer's health plan.

3 (6) After an initial open enrollment period of not less than ninety
4 days after the effective date of this section, an employer may not be
5 required to permit a person to continue participation in the health
6 plan if the person is responsible for a lapse in coverage under the
7 plan. In addition, an employer may not be required to permit a person
8 to continue participation in the employer's health plan if the employer
9 offered continued participation in a health plan with substantially
10 similar benefits and at substantially the same price as that plan
11 provided for active employees and the person failed to enroll in that
12 plan at the time the person was retired or disabled.

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

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

26 (9) An employer may offer one or more health plans different from
27 that provided for active employees and designed to meet the needs of
28 persons requesting continued participation in the employer's health
29 plan. These health plans for continued participation shall be provided
30 at a rate, cost, or premium that does not exceed that provided for
31 active employee health plans. An employer, in designing or offering
32 continued participation in a health plan, may utilize terms or
33 conditions necessary to administer such plans to the extent such terms
34 and conditions do not conflict with this section.

35 (10) If an employer changes the underwriter of a health plan, the
36 replaced underwriter has no further responsibility or obligation to
37 persons who continued participation in a health plan of the replaced
38 underwriter. However, the employer shall permit such persons to
39 participate in any new health plan.

1 (11) The benefits granted under this section are not considered a
2 matter of contractual right. Should the legislature, a county,
3 municipality, or other political subdivision of the state revoke or
4 change any benefits granted under this section, an affected person is
5 not entitled thereafter to receive the benefits as a matter of
6 contractual right.

7 (12) Nothing contained in this section shall be deemed to affect
8 any health plan contained in a collective bargaining agreement in
9 existence as of the effective date of this section. However, any plan
10 contained in future collective bargaining agreements shall conform to
11 the provisions of this section. In addition, nothing contained in this
12 section shall be deemed to affect any health plan contract or policy in
13 existence as of the effective date of this section, except any renewal
14 of the contract or policy shall conform to the provisions of this
15 section.

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