CERTIFICATION OF ENROLLMENT

HOUSE BILL 2371

Chapter 254, Laws of 1998

55th Legislature
1998 Regular Session

MEDICAL EXPENSE PLAN FOR CERTAIN RETIREES

EFFECTIVE DATE: 6/11/98

Passed by the House February 16, 1998
Yeas 98  Nays 0

CLYDE BALLARD
Speaker of the
House of Representatives

Passed by the Senate March 12, 1998
Yeas 48  Nays 0

BRAD OWEN
President of the Senate

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is HOUSE BILL 2371 as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

Approved April 1, 1998

FILED

April 1, 1998 - 2:57 p.m.

GARY LOCKE
Governor of the State of Washington

SECRETARY OF STATE
State of Washington
AN ACT Relating to a medical expense plan for certain retirees; amending RCW 41.04.340; and creating a new section.

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

Sec. 1. RCW 41.04.340 and 1997 c 232 s 2 are each amended to read as follows:

(1) An attendance incentive program is established for all eligible employees. As used in this section the term "eligible employee" means any employee of the state, other than eligible employees of the community and technical colleges and the state board for community and technical colleges identified in RCW 28B.50.553, and teaching and research faculty at the state and regional universities and The Evergreen State College, entitled to accumulate sick leave and for whom accurate sick leave records have been maintained. No employee may receive compensation under this section for any portion of sick leave accumulated at a rate in excess of one day per month. The state and regional universities and The Evergreen State College shall maintain complete and accurate sick leave records for all teaching and research faculty.
(2) In January of the year following any year in which a minimum of sixty days of sick leave is accrued, and each January thereafter, any eligible employee may receive remuneration for unused sick leave accumulated in the previous year at a rate equal to one day’s monetary compensation of the employee for each four full days of accrued sick leave in excess of sixty days. Sick leave for which compensation has been received shall be deducted from accrued sick leave at the rate of four days for every one day’s monetary compensation.

(3) At the time of separation from state service due to retirement or death, an eligible employee or the employee’s estate may elect to receive remuneration at a rate equal to one day’s current monetary compensation of the employee for each four full days of accrued sick leave.

(4) Pursuant to this subsection, in lieu of cash remuneration the state may, with equivalent funds, provide eligible employees with a benefit plan providing for reimbursement of medical expenses. The committee for deferred compensation shall develop any benefit plan established under this subsection, but may offer and administer the plan only if (a) each eligible employee has the option of whether to receive cash remuneration or to have his or her employer transfer equivalent funds to the plan; and (b) the committee has received an opinion from the United States internal revenue service stating that participating employees, prior to the time of receiving reimbursement for expenses, will incur no United States income tax liability on the amount of the equivalent funds transferred to the plan.

(5)) Remuneration or benefits received under this section shall not be included for the purpose of computing a retirement allowance under any public retirement system in this state.

((6) With the exception of subsection (4) of this section)) (5) Except as provided in subsections (7) through (9) of this section for employees not covered by chapter 41.06 RCW, this section shall be administered, and rules shall be adopted to carry out its purposes, by the Washington personnel resources board for persons subject to chapter 41.06 RCW: PROVIDED, That determination of classes of eligible employees shall be subject to approval by the office of financial management.

((7)) (6) Should the legislature revoke any remuneration or benefits granted under this section, no affected employee shall be
entitled thereafter to receive such benefits as a matter of contractual right.

(7) In lieu of remuneration for unused sick leave at retirement as provided in subsection (3) of this section, an agency head or designee may with equivalent funds, provide eligible employees with a benefit plan that provides for reimbursement for medical expenses. This plan shall be implemented only after consultation with affected groups of employees. For eligible employees covered by chapter 41.06 RCW, procedures for the implementation of these plans shall be adopted by the Washington personnel resources board. For eligible employees exempt from chapter 41.06 RCW, and classified employees who have opted out of coverage of chapter 41.06 RCW as provided in RCW 41.56.201, implementation procedures shall be adopted by an agency head having jurisdiction over the employees.

(8) Implementing procedures adopted by the Washington personnel resources board or agency heads shall require that each medical expense plan authorized by subsection (7) of this section apply to all eligible employees in any one of the following groups: (a) Employees in an agency; (b) employees in a major organizational subdivision of an agency; (c) employees at a major operating location of an agency; (d) exempt employees under the jurisdiction of an elected or appointed Washington state executive; (e) Employees of the Washington state senate; (f) employees of the Washington state house of representatives; (g) classified employees in a bargaining unit established by the Washington personnel resources board; or (h) other group of employees defined by an agency head that is not designed to provide an individual-employee choice regarding participation in a medical expense plan. However, medical expense plans for eligible employees in any of the groups under (a) through (h) of this subsection who are covered by a collective bargaining agreement shall be implemented only by written agreement with the bargaining unit’s exclusive representative and a separate medical expense plan may be provided for unrepresented employees.

(9) Medical expense plans authorized by subsection (7) of this section must require as a condition of participation in the plan that employees in the group affected by the plan sign an agreement with the employer. The agreement must include a provision to hold the employer harmless should the United States government find that the employer or the employee is in debt to the United States as a result of the...
employee not paying income taxes due on the equivalent funds placed
into the plan, or as a result of the employer not withholding or
deducting a tax, assessment, or other payment on the funds as required
by federal law. The agreement must also include a provision that
requires an eligible employee to forfeit remuneration under subsection
(3) of this section if the employee belongs to a group that has been
designated to participate in the medical expense plan permitted under
this section and the employee refuses to execute the required
agreement.

NEW SECTION. Sec. 2. If any part of RCW 41.04.340 (7) through (9)
is found to be in conflict with federal tax laws or rulings or
regulations of the federal internal revenue service, the conflicting
part is inoperative solely to the extent of the conflict and such a
finding shall not affect the remainder of section 1, chapter . . . .,
Laws of 1998 (section 1 of this act).

Passed the House February 16, 1998.
Passed the Senate March 12, 1998.
Approved by the Governor April 1, 1998.
Filed in Office of Secretary of State April 1, 1998.