

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 5777

Chapter 319, Laws of 2002

57th Legislature
2002 Regular Session

HEALTH CARE--LOCAL GOVERNMENT RETIREES

EFFECTIVE DATE: 1/1/03

Passed by the Senate March 11, 2002
YEAS 44 NAYS 0

BRAD OWEN
President of the Senate

Passed by the House March 7, 2002
YEAS 93 NAYS 0

FRANK CHOPP
**Speaker of the
House of Representatives**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5777** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK
Secretary

Approved April 2, 2002

FILED

April 2, 2002 - 10:41 a.m.

GARY LOCKE
Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5777

AS AMENDED BY THE HOUSE

Passed Legislature - 2002 Regular Session

State of Washington 57th Legislature 2001 Regular Session

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Prentice, Winsley, Thibaudeau, Deccio and Rasmussen)

READ FIRST TIME 02/28/01.

1 AN ACT Relating to health care benefits for retirees of local
2 government employers; reenacting and amending RCW 41.05.050; adding new
3 sections to chapter 41.04 RCW; creating a new section; and providing an
4 effective date.

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

6 NEW SECTION. **Sec. 1.** It is the intent of this act to provide
7 retirees of local government employers access to health care benefits.
8 It is also the intent of this act that local government employers be
9 allowed the flexibility to design programs to meet the health care
10 needs of their retirees and that the local government employer be able
11 to recover all costs associated with providing retirees access to
12 health benefits.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.04 RCW
14 to read as follows:

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

1 (a) "Disabled employee" means an individual eligible to receive a
2 disability retirement allowance from the public employees' retirement
3 system.

4 (b) "Health plan" means a contract, policy, fund, trust, or other
5 program established jointly or individually by a county, municipality,
6 or other political subdivision of the state that provides for all or a
7 part of hospitalization or medical aid for its employees and their
8 dependents under RCW 41.04.180.

9 (c) "Retired employee" means a public employee meeting the
10 retirement eligibility, years of service requirements, and other
11 criteria set forth in the public employees' retirement system.

12 (2) A county, municipality, or other political subdivision that
13 provides a health plan for its employees shall permit retired and
14 disabled employees and their dependents to continue participation in a
15 plan subject to the exceptions, limitations, and conditions set forth
16 in this section. However, this section does not apply to a county,
17 municipality, or other political subdivision participating in an
18 insurance program administered under chapter 41.05 RCW if retired and
19 disabled employees and their dependents of the participating county,
20 municipality, or other political subdivision are covered under an
21 insurance program administered under chapter 41.05 RCW. Nothing in
22 this subsection or this act precludes the local government employer
23 from offering retired or disabled employees a health plan with a
24 benefit structure, copayment, deductible, coinsurance, lifetime benefit
25 maximum, and other plan features which differ from those offered
26 through a health plan provided to active employees. Further, nothing
27 in this subsection precludes a local government employer from joining
28 with other public agency employers, including interjurisdictional
29 benefit pools and multi-employer associations or consortiums, to
30 fulfill its obligations under this act.

31 (3) A county, municipality, or other political subdivision has full
32 authority to require a person who requests continued participation in
33 a health plan under subsection (2) of this section to pay the full cost
34 of such participation, including any amounts necessary for
35 administration. However, this subsection does not require an employer
36 who is currently paying for all or part of a health plan for its
37 retired and disabled employees to discontinue those payments.

38 (4) Payments for continued participation in a former employer's
39 health plan may be assigned to the underwriter of the health plan from

1 public pension benefits or may be paid to the former employer, as
2 determined by the former employer, so that an underwriter of the health
3 plan that is an insurance company, health care service contractor, or
4 health maintenance organization is not required to accept individual
5 payments from persons continuing participation in the employer's health
6 plan.

7 (5) After an initial open enrollment period of ninety days after
8 the effective date of this section, an employer may not be required to
9 permit a person to continue participation in the health plan if the
10 person is responsible for a lapse in coverage under the plan. In
11 addition, an employer may not be required to permit a person to
12 continue participation in the employer's health plan if the employer
13 offered continued participation in a health plan that meets the
14 requirements of this act.

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

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

28 (8) An employer may offer one or more health plans different from
29 that provided for active employees and designed to meet the needs of
30 persons requesting continued participation in the employer's health
31 plan. An employer, in designing or offering continued participation in
32 a health plan, may utilize terms or conditions necessary to administer
33 the plan to the extent the terms and conditions do not conflict with
34 this section.

35 (9) 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 those persons to
39 participate in any new health plan.

1 (10) 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 to receive the benefits as a matter of contractual right.

6 (11) This section does not affect any health plan contained in a
7 collective bargaining agreement in existence as of the effective date
8 of this section. However, any plan contained in future collective
9 bargaining agreements shall conform to this section. In addition, this
10 section does not affect any health plan contract or policy in existence
11 as of the effective date of this section. However, any renewal of the
12 contract or policy shall conform to this section.

13 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.04 RCW
14 to read as follows:

15 Employers providing access to health insurance coverage under this
16 act may adopt criteria which specify allowable enrollment periods,
17 require enrollees to keep current addresses and information, and
18 outline other processes to ensure that plans can be administered
19 efficiently and effectively.

20 **Sec. 4.** RCW 41.05.050 and 1995 1st sp.s. c 6 s 22 and 1994 c 153
21 s 4 are each reenacted and amended to read as follows:

22 (1) Every department, division, or separate agency of state
23 government, and such county, municipal, school district, educational
24 service district, or other political subdivisions as are covered by
25 this chapter, shall provide contributions to insurance and health care
26 plans for its employees and their dependents, the content of such plans
27 to be determined by the authority. Contributions, paid by the county,
28 the municipality, school district, educational service district, or
29 other political subdivision for their employees, shall include an
30 amount determined by the authority to pay such administrative expenses
31 of the authority as are necessary to administer the plans for employees
32 of those groups. Until October 1, 1995, contributions to be paid by
33 school districts or educational service districts shall be adjusted by
34 the authority to reflect the remittance provided under RCW 28A.400.400.

35 (2) If the authority at any time determines that the participation
36 of a county, municipal, or other political subdivision covered under
37 this chapter adversely impacts insurance rates for state employees, the

1 authority shall implement limitations on the participation of
2 additional county, municipal, or other political subdivisions.

3 (3) The contributions of any department, division, or separate
4 agency of the state government, and such county, municipal, or other
5 political subdivisions as are covered by this chapter, shall be set by
6 the authority, subject to the approval of the governor for availability
7 of funds as specifically appropriated by the legislature for that
8 purpose. Insurance and health care contributions for ferry employees
9 shall be governed by RCW 47.64.270.

10 ((+3)) (4) The authority shall transmit a recommendation for the
11 amount of the employer contribution to the governor and the director of
12 financial management for inclusion in the proposed budgets submitted to
13 the legislature.

14 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2003.
15 However, if a political subdivision is unable to structure a health
16 plan to meet the requirements of this act by January 1, 2003,
17 additional time of up to one year is allowed. All political
18 subdivisions must implement this act by January 1, 2004.

Passed the Senate March 11, 2002.

Passed the House March 7, 2002.

Approved by the Governor April 2, 2002.

Filed in Office of Secretary of State April 2, 2002.