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HOUSE BILL 2327

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State of Washington

58th Legislature

2004 Regular Session

By Representatives Cody, Kenney, Wood, Santos, Simpson, G., Schual-Berke, Moeller, Morrell and Darneille

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1 AN ACT Relating to individual health insurance; amending RCW  
2 41.04.208; repealing RCW 41.04.212; repealing 2002 c 319 ss 1 and 5  
3 (uncodified); repealing 2002 c 319 s 4; and declaring an emergency.

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

5 **Sec. 1.** RCW 41.04.208 and 2002 c 319 s 2 are each amended to read  
6 as follows:

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

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

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

17 ~~(e))~~) "Retired employee" means a public employee meeting the  
18 retirement eligibility, years of service requirements, and other  
19 criteria (~~(set forth in)~~) of the public employees' retirement system.

1       ~~((2) A county, municipality, or other political subdivision that~~  
2 ~~provides a health plan for its employees shall permit retired and~~  
3 ~~disabled employees and their dependents to continue participation in a~~  
4 ~~plan subject to the exceptions, limitations, and conditions set forth~~  
5 ~~in this section. However, this section does not apply to a county,~~  
6 ~~municipality, or other political subdivision participating in an~~  
7 ~~insurance program administered under chapter 41.05 RCW if retired and~~  
8 ~~disabled employees and their dependents of the participating county,~~  
9 ~~municipality, or other political subdivision are covered under an~~  
10 ~~insurance program administered under chapter 41.05 RCW. Nothing in~~  
11 ~~this subsection or chapter 319, Laws of 2002 precludes the local~~  
12 ~~government employer from offering retired or disabled employees a~~  
13 ~~health plan with a benefit structure, copayment, deductible,~~  
14 ~~coinsurance, lifetime benefit maximum, and other plan features which~~  
15 ~~differ from those offered through a health plan provided to active~~  
16 ~~employees. Further, nothing in this subsection precludes a local~~  
17 ~~government employer from joining with other public agency employers,~~  
18 ~~including interjurisdictional benefit pools and multi-employer~~  
19 ~~associations or consortiums, to fulfill its obligations under chapter~~  
20 ~~319, Laws of 2002.~~

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

28       ~~(4) Payments for continued participation in a former employer's~~  
29 ~~health plan may be assigned to the underwriter of the health plan from~~  
30 ~~public pension benefits or may be paid to the former employer, as~~  
31 ~~determined by the former employer, so that an underwriter of the health~~  
32 ~~plan that is an insurance company, health care service contractor, or~~  
33 ~~health maintenance organization is not required to accept individual~~  
34 ~~payments from persons continuing participation in the employer's health~~  
35 ~~plan.~~

36       ~~(5) After an initial open enrollment period of ninety days after~~  
37 ~~January 1, 2003, an employer may not be required to permit a person to~~  
38 ~~continue participation in the health plan if the person is responsible~~

1 for a lapse in coverage under the plan. In addition, an employer may  
2 not be required to permit a person to continue participation in the  
3 employer's health plan if the employer offered continued participation  
4 in a health plan that meets the requirements of chapter 319, Laws of  
5 2002.

6 (6) If a person continuing participation in the former employer's  
7 health plan has medical coverage available through another employer,  
8 the medical coverage of the other employer is the primary coverage for  
9 purposes of coordination of benefits as provided for in the former  
10 employer's health plan.

11 (7) If a person's continued participation in a health plan was  
12 permitted because of the person's relationship to a retired or disabled  
13 employee of the employer providing the health plan and the retired or  
14 disabled employee dies, then that person is permitted to continue  
15 participation in the health plan for a period of not more than six  
16 months after the death of the retired or disabled employee. However,  
17 the employer providing the health plan may permit continued  
18 participation beyond that time period.

19 (8) An employer may offer one or more health plans different from  
20 that provided for active employees and designed to meet the needs of  
21 persons requesting continued participation in the employer's health  
22 plan. An employer, in designing or offering continued participation in  
23 a health plan, may utilize terms or conditions necessary to administer  
24 the plan to the extent the terms and conditions do not conflict with  
25 this section.

26 (9) If an employer changes the underwriter of a health plan, the  
27 replaced underwriter has no further responsibility or obligation to  
28 persons who continued participation in a health plan of the replaced  
29 underwriter. However, the employer shall permit those persons to  
30 participate in any new health plan.

31 (10) The benefits granted under this section are not considered a  
32 matter of contractual right. Should the legislature, a county,  
33 municipality, or other political subdivision of the state revoke or  
34 change any benefits granted under this section, an affected person is  
35 not entitled to receive the benefits as a matter of contractual right.

36 (11) This section does not affect any health plan contained in a  
37 collective bargaining agreement in existence as of January 1, 2003.  
38 However, any plan contained in future collective bargaining agreements

1 ~~shall conform to this section. In addition, this section does not~~  
2 ~~affect any health plan contract or policy in existence as of January 1,~~  
3 ~~2003. However, any renewal of the contract or policy shall conform to~~  
4 ~~this section.))~~

5 (c) "Individual health benefit plan" means a health plan offered to  
6 individuals by a carrier under chapter 48.43, 48.44, or 48.46 RCW.

7 (2) Counties, municipalities, and other political subdivisions must  
8 assist disabled employees and retired employees in applying for health  
9 insurance coverage through an individual health benefit plan.  
10 Assistance may include developing and distributing standardized  
11 information on the availability and cost of individual health benefit  
12 plans, application packages, and health benefit fairs.

13 (3) The office of the insurance commissioner, in cooperation with  
14 carriers licensed to offer individual health benefit plans, shall  
15 develop and distribute to counties, municipalities, and political  
16 subdivisions the following information:

17 (a) Standardized information on the availability and cost of  
18 individual health benefit plans;

19 (b) Application procedures for individual health benefit plans; and

20 (c) Assistance in organizing health benefit fairs for their  
21 disabled or retired employees.

22 NEW SECTION. Sec. 2. The following acts or parts of acts are each  
23 repealed:

24 (1) RCW 41.04.212 (Local government retirees--Health care--  
25 Administration) and 2002 c 319 s 3;

26 (2) 2002 c 319 s 1 (uncodified);

27 (3) 2002 c 319 s 4; and

28 (4) 2002 c 319 s 5 (uncodified).

29 NEW SECTION. Sec. 3. This act is necessary for the immediate  
30 preservation of the public peace, health, or safety, or support of the  
31 state government and its existing public institutions, and takes effect  
32 immediately.

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