
HOUSE BILL 2985

State of Washington 58th Legislature 2004 Regular Session

By Representatives Cody, Campbell, Kenney, Dickerson and Rockefeller

Read first time 01/26/2004. Referred to Committee on Health Care.

1 AN ACT Relating to health insurance for retired and disabled public
2 employees; amending RCW 41.04.208; repealing 2002 c 319 s 5
3 (uncodified); 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 (c) "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 (12) Counties, municipalities, and other political subdivisions
6 that make a documented good faith effort to comply with the provisions
7 of subsections (2) through (11) of this section and are unable to
8 provide access to a group health benefit plan, shall assist disabled
9 employees and retired employees in applying for health insurance.
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 (13) 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. 2002 c 319 s 5 (uncodified) is repealed.

23 NEW SECTION. Sec. 3. This act is necessary for the immediate
24 preservation of the public peace, health, or safety, or support of the
25 state government and its existing public institutions, and takes effect
26 immediately.

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