

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2510

Chapter 142, Laws of 2008

60th Legislature
2008 Regular Session

MEDICARE ONLY BENEFITS--DIVIDED REFERENDUM PROCESS

EFFECTIVE DATE: 06/12/08

Passed by the House March 8, 2008
Yeas 93 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 6, 2008
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved March 25, 2008, 1:30 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2510** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

March 25, 2008

**Secretary of State
State of Washington**

HOUSE BILL 2510

AS AMENDED BY THE SENATE

Passed Legislature - 2008 Regular Session

State of Washington 60th Legislature 2008 Regular Session

By Representatives Simpson, O'Brien, and Appleton

Prefiled 01/04/08. Read first time 01/14/08. Referred to Committee on Local Government.

1 AN ACT Relating to allowing medicare only health insurance benefits
2 for certain employees of political subdivisions under a divided
3 referendum process; and amending RCW 41.48.030.

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

5 **Sec. 1.** RCW 41.48.030 and 2007 c 218 s 72 are each amended to read
6 as follows:

7 (1) The governor is hereby authorized to enter on behalf of the
8 state into an agreement with the federal secretary of health(~~(~~
9 ~~education, and welfare)~~) and human services consistent with the terms
10 and provisions of this chapter, for the purpose of extending the
11 benefits of the federal old-age and survivors insurance system to
12 employees of the state or any political subdivision not members of an
13 existing retirement system, or to members of a retirement system
14 established by the state or by a political subdivision thereof or by an
15 institution of higher learning with respect to services specified in
16 such agreement which constitute "employment" as defined in RCW
17 41.48.020. Such agreement may contain such provisions relating to
18 coverage, benefits, contributions, effective date, modification and
19 termination of the agreement, administration, and other appropriate

1 provisions as the governor and secretary of health(~~(, education, and~~
2 ~~welfare)~~) and human services shall agree upon, but, except as may be
3 otherwise required by or under the social security act as to the
4 services to be covered, such agreement shall provide in effect
5 that(~~(—)~~):

6 (a) Benefits will be provided for employees whose services are
7 covered by the agreement (and their dependents and survivors) on the
8 same basis as though such services constituted employment within the
9 meaning of Title II of the social security act;

10 (b) The state will pay to the secretary of the treasury, at such
11 time or times as may be prescribed under the social security act,
12 contributions with respect to wages (as defined in RCW 41.48.020),
13 equal to the sum of the taxes which would be imposed by the federal
14 insurance contributions act if the services covered by the agreement
15 constituted employment within the meaning of that act;

16 (c) Such agreement shall be effective with respect to services in
17 employment covered by the agreement or modification thereof performed
18 after a date specified therein but in no event may it be effective with
19 respect to any such services performed prior to the first day of the
20 calendar year immediately preceding the calendar year in which such
21 agreement or modification of the agreement is accepted by the secretary
22 of health(~~(, education and welfare)~~) and human services;

23 (d) All services which constitute employment as defined in RCW
24 41.48.020 and are performed in the employ of the state by employees of
25 the state, shall be covered by the agreement;

26 (e) All services which (i) constitute employment as defined in RCW
27 41.48.020, (ii) are performed in the employ of a political subdivision
28 of the state, and (iii) are covered by a plan which is in conformity
29 with the terms of the agreement and has been approved by the governor
30 under RCW 41.48.050, shall be covered by the agreement; (~~and~~)

31 (f) As modified, the agreement shall include all services described
32 in either (~~paragraph~~) (d) or (~~paragraph~~) (e) of this subsection and
33 performed by individuals to whom section 218(c)(3)(C) of the social
34 security act is applicable, and shall provide that the service of any
35 such individual shall continue to be covered by the agreement in case
36 he or she thereafter becomes eligible to be a member of a retirement
37 system; (~~and~~)

1 (g) As modified, the agreement shall include all services described
2 in either ~~((paragraph))~~ (d) or ~~((paragraph))~~ (e) of this subsection and
3 performed by individuals in positions covered by a retirement system
4 with respect to which the governor has issued a certificate to the
5 secretary of health ~~(, education, and welfare)~~ and human services
6 pursuant to subsection (5) of this section; and

7 (h) Law enforcement officers and firefighters of each political
8 subdivision of this state who are covered by the Washington law
9 enforcement officers' and firefighters' retirement system act
10 ~~((chapter 209, Laws of 1969 ex. sess.) as now in existence or~~
11 ~~hereafter amended)), chapter 41.26 RCW, shall constitute a separate
12 "coverage group" for purposes of the agreement entered into under this
13 section and for purposes of section 218 of the social security act.
14 ~~((To the extent that the agreement between this state and the federal~~
15 ~~secretary of health, education, and welfare in existence on the date of~~
16 ~~adoption of this subsection is inconsistent with this subsection, the~~
17 ~~governor shall seek to modify the inconsistency.))~~~~

18 (2) Any instrumentality jointly created by this state and any other
19 state or states is hereby authorized, upon the granting of like
20 authority by such other state or states, (a) to enter into an agreement
21 with the secretary of health ~~(, education, and welfare)~~ and human
22 services whereby the benefits of the federal old-age and survivors
23 insurance system shall be extended to employees of such
24 instrumentality, (b) to require its employees to pay (and for that
25 purpose to deduct from their wages) contributions equal to the amounts
26 which they would be required to pay under RCW 41.48.040(1) if they were
27 covered by an agreement made pursuant to subsection (1) of this
28 section, and (c) to make payments to the secretary of the treasury in
29 accordance with such agreement, including payments from its own funds,
30 and otherwise to comply with such agreements. Such agreement shall, to
31 the extent practicable, be consistent with the terms and provisions of
32 subsection (1) of this section and other provisions of this chapter.

33 (3) The governor is empowered to authorize a referendum, and to
34 designate an agency or individual to supervise its conduct, in
35 accordance with the requirements of section 218(d)(3) of the social
36 security act, and subsection (4) of this section on the question of
37 whether service in all positions covered by a retirement system
38 established by the state or by a political subdivision thereof should

1 be excluded from or included under an agreement under this chapter. If
2 a retirement system covers positions of employees of the state of
3 Washington, of the institutions of higher learning, and positions of
4 employees of one or more of the political subdivisions of the state,
5 then for the purpose of the referendum as provided (~~herein~~) in this
6 section, there may be deemed to be a separate retirement system with
7 respect to employees of the state, or any one or more of the political
8 subdivisions, or institutions of higher learning and the governor shall
9 authorize a referendum upon request of the subdivisions' or
10 institutions' of higher learning governing body: PROVIDED HOWEVER,
11 That if a referendum of state employees generally fails to produce a
12 favorable majority vote then the governor may authorize a referendum
13 covering positions of employees in any state department who are
14 compensated in whole or in part from grants made to this state under
15 Title III of the federal social security act: PROVIDED, That any city
16 or town affiliated with the statewide city employees retirement system
17 organized under chapter 41.44 RCW may at its option agree to a plan
18 submitted by the board of trustees of (~~said~~) that statewide city
19 employees retirement system for inclusion under an agreement under this
20 chapter if the referendum to be held as provided (~~herein~~) in this
21 section indicates a favorable result: PROVIDED FURTHER, That the
22 teachers' retirement system be considered one system for the purpose of
23 the referendum except as applied to the several colleges of education.
24 The notice of referendum required by section 218(d)(3)(C) of the social
25 security act to be given to employees shall contain or shall be
26 accompanied by a statement, in such form and such detail as the agency
27 or individual designated to supervise the referendum shall deem
28 necessary and sufficient, to inform the employees of the rights which
29 will accrue to them and their dependents and survivors, and the
30 liabilities to which they will be subject, if their services are
31 included under an agreement under this chapter.

32 (4) The governor, before authorizing a referendum, shall require
33 the following conditions to be met:

34 (a) The referendum shall be by secret written ballot on the
35 question of whether service in positions covered by such retirement
36 system shall be excluded from or included under the agreement between
37 the governor and the secretary of health(~~, education, and welfare~~)

1 and human services provided for in ((RCW 41.48.030(1))) subsection (1)
2 of this section;

3 (b) An opportunity to vote in such referendum shall be given and
4 shall be limited to eligible employees;

5 (c) Not less than ninety days' notice of such referendum shall be
6 given to all such employees;

7 (d) Such referendum shall be conducted under the supervision
8 ((+))of the governor or((+)) of an agency or individual designated by
9 the governor;

10 (e)(i) The proposal for coverage shall be approved only if a
11 majority of the eligible employees vote in favor of including services
12 in such positions under the agreement;

13 (ii) Coverage obtained through a divided referendum process shall
14 extend coverage to law enforcement officers, firefighters, and
15 employees of political subdivisions of this state, who have membership
16 in a qualified retirement system, allowing them to obtain medicare
17 coverage only (HI-only). In such a divided referendum process, those
18 members voting in favor of medicare coverage constitute a separate
19 coverage group;

20 (f) The state legislature, in the case of a referendum affecting
21 the rights and liabilities of state employees covered under the state
22 employees' retirement system and employees under the teachers'
23 retirement system, and in all other cases the local legislative
24 authority or governing body, shall have specifically approved the
25 proposed plan and approved any necessary structural adjustment to the
26 existing system to conform with the proposed plan;

27 (g) In the case of a referendum authorized under section 218(d)(6)
28 of the social security act and (e)(ii) of this subsection, the
29 retirement system will be divided into two parts or divisions. One
30 part or division of the retirement system shall be composed of
31 positions of those members of the system who desire coverage under the
32 agreement as permitted by this section. The remaining part or division
33 of the retirement system shall be composed of positions of those
34 members who do not desire coverage under such an agreement. Each part
35 or division is a separate retirement system for the purposes of section
36 218(d) of the social security act. The positions of individuals who
37 become members of the system after the coverage is extended shall be

1 included in the part or division of the system composed of members
2 desiring the coverage, with the exception of positions that are
3 excluded in the agreement.

4 (5) Upon receiving satisfactory evidence that with respect to any
5 such referendum the conditions specified in subsection (4) of this
6 section and section 218(d)(3) of the social security act have been met,
7 the governor shall so certify to the secretary of health(~~(, education,~~
8 ~~and welfare)) and human services.~~

9 (6) If the legislative body of any political subdivision of this
10 state certifies to the governor that a referendum has been held under
11 the terms of RCW 41.48.050(1)(i) and gives notice to the governor of
12 termination of social security for any coverage group of the political
13 subdivision, the governor shall give two years advance notice in
14 writing to the federal department of health(~~(, education, and welfare))~~
15 and human services of (~~such~~) the termination of the agreement entered
16 into under this section with respect to (~~said~~) that coverage group.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.