**1804-S AMS WM S2310.1 - NOT FOR FLOOR USE**

**SHB 1804** - S COMM AMD

By Committee on Ways & Means

**ADOPTED 04/10/2023**

Strike everything after the enacting clause and insert the following:

"**Sec.**  RCW 41.05.080 and 2018 c 260 s 15 are each amended to read as follows:

(1) Under the qualifications, terms, conditions, and benefits set by the public employees' benefits board:

(a)(i) Retired or disabled state employees, retired or disabled school employees, retired or disabled employees of ((~~county, municipal, or other political subdivisions, or retired or disabled employees of tribal governments~~)) employer groups covered by this chapter may continue their participation in insurance plans and contracts after retirement or disablement.

(ii) The retired or disabled employees of employer groups whose contractual agreement with the authority terminates may continue their participation in insurance plans and contracts after the contractual agreement is terminated. The retired or disabled employees of employer groups whose contractual agreement with the authority terminates are not eligible for any subsidy provided under RCW 41.05.085;

(b) Separated employees may continue their participation in insurance plans and contracts if participation is selected immediately upon separation from employment;

(c) Surviving spouses, surviving state registered domestic partners, and dependent children of emergency service personnel killed in the line of duty may participate in insurance plans and contracts.

(2) Rates charged surviving spouses and surviving state registered domestic partners of emergency service personnel killed in the line of duty, retired or disabled employees, separated employees, spouses, or dependent children who are not eligible for parts A and B of medicare shall be based on the experience of the community-rated risk pool established under RCW 41.05.022.

(3) Rates charged to surviving spouses and surviving state registered domestic partners of emergency service personnel killed in the line of duty, retired or disabled employees, separated employees, spouses, or children who are eligible for parts A and B of medicare shall be calculated from a separate experience risk pool comprised only of individuals eligible for parts A and B of medicare; however, the premiums charged to medicare-eligible retirees and disabled employees shall be reduced by the amount of the subsidy provided under RCW 41.05.085, except as provided in subsection (1)(a)(ii) of this section.

(4) Surviving spouses, surviving state registered domestic partners, and dependent children of emergency service personnel killed in the line of duty and retired or disabled and separated employees shall be responsible for payment of premium rates developed by the authority which shall include the cost to the authority of providing insurance coverage including any amounts necessary for reserves and administration in accordance with this chapter. These self pay rates will be established based on a separate rate for the employee, the spouse, state registered domestic partners, and the children.

(5) The term "retired state employees" for the purpose of this section shall include but not be limited to members of the legislature whether voluntarily or involuntarily leaving state office.

NEW SECTION. **Sec.**  A new section is added to chapter 41.05 RCW to read as follows:

(1) Employer groups that enter into a contractual agreement with the authority after the effective date of this section and whose contractual agreement with the authority is subsequently terminated, shall make a one-time payment as calculated in subsection (2) of this section to the authority for each of the employer group's retired or disabled employees who continue their participation in insurance plans and contracts under RCW 41.05.080(1)(a)(ii).

(2) For each of the employer group's retired or disabled employees who will be continuing their participation, the authority shall determine the one-time payment amount by calculating the difference in cost between the rate charged to retired or disabled employees under RCW 41.05.080(2) and the actuarially determined value of the medical benefits for retired and disabled employees who are not eligible for parts A and B of medicare, and then multiplying that difference by the number of months until the retired or disabled employee would become eligible for medicare.

(3) Employer groups shall not be entitled to any refund of the amount paid to the authority under this section.

NEW SECTION. **Sec.**  A new section is added to chapter 41.05 RCW to read as follows:

Any retired or disabled employee whose participation in insurance plans or contracts under RCW 41.05.080(1)(a)(i) ended due to the termination of the contractual agreement between the authority and an employer group on or before January 1, 2023, must be allowed to return and participate in insurance plans and contracts as described in RCW 41.05.080(1)(a)(ii) so long as the retired or disabled employee notifies the health care authority in writing by December 31, 2023, after which participation will begin on the first day of the month following the date the authority receives the retired or disabled employee's written notice.

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

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On page 1, line 3 of the title, after "subdivisions;" strike the remainder of the title and insert "amending RCW 41.05.080; adding new sections to chapter 41.05 RCW; and declaring an emergency."

EFFECT: Clarifies provisions requiring a political subdivision that ceases participating in PEBB to pay an actuarial equivalent of the cost of continuing retiree coverage for premedicare eligible employees, including:

(1) Specifies that a one-time lump sum payment must be made by an employer group that leaves PEBB benefits to cover implicit subsidy costs of nonmedicare retirees who will continue to be covered.

(2) Provides that the lump sum payment process apply prospectively to any groups that join PEBB after the effective date of the bill.

(3) Expressly provides no refund of payments will ever occur to the employer group.