

SENATE BILL REPORT

SHB 1804

As Reported by Senate Committee On:
Ways & Means, March 16, 2023

Title: An act relating to eligibility for participation in the public employees' benefits board for retired or disabled employees of counties, municipalities, and other political subdivisions.

Brief Description: Concerning eligibility for participation in the public employees' benefits board for retired or disabled employees of counties, municipalities, and other political subdivisions.

Sponsors: House Committee on Appropriations (originally sponsored by Representative Steele).

Brief History: Passed House: 3/8/23, 97-0.

Committee Activity: Ways & Means: 3/16/23 [DPA].

Brief Summary of Amended Bill

- Allows retired employees of a county, municipality, or other political subdivision that ceases to provide employee health care through an agreement with the Health Care Authority to continue participation in insurance plans provided under the Public Employees' Benefits Board.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Staff: Amanda Cecil (786-7460)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background: The Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for retired employees of the state, and participating local governments. Generally, when a covered employee retires they are able to maintain coverage under PEBB. If a participating local government terminates its contract with HCA to provide health care benefits to employees under PEBB, the retired employee of that local government becomes ineligible for retiree coverage.

Retired and separated employees choosing to continue coverage are responsible for paying the full cost of their insurance premiums until they are eligible for Medicare, at which time they qualify for a state subsidy up to 50 percent of their monthly premium, up to a maximum of \$183 per month.

Summary of Amended Bill: Retired or disabled employees of a county, municipality, or other political subdivision that has ended its agreement with HCA for health care may continue participation in insurance plans under PEBB.

Retired or disabled employees whose benefits were terminated before January 1, 2023, as a result of their employer ending its contract with HCA may reenroll in PEBB coverage. To be eligible to reenroll the retiree must notify HCA by December 31, 2023, and coverage will begin on the first day of the month following the date of notice.

A retiree or disabled employee continuing or reenrolling in coverage under the provisions of this bill would be ineligible for the up to \$183 state subsidy.

If a political subdivision ceases participating in PEBB it is required to pay an actuarial equivalent of the cost of continuing retiree coverage for pre-medicare eligible employees.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Clarifies provisions requiring a political subdivision that ceases participating in PEBB to pay an actuarial equivalent of the cost of continuing retiree coverage for pre-Medicare eligible employees, including:
 1. a one-time lump sum payment must be made by an employer group that leaves PEBB benefits to cover implicit subsidy costs of non-Medicare retirees who will continue to be covered;
 2. the lump sum payment process apply prospectively to any groups that join PEBB after the effective date of the bill; and
 3. no refund of payments will ever occur to the employer group.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* No public hearing was held.

Persons Testifying: N/A

Persons Signed In To Testify But Not Testifying: N/A