WSR 26-17-041
PROPOSED RULES
DEPARTMENT OF
RETIREMENT SYSTEMS
[Filed August 12, 2026, 9:39 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 26-13-074.

Title of Rule and Other Identifying Information: Medical expense reimbursement payments.

Hearing Location(s): On September 24, 2026, at 2:00 p.m., via Microsoft Teams at https://www.drs.wa.gov/sitemap/rules/#proposed-rule-hearings, Meeting ID 280 694 205 212 956, Passcode SM2Qv2hV; or phone 833-322-1218, Code 419 387 507#.

Date of Intended Adoption: October 1, 2026.

Submit Written Comments to: Bianca Stoner, Department of Retirement Systems (DRS), P.O. Box 48380, Olympia, WA 98504-8380, email drs.rules@drs.wa.gov, beginning August 31, 2026, 8:00 a.m., by September 24, 2026, 2:00 p.m.

Assistance for Persons with Disabilities: Contact Bianca Stoner, phone 360-664-7291, TTY 711, email drs.rules@drs.wa.gov, by September 21, 2026.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: Clarifying that under the law enforcement officers' and firefighters' Plan 2, medical expense reimbursement payments are fringe benefits instead of basic salary.

Statutory Authority for Adoption: RCW 41.50.050.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: DRS, governmental.

Name of Agency Personnel Responsible for Drafting, Implementation, and Enforcement; Seth Miller, DRS, P.O. Box 48380, Olympia, WA 98504-8380, 360-664-7304.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. RCW 34.05.328 (5)(a)(i) does not apply to this proposed rule, and DRS is not voluntarily making it applicable.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Explanation of exemptions: Rules from DRS only affect members and beneficiaries of the state retirement systems and participating public employers. As a result, the rules do not affect small businesses.

Scope of exemption for rule proposal:

Is fully exempt.

August 12, 2026
Bianca Stoner
Rules Coordinator

RDS-7252.2

AMENDATORY SECTION (Amending WSR 03-06-042, filed 2/27/03, effective 4/1/03)

WAC 415-104-385 Fringe benefits are not LEOFF Plan 2 basic salary. Fringe benefits provided by an employer are not a salary or wage and therefore do not qualify as basic salary for LEOFF Plan 2. Fringe benefits include, but are not limited to:

(1) Employer retirement contributions;

(2) Any type of insurance such as medical, dental, or life insurance; and any employer contribution to meet the premium or charge for the insurance; or

(3) Any employer payments into a private fund to provide health or welfare benefits for the member (or the member and the member's dependents), with the exception of compensation paid pursuant to a bona fide cafeteria plan, flexible benefit plan, or similar arrangement as described in WAC 415-104-367.

Example:

The employer participates in a medical expense reimbursement program (MERP) where a trust fund has been established to pay health insurance premiums for eligible future retirees and their dependents. If the employee works at all during the pay period, the employer contributes $100 per pay period to this trust. This $100 payment is for a fringe benefit, is not basic salary, and is not reportable to the department of retirement systems.