

HOUSE BILL REPORT

HB 2867

*As Reported By House Committee on:
Appropriations*

Title: An act relating to reimbursement of insurance premiums for retired law enforcement officers and fire fighters.

Brief Description: Authorizing reimbursement of certain medical insurance premiums to retired police officers and fire fighters.

Sponsor(s): Representatives H. Sommers, Edmondson, Horn, Orr, Winsley, Jones, Paris, Wood, Bray and J. Kohl.

Brief History:

Reported by House Committee on:
Appropriations, February 9, 1992, DPS.

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 25 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Appelwick; Belcher; Bowman; Brekke; Carlson; Dorn; Ebersole; Hine; Lisk; May; Mielke; Nealey; Peery; Pruitt; Rust; D. Sommers; H. Sommers; Valle; Vance; and Wang.

Staff: Barbara McLain (786-7153).

Background: Plan I of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) requires employers to pay for medical services needed by retired and disabled members. Local LEOFF disability boards oversee the medical services. The law allows employers to purchase insurance plans to cover these members, with the employer then also paying for charges not covered by the insurance. Employers are also allowed to deduct charges that have been paid by Medicare from amounts they owe to the retired members.

The police officers retirement plan established prior to LEOFF gives local disability boards discretion over whether and how much to pay for medical services for retired members, although many do provide some level of reimbursement. Pre-LEOFF fire fighters' disability boards

are required to provide medical services for retired disabled fire fighters.

Part B of Medicare covers the cost of physicians' charges and may be purchased by Medicare-eligible retirees for \$29.60 per month. Medicare part B coverage is not mandatory, but retirees who purchase it receive substantial discounts on other insurance to supplement Medicare because the federal government is then responsible for the largest portion of charges for medical services.

Some former employers of LEOFF and pre-LEOFF retirees have been reimbursing the retirees for the cost of the Medicare part B premiums so that the employers' supplemental insurance obligations are reduced. The state attorney general and the state auditor have found exception to this practice, stating that the employers and the local disability boards have no statutory authority to reimburse retirees for part B premiums.

Summary of Substitute Bill: Former employers of retired members of plan I of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) have the authority, at their discretion, to reimburse such members for the cost of Medicare part B premiums or premiums for other insurance that supplements Medicare.

Disability boards overseeing retirees under the police officers' retirement system and disabled retirees under the fire fighters' retirement system established prior to LEOFF also have authority and discretion to reimburse retirees for Medicare part B premiums or other supplemental insurance.

Substitute Bill Compared to Original Bill: Disability boards for pre-LEOFF fire fighters are granted authority and discretion to reimburse retirees for Medicare part B premiums.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill allows cities and counties to continue a cost-effective method of providing medical services to LEOFF I and pre-LEOFF retirees. The state auditor has objected to premium reimbursement without specific statutory authority. There would be no requirement for cities to pay part B premiums; the bill is discretionary only.

Testimony Against: None.

Witnesses: Jack Richards, Seattle Police Pension Board;
Kathleen Collins, Association of Washington Cities; and Gary
Keese, city of Seattle.