
HOUSE BILL 1665

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Belcher, Fraser, Locke, Brumsickle, Bowman, O'Brien and Winsley.

Read first time February 5, 1991. Referred to Committee on Health Care.

1 AN ACT Relating to health care benefits for retired and disabled
2 state, local government, and common school employees; amending RCW
3 41.05.080 and 41.05.080; creating new sections; and providing an
4 effective date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that premium
7 rates for health care coverage currently offered by the state
8 employees' benefits board to retired and disabled state employees are
9 high, and consume an increasing proportion of the fixed income of such
10 retired and disabled individuals. The legislature further finds that
11 it is appropriate to continue to subsidize the high costs of health
12 care coverage for retired and disabled public employees, but that the
13 form and level of that subsidy, and mechanisms to fund and administer
14 such health care coverage, must be determined after careful study.

1 (2) It is the purpose of this act to comprehensively address issues
2 relating to health care coverage for retired and disabled state, local
3 government, and public school employees by authorizing the health care
4 authority to offer a medicare supplement health insurance plan to
5 retired and disabled state employees on an interim basis, and
6 establishing a study commission to develop recommendations to the
7 legislature regarding health care benefits for retired and disabled
8 state, local government and public school employees.

9 **Sec. 2.** RCW 41.05.080 and 1977 ex.s. c 136 s 6 are each amended to
10 read as follows:

11 Retired or disabled state employees, or employees of county,
12 municipal, or other political subdivisions covered by this chapter who
13 are retired, may continue their participation in insurance plans and
14 contracts after retirement or disablement, under the qualifications,
15 terms, conditions, and benefits set by the board: PROVIDED, That the
16 premium rates charged such retired or disabled employees for health
17 care will be developed from the ~~((same))~~ experience pool ~~((as))~~ of
18 similar active employees: PROVIDED FURTHER, That ~~((such))~~ retired or
19 disabled employees ~~((shall bear the full cost of premiums required to~~
20 ~~provide such coverage))~~ eligible for medicare may be offered health
21 care coverage that differs from that available to active employees.
22 The premium rate for such coverage shall be subsidized to the same
23 extent as the premium rate for retired and disabled employees
24 participating in health care coverage available to active employees.
25 Such retired or disabled employees shall be responsible for payment of
26 premium rates developed by the authority in accordance with this
27 section: PROVIDED FURTHER, That such self pay rates will be
28 established based on a separate rate for the employee, the spouse, and
29 the children: PROVIDED FURTHER, That premium rates for a retired or

1 disabled employee, spouse, or child who is eligible for and who elects
2 to apply for medicare will be actuarially reduced to reflect the value
3 of Part A and Part B of medicare. The term "retired state employees"
4 for the purpose of this section shall include but not be limited to
5 members of the legislature whether voluntarily or involuntarily leaving
6 state office.

7 NEW SECTION. **Sec. 3.** (1) A retired and disabled state, local
8 government, and public school employee health care benefits study
9 commission is hereby established. The commission shall be composed of:

10 (a) Four legislators, one from each of the two largest caucuses in
11 the senate and the house of representatives, who shall be selected by
12 the president of the senate and the speaker of the house of
13 representatives and who serve on the senate ways and means committee or
14 the house of representatives appropriations committee;

15 (b) One member, to be selected by the governor, representing
16 retired state employees;

17 (c) One member, to be selected by the governor, representing
18 retired public school employees;

19 (d) One member, to be selected by the governor, representing
20 retired county, municipal or other local government employees covered
21 by chapter 41.05 RCW;

22 (e) One member, to be selected by the governor, representing active
23 state employees;

24 (f) One member, to be selected by the governor, representing active
25 public school employees;

26 (g) One member, to be selected by the governor, representing active
27 county, municipal, or other local government employees covered by
28 chapter 41.05 RCW; and

29 (h) Three members to represent the governor and executive agencies.

1 The legislative members shall select a chair from the members of
2 the commission. Commission members shall be reimbursed for travel
3 expenses pursuant to RCW 43.03.050 and RCW 43.03.060.

4 (2) The commission shall study and develop recommendations
5 regarding health care coverage for retired and disabled state, local
6 government, and public school employees. The study should include, but
7 not be limited to, the following areas:

8 (a) Establishment of a mechanism to annually determine the level of
9 subsidy of retired and disabled employee's health care coverage premium
10 rates;

11 (b) Development of mechanisms to prefund health care coverage for
12 retired and disabled employees, through means such as contributions by
13 active employees to a fund established to finance future retired and
14 disabled employees' health care benefits, and voluntary contributions
15 by active employees to individual medical accounts from which funds can
16 be drawn upon retirement or becoming disabled to pay premiums and cost-
17 sharing for health care coverage;

18 (c) Establishment of variable health care coverage premium rates
19 for retired or disabled employees based upon the individual retired or
20 disabled individual's income;

21 (d) Health care coverage for retired or disabled public school
22 employees;

23 (e) Health care coverage for retired or disabled employees of
24 county, municipal or other local governments covered by chapter 41.05
25 RCW; and

26 (f) Any other areas deemed necessary by the commission.

27 The commission shall report its findings and recommendations to the
28 legislature on or before December 1, 1992.

29 (3) The commission shall be staffed by the office of financial
30 management and staff from the appropriate committees of the house of

1 representatives and the senate. The health care authority, office of
2 retirement systems, office of the actuary, and department of personnel
3 shall provide support to the commission, to the extent possible,
4 through the provision of technical expertise and data. The commission
5 may form technical advisory committees to assist it with matters deemed
6 necessary by the commission.

7 **Sec. 4.** RCW 41.05.080 and 1991 c ... s 2 (section 2 of this act)
8 are each amended to read as follows:

9 Retired or disabled state employees, or employees of county,
10 municipal, or other political subdivisions covered by this chapter who
11 are retired, may continue their participation in insurance plans and
12 contracts after retirement or disablement, under the qualifications,
13 terms, conditions, and benefits set by the board: PROVIDED, That the
14 ((premium)) rates charged such retired or disabled employees for health
15 care will be developed from the same experience pool ((of similar)) as
16 active employees: PROVIDED FURTHER, That such retired or disabled
17 employees ((eligible for medicare may be offered health care coverage
18 that differs from that available to active employees. The premium rate
19 for such coverage shall be subsidized to the same extent as the premium
20 rate for retired and disabled employees participating in health care
21 coverage available to active employees. Such retired or disabled
22 employees shall be responsible for payment of premium rates developed
23 by the authority in accordance with this section)) shall bear the full
24 cost of premiums required to provide such coverage: PROVIDED FURTHER,
25 That such self pay rates will be established based on a separate rate
26 for the employee, the spouse, and the children: PROVIDED FURTHER, That
27 ((premium)) rates for a retired or disabled employee, spouse, or child
28 who is eligible for and who elects to apply for medicare will be
29 actuarially reduced to reflect the value of Part A and Part B of

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

4 NEW SECTION. **Sec. 5.** Section 4 of this act shall take effect
5 July 1, 1993.