
SUBSTITUTE HOUSE BILL 1796

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Belcher, Fraser, Locke, Dellwo, Bowman, Basich, Riley, Zellinsky, Ebersole, Orr, Inslee, Sheldon, Rasmussen, Ogden, Spanel, R. King, H. Myers, O'Brien, Sprenkle and Anderson).

Read first time March 11, 1991.

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 rates charged such retired or disabled employees for health care will
17 be developed from the same experience pool as active employees:
18 PROVIDED FURTHER, That ~~((such))~~ retired or disabled employees ~~((shall~~
19 ~~bear the full cost of premiums required to provide such coverage))~~
20 eligible for medicare may be offered health care coverage that differs
21 from that available to active employees. The premium rate for such
22 coverage shall be subsidized to the same extent as the premium rate for
23 retired and disabled employees participating in health care coverage
24 available to active employees. Such retired or disabled employees
25 shall be responsible for payment of premium rates developed by the
26 authority in accordance with this section: PROVIDED FURTHER, That such
27 self pay rates will be established based on a separate rate for the
28 employee, the spouse, and the children: PROVIDED FURTHER, That premium
29 rates for a retired or disabled employee, spouse, or child who is

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

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

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

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

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

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

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

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

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

28 (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. Except for members appointed under subsection (1)(b)
3 through (h) of this section who participate in the commission as part
4 of their regular employment, commission members shall be reimbursed for
5 travel expenses pursuant to RCW 43.03.050 and RCW 43.03.060.

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

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

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

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

23 (d) Health care coverage for retired or disabled public school
24 employees;

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

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

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

1 (3) The commission shall be staffed by the office of financial
2 management and staff from the appropriate committees of the house of
3 representatives and the senate. The health care authority, office of
4 retirement systems, office of the actuary, and department of personnel
5 shall provide support to the commission, to the extent possible,
6 through the provision of technical expertise and data. The commission
7 may form technical advisory committees to assist it with matters deemed
8 necessary by the commission.

9 **Sec. 4.** RCW 41.05.080 and 1991 c ... s 2 (section 2 of this act)
10 are each amended to 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 rates charged such retired or disabled employees for health care will
17 be developed from the same experience pool as active employees:
18 PROVIDED FURTHER, That such retired or disabled employees ((eligible
19 ~~for medicare may be offered health care coverage that differs from that~~
20 ~~available to active employees. The premium rate for such coverage~~
21 ~~shall be subsidized to the same extent as the premium rate for retired~~
22 ~~and disabled employees participating in health care coverage available~~
23 ~~to active employees. Such retired or disabled employees shall be~~
24 ~~responsible for payment of premium rates developed by the authority in~~
25 ~~accordance with this section)) shall bear the full cost of premiums
26 required to provide such coverage: PROVIDED FURTHER, That such self
27 pay rates will be established based on a separate rate for the
28 employee, the spouse, and the children: PROVIDED FURTHER, That
29 ((premium)) rates for a retired or disabled employee, spouse, or child~~

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

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