

FINAL BILL REPORT

SHB 1721

C 458 L 93
Synopsis as Enacted

Brief Description: Authorizing jointly administered health and welfare benefits trusts for local government employees.

By House Committee on Financial Institutions & Insurance
(originally sponsored by Representatives R. Meyers, Dorn, Zellinsky, Wang, Reams, G. Fisher, H. Myers and Mielke).

House Committee on Financial Institutions & Insurance
Senate Committee on Health & Human Services

Background: In 1991, the Legislature overhauled the statute governing local government self-insurance programs. All local government entities were authorized to self-insure property and liability risks and employee health and welfare benefits only as permitted under the new act. The state risk manager was granted regulatory jurisdiction over such programs.

Under the new act, the state risk manager must either approve or disapprove a plan to create self-insurance programs providing employee health and welfare benefits. The state risk manager must also approve or disapprove any change to the initial plan.

The state risk manager may order any approved program to cease and desist any activity or practice in violation of the act or threatening the solvency of the program. If the program fails to comply with the order, the risk manager must notify the state auditor and the attorney general of the violation.

Under the new act, local governments must have complete control over any joint self-insurance program. Investment of program funds must comply with statutes governing the investment by the local government entity creating or participating in the program.

Summary: Local government self-insurance programs established as trusts for employee health and welfare benefits may share controlling authority with employees if the local government maintains at least half the voting control, if no more than one non-employee union representative has a voting right, and if the trust

agreement contains provisions for breaking any voting deadlocks.

A local government self-insured trust plan must contain a provision that trust funds be expended only for purposes of the trust, consistent with statutes and rules governing the local government creating the trust.

Local government self-insurance programs that have been created as employee trusts must comply with state laws governing local government self-insurance programs within 180 days from the effective date of the act unless the state risk manager extends the compliance deadline for 90 additional days.

If health care reform legislation is enacted, the Health Services Commission shall study ways to bring local government self-insured health trusts under the provisions of the health care reform law.

Votes on Final Passage:

House	98	0	
Senate	45	0	(Senate amended)
House	97	0	(House concurred)

Effective: July 25, 1993