
HOUSE BILL 2371

State of Washington

55th Legislature

1998 Regular Session

By Representatives Carlson, Radcliff, Constantine, Sheahan, Mulliken, Kastama, Johnson, Gardner, Pennington, Kenney, H. Sommers, L. Thomas, Kessler, Anderson and Dyer

Read first time 01/12/98. Referred to Committee on Appropriations.

1 AN ACT Relating to a medical expense plan for certain retirees;
2 amending RCW 41.04.340; and creating a new section.

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

4 **Sec. 1.** RCW 41.04.340 and 1997 c 232 s 2 are each amended to read
5 as follows:

6 (1) An attendance incentive program is established for all eligible
7 employees. As used in this section the term "eligible employee" means
8 any employee of the state, other than eligible employees of the
9 community and technical colleges and the state board for community and
10 technical colleges identified in RCW 28B.50.553, and teaching and
11 research faculty at the state and regional universities and The
12 Evergreen State College, entitled to accumulate sick leave and for whom
13 accurate sick leave records have been maintained. No employee may
14 receive compensation under this section for any portion of sick leave
15 accumulated at a rate in excess of one day per month. The state and
16 regional universities and The Evergreen State College shall maintain
17 complete and accurate sick leave records for all teaching and research
18 faculty.

1 (2) In January of the year following any year in which a minimum of
2 sixty days of sick leave is accrued, and each January thereafter, any
3 eligible employee may receive remuneration for unused sick leave
4 accumulated in the previous year at a rate equal to one day's monetary
5 compensation of the employee for each four full days of accrued sick
6 leave in excess of sixty days. Sick leave for which compensation has
7 been received shall be deducted from accrued sick leave at the rate of
8 four days for every one day's monetary compensation.

9 (3) At the time of separation from state service due to retirement
10 or death, an eligible employee or the employee's estate may elect to
11 receive remuneration at a rate equal to one day's current monetary
12 compensation of the employee for each four full days of accrued sick
13 leave.

14 ~~(4) ((Pursuant to this subsection, in lieu of cash remuneration the
15 state may, with equivalent funds, provide eligible employees with a
16 benefit plan providing for reimbursement of medical expenses. The
17 committee for deferred compensation shall develop any benefit plan
18 established under this subsection, but may offer and administer the
19 plan only if (a) each eligible employee has the option of whether to
20 receive cash remuneration or to have his or her employer transfer
21 equivalent funds to the plan; and (b) the committee has received an
22 opinion from the United States internal revenue service stating that
23 participating employees, prior to the time of receiving reimbursement
24 for expenses, will incur no United States income tax liability on the
25 amount of the equivalent funds transferred to the plan.~~

26 ~~(5))~~ Remuneration or benefits received under this section shall
27 not be included for the purpose of computing a retirement allowance
28 under any public retirement system in this state.

29 ~~((6) With the exception of subsection (4) of this section))~~ (5)
30 Except as provided in subsections (7) through (9) of this section for
31 employees not covered by chapter 41.06 RCW, this section shall be
32 administered, and rules shall be adopted to carry out its purposes, by
33 the Washington personnel resources board for persons subject to chapter
34 41.06 RCW: PROVIDED, That determination of classes of eligible
35 employees shall be subject to approval by the office of financial
36 management.

37 ~~((7))~~ (6) Should the legislature revoke any remuneration or
38 benefits granted under this section, no affected employee shall be

1 entitled thereafter to receive such benefits as a matter of contractual
2 right.

3 (7) In lieu of remuneration for unused sick leave at retirement as
4 provided in subsection (3) of this section, an agency head or designee
5 may with equivalent funds, provide eligible employees with a benefit
6 plan that provides for reimbursement for medical expenses. This plan
7 shall be implemented only after consultation with affected groups of
8 employees. For eligible employees covered by chapter 41.06 RCW,
9 procedures for the implementation of these plans shall be adopted by
10 the Washington personnel resources board. For eligible employees
11 exempt from chapter 41.06 RCW, and classified employees who have opted
12 out of coverage of chapter 41.06 RCW as provided in RCW 41.56.201,
13 implementation procedures shall be adopted by an agency head having
14 jurisdiction over the employees.

15 (8) Implementing procedures adopted by the Washington personnel
16 resources board or agency heads shall require that each medical expense
17 plan authorized by subsection (7) of this section apply to all eligible
18 employees in any one of the following groups: (a) Employees in an
19 agency; (b) employees in a major organizational subdivision of an
20 agency; (c) employees at a major operating location of an agency; (d)
21 exempt employees under the jurisdiction of an elected or appointed
22 Washington state executive; (e) Employees of the Washington state
23 senate; (f) employees of the Washington state house of representatives;
24 (g) classified employees in a bargaining unit established by the
25 Washington personnel resources board; or (h) other group of employees
26 defined by an agency head that is not designed to provide an
27 individual-employee choice regarding participation in a medical expense
28 plan. However, medical expense plans for eligible employees in any of
29 the groups under (a) through (h) of this subsection who are covered by
30 a collective bargaining agreement shall be implemented only by written
31 agreement with the bargaining unit's exclusive representative and a
32 separate medical expense plan may be provided for unrepresented
33 employees.

34 (9) Medical expense plans authorized by subsection (7) of this
35 section must require as a condition of participation in the plan that
36 employees in the group affected by the plan sign an agreement with the
37 employer. The agreement must include a provision to hold the employer
38 harmless should the United States government find that the employer or
39 the employee is in debt to the United States as a result of the

1 employee not paying income taxes due on the equivalent funds placed
2 into the plan, or as a result of the employer not withholding or
3 deducting a tax, assessment, or other payment on the funds as required
4 by federal law. The agreement must also include a provision that
5 requires an eligible employee to forfeit remuneration under subsection
6 (3) of this section if the employee belongs to a group that has been
7 designated to participate in the medical expense plan permitted under
8 this section and the employee refuses to execute the required
9 agreement.

10 NEW SECTION. Sec. 2. If any part of RCW 41.04.340 (7) through (9)
11 is found to be in conflict with federal tax laws or rulings or
12 regulations of the federal internal revenue service, the conflicting
13 part is inoperative solely to the extent of the conflict and such a
14 finding shall not affect the remainder of section 1, chapter . . . ,
15 Laws of 1998 (section 1 of this act).

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