

HOUSE BILL REPORT

SSB 5607

As Reported By House Committee On:
Health Care

Title: An act relating to health insurance.

Brief Description: Permitting retired and disabled employees to obtain health insurance.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Wojahn, Fraser, Franklin, Sellar, Prentice, Deccio, Winsley, Rasmussen, Kohl-Welles and Costa).

Brief History:

Committee Activity:

Health Care: 2/25/00 [DPA].

Brief Summary of Substitute Bill
(As Amended by House Committee)

- Retirees and disabled employees from local government and other political subdivisions will be permitted to continue their coverage under a health plan established by their employer.
- Retirees and disabled employees will be responsible for paying the full cost of the health plan.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass as amended. Signed by 12 members: Representatives Cody, Democratic Co-Chair; Parlette, Republican Co-Chair; Pflug, Republican Vice Chair; Schual-Berke, Democratic Vice Chair; Alexander; Campbell; Conway; Edmonds; Edwards; Mulliken; Pennington and Ruderman.

Staff: David Knutson (786-7146).

Background:

Local government employees are covered by the state Health Care Authority if their employer contracts with the state Health Care Authority for such coverage.

Under certain conditions, local government employees covered by the state Health Care Authority may continue their participation in the insurance plans of their employer after they retire or are disabled. Such retired or disabled employees are responsible for paying their own premiums, but the premiums charged must be developed from the same experience pool as active employees.

Local government employees not covered by the state Health Care Authority have no other right under state law to continue to participate in the insurance plans of their employer after they retire or are disabled.

Federal law, under the Consolidated Omnibus Budget Reconciliation Act (COBRA), requires that employees who retire be allowed to purchase group health insurance from their employer for a period of 18 months, at a rate no more than 2 percent higher than active employees would pay. COBRA does not apply to retirees eligible for Medicare.

Summary of Amended Bill:

With some exceptions and under certain conditions, retired or disabled local government employees not covered by the state Health Care Authority must be allowed to continue participation in their employer's health insurance program.

Local governments may require a retired or disabled person who requests continued participation in its health plan to pay the full cost of such participation, including any amounts necessary for administration.

If a person continuing insurance coverage becomes eligible for Medicare, the coverage terminates but the person has the option of participating in a supplemental plan provided by the employer.

Other conditions are established regarding, among other things, enrollment periods, coordination of benefits with a participant's other medical coverage, and coverage of dependents if the retired or disabled employee dies.

Amended Bill Compared to Substitute Bill: Political subdivisions are required to permit retired and disabled employees to continue participation in a health care plan, including ones offered by, or in conjunction with, public employers and associations. Local public employers may develop separate health plans for retirees and disabled employees. Local public employers are authorized to specify enrollment periods, and

develop other processes in administering these health plans. An effective date and termination date are provided.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: January 1, 2002.

Testimony For: Retirees need some form of health insurance until they can qualify for Medicare at age 65. The language contained in the committee striking amendment clarified the responsibilities of local governments and retirees.

Testimony Against: None.

Testified: Senator Thibaudeau, prime sponsor; Joe Beck, Retired Public Employees Council; Jim Justin, Association of Washington Cities; Roger Ferris, Washington Fire Commissioners Association; and Lawrence Jacobson.