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**SUBSTITUTE SENATE BILL 5607**

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**State of Washington**

**56th Legislature**

**1999 Regular Session**

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

Read first time 02/24/1999.

1 AN ACT Relating to health insurance; and adding a new section to  
2 chapter 41.04 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.04 RCW  
5 to read as follows:

6 (1) Unless the context clearly requires otherwise, the definitions  
7 in this subsection apply throughout this section.

8 (a) "Disabled employee" means an individual eligible to receive a  
9 disability retirement allowance from the public employees' retirement  
10 system.

11 (b) "Health plan" means a contract, policy, fund, trust, or other  
12 program established by a county, municipality, or other political  
13 subdivision of the state that provides for all or a part of  
14 hospitalization or medical aid for its employees and their dependents  
15 under RCW 41.04.180.

16 (c) "Retired employee" means an individual who is a public employee  
17 covered under the public employees' retirement system with not less  
18 than five years of service at the date of retirement.

1 (d) "Supplemental plan" means an individual or group health plan  
2 designed primarily as a supplement to reimbursements under federal  
3 medicare for the hospital, medical, or surgical expenses of persons  
4 eligible for medicare by reason of age.

5 (2) A county, municipality, or other political subdivision that  
6 provides a health plan for its employees shall permit retired and  
7 disabled employees and their dependents to continue participation in  
8 the plan subject to the exceptions, limitations, and conditions set  
9 forth in this section. However, this section does not apply to a  
10 county, municipality, or other political subdivision participating in  
11 an insurance program administered under chapter 41.05 RCW if retired  
12 and disabled employees and their dependents of the participating  
13 county, municipality, or other political subdivision are covered under  
14 an insurance program administered under chapter 41.05 RCW.

15 (3) A county, municipality, or other political subdivision may  
16 require a person who requests continued participation in its health  
17 plan under subsection (2) of this section to pay the full cost of such  
18 participation, including any amounts necessary for administration.  
19 However, this subsection does not require an employer who is currently  
20 paying for all or part of a health plan for its retired and disabled  
21 employees to discontinue those payments.

22 (4) If a person continuing participation under a health plan  
23 becomes eligible for federal medicare, then health plan participation  
24 is terminated and the person has the option of participating in a  
25 supplemental plan provided by the employer. Payment required of the  
26 person shall be modified to reflect cost differences between the health  
27 plan and the supplemental plan.

28 (5) Payments for continued participation in a former employer's  
29 health plan may be assigned to the underwriter of the health plan from  
30 public pension benefits or may be paid to the former employer, as  
31 determined by the former employer, so that an underwriter of the health  
32 plan that is an insurance company, health care service contractor, or  
33 health maintenance organization is not required to accept individual  
34 payments from persons continuing participation in the employer's health  
35 plan.

36 (6) After an initial open enrollment period of not less than ninety  
37 days after the effective date of this section, an employer may not be  
38 required to permit a person to continue participation in the health  
39 plan if the person is responsible for a lapse in coverage under the

1 plan. In addition, an employer may not be required to permit a person  
2 to continue participation in the employer's health plan if the employer  
3 offered continued participation in a health plan with substantially  
4 similar benefits and at substantially the same price as that plan  
5 provided for active employees and the person failed to enroll in that  
6 plan at the time the person was retired or disabled.

7 (7) If a person continuing participation in the former employer's  
8 health plan has medical coverage through another employer, the medical  
9 coverage of the other employer is the primary coverage for purposes of  
10 coordination of benefits as provided for in the former employer's  
11 health plan.

12 (8) If a person's continued participation in a health plan was  
13 permitted because of the person's relationship to a retired or disabled  
14 employee of the employer providing the health plan and the retired or  
15 disabled employee dies, then that person is permitted to continue  
16 participation in the health plan for a period of not more than six  
17 months after the death of the retired or disabled employee. However,  
18 the employer providing the health plan may permit continued  
19 participation beyond that time period.

20 (9) An employer may offer one or more health plans different from  
21 that provided for active employees and designed to meet the needs of  
22 persons requesting continued participation in the employer's health  
23 plan. An employer, in designing or offering continued participation in  
24 a health plan, may utilize terms or conditions necessary to administer  
25 the plan to the extent the terms and conditions do not conflict with  
26 this section.

27 (10) If an employer changes the underwriter of a health plan, the  
28 replaced underwriter has no further responsibility or obligation to  
29 persons who continued participation in a health plan of the replaced  
30 underwriter. However, the employer shall permit those persons to  
31 participate in any new health plan.

32 (11) The benefits granted under this section are not considered a  
33 matter of contractual right. Should the legislature, a county,  
34 municipality, or other political subdivision of the state revoke or  
35 change any benefits granted under this section, an affected person is  
36 not entitled to receive the benefits as a matter of contractual right.

37 (12) This section does not affect any health plan contained in a  
38 collective bargaining agreement in existence as of the effective date  
39 of this section. However, any plan contained in future collective

1 bargaining agreements shall conform to this section. In addition, this  
2 section does not affect any health plan contract or policy in existence  
3 as of the effective date of this section. However, any renewal of the  
4 contract or policy shall conform to this section.

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