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**SUBSTITUTE SENATE BILL 6792**

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**State of Washington**

**56th Legislature**

**2000 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Snyder, Long, Fraser, Loveland, Winsley, Horn, Benton, Franklin, Honeyford, B. Sheldon, Bauer, Kline, Haugen, Rasmussen, McDonald, Gardner, West, Hargrove, Rossi, Kohl-Welles, McAuliffe, Fairley, Prentice, Goings, Jacobsen, Spanel, Oke, Hale, Morton, Roach, Sellar, Finkbeiner, Sheahan, Stevens, Patterson and Johnson)

Read first time 02/08/2000.

1 AN ACT Relating to payment of medical benefits provided under  
2 chapter 41.26 RCW to law enforcement officers' and fire fighters'  
3 retirement system plan 1 retirees; amending RCW 41.26.080; and creating  
4 new sections.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the medical  
7 services provided to retirees of the law enforcement officers' and fire  
8 fighters' retirement system plan 1 under chapter 41.26 RCW include  
9 nursing home care and catastrophic medical care, including organ  
10 transplants.

11 The legislature also finds that many years of high state  
12 appropriations to the law enforcement officers' and fire fighters'  
13 retirement system plan 1 trust fund, combined with years of high  
14 investment return and low inflation, have greatly improved the funding  
15 status of the fund.

16 It is reasonable, in light of the strong funding position of the  
17 law enforcement officers' and fire fighters' retirement system plan 1  
18 fund, to provide partial funding of law enforcement officers' and fire  
19 fighters' retirement system plan 1 retiree extraordinary medical

1 expenses, such as nursing home care, from the law enforcement officers'  
2 and fire fighters' retirement system plan 1 fund.

3 The purpose of this act is to: (1) Declare legislative intent that  
4 not less than fifty million dollars of surplus assets in the Washington  
5 law enforcement officers' and fire fighters' retirement system plan 1  
6 retirement fund be used, if possible, for payment of extraordinary  
7 medical expenses for certain retirees of the law enforcement officers'  
8 and fire fighters' retirement system plan 1; and (2) provide for a  
9 review by the joint committee on pension policy, with input from a law  
10 enforcement officers' and fire fighters' retirement system advisory  
11 workgroup, of possible long-term options for funding a portion of the  
12 law enforcement officers' and fire fighters' retirement system plan 1  
13 medical expenses from the law enforcement officers' and fire fighters'  
14 retirement system plan 1 trust fund.

15 NEW SECTION. **Sec. 2.** For the purposes of this act, retiree  
16 expenses for nursing home services that qualify as medical services  
17 under RCW 41.26.030(22), and expenses incurred in excess of twenty-five  
18 thousand dollars in a twelve-month period for an individual retiree's  
19 hospital care, shall qualify as extraordinary medical expenses.

20 It is the intent of the legislature that statutory guidelines for  
21 the payment of certain extraordinary medical expenses be adopted in the  
22 2001 legislative session, taking into consideration the recommendations  
23 of the report required by section 3 of this act. It is also the intent  
24 of the legislature that such expenditures be authorized only if the  
25 actuarial valuation study of the law enforcement officers' and fire  
26 fighters' retirement system plan 1 assets and liabilities as of  
27 December 31, 1999, indicates that the system has not less than five  
28 hundred million dollars in surplus assets.

29 NEW SECTION. **Sec. 3.** The joint committee on pension policy shall  
30 provide for a study, through the office of the state actuary during the  
31 2000 interim, of the options for providing partial funding of law  
32 enforcement officers' and fire fighters' retirement system plan 1  
33 retiree medical expenses from the surplus assets of the law enforcement  
34 officers' and fire fighters' retirement system plan 1 fund. The study  
35 shall include a report by the office of the state actuary on local  
36 government liabilities, as required by the 1999-2001 operating budget,  
37 and a review of legal issues, federal tax compliance issues, variations

1 in local government benefits and funding mechanisms, and other relevant  
2 issues.

3 In conducting the study the joint committee shall solicit  
4 information and advice from a law enforcement officers' and fire  
5 fighters' retirement system employer and member advisory workgroup  
6 which shall consist of not less than twelve representatives of both the  
7 employers and members as follows: Two representatives each for the  
8 association of Washington cities, the Washington fire commissioners'  
9 association, and the Washington state association of counties; and  
10 three representatives each for the Washington council of police and  
11 sheriffs and the Washington state council of fire fighters. The joint  
12 committee may make additional appointments to the workgroup. The  
13 office of the state actuary may provide administrative support for the  
14 study.

15 The joint committee shall submit its report and recommendations to  
16 the legislature no later than December 15, 2000.

17 **Sec. 4.** RCW 41.26.080 and 1991 c 35 s 17 are each amended to read  
18 as follows:

19 (1) Except as set forth under subsection (2) of this section, the  
20 total liability of the plan 1 system shall be funded as follows:

21 ~~((+1))~~ (a) Every plan 1 member shall have deducted from each  
22 payroll a sum equal to six percent of his or her basic salary for each  
23 pay period.

24 ~~((+2))~~ (b) Every employer shall contribute monthly a sum equal to  
25 six percent of the basic salary of each plan 1 employee who is a member  
26 of this retirement system. The employer shall transmit the employee  
27 and employer contributions with a copy of the payroll to the retirement  
28 system monthly.

29 ~~((+3))~~ (c) The remaining liabilities of the plan 1 system shall be  
30 funded as provided in chapter 41.45 RCW.

31 ~~((+4))~~ (d) Every member shall be deemed to consent and agree to  
32 the contribution made and provided for herein, and shall receipt in  
33 full for his or her salary or compensation. Payment less said  
34 contributions shall be a complete discharge of all claims and demands  
35 whatsoever for the services rendered by such person during the period  
36 covered by such payments, except his or her claim to the benefits to  
37 which he or she may be entitled under the provisions of this chapter.

1       (2) No employer or member contribution is required after June 30,  
2 2000, unless the most recent valuation study for law enforcement  
3 officers' and fire fighters' retirement system plan 1 indicates the  
4 plan has unfunded liabilities.

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