
SENATE BILL 6792

State of Washington

56th Legislature

2000 Regular Session

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 01/27/2000. Referred to Committee on Ways & Means.

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) Provide temporary partial
4 funding of certain law enforcement officers' and fire fighters'
5 retirement system plan 1 retiree extraordinary medical expenses from
6 the law enforcement officers' and fire fighters' retirement system plan
7 1 fund; and (2) provide for a review by the joint committee on pension
8 policy, and a law enforcement officers' and fire fighters' retirement
9 system advisory committee, of possible long-term options for funding a
10 portion of the law enforcement officers' and fire fighters' retirement
11 system plan 1 medical expenses from the law enforcement officers' and
12 fire fighters' retirement system plan 1 trust fund.

13 NEW SECTION. **Sec. 2.** Fifty million dollars of surplus assets in
14 the Washington law enforcement officers' and fire fighters' retirement
15 system plan 1 retirement fund shall be dedicated to payment of
16 extraordinary medical expenses as defined in, and subject to the
17 conditions of, this section. Retiree expenses for nursing home
18 services that qualify as medical services under RCW 41.26.030(22) and
19 expenses incurred in excess of twenty-five thousand dollars in a
20 calendar year for an individual retiree's hospital care shall qualify
21 as extraordinary medical expenses.

22 The funding for extraordinary medical expenses provided by this
23 section shall be spent according to statutory guidelines adopted in the
24 2001 legislative session, and only if the actuarial valuation study of
25 the law enforcement officers' and fire fighters' retirement system plan
26 1 assets and liabilities as of December 31, 1999, indicates that the
27 system has not less than five hundred million dollars in surplus
28 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 review of legal issues, federal tax compliance issues,
36 variations in local government benefits and funding mechanisms for law
37 enforcement officers' and fire fighters' retirement system plan 1

1 retiree medical benefits, liability projections, 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 board which is
6 hereby created and shall consist of not less than twelve
7 representatives of both the employers and members as follows: Two
8 representatives each for the association of Washington cities, the
9 Washington fire commissioners' association, and the Washington state
10 association of counties; and three representatives each for the
11 Washington council of police and sheriffs and the Washington state
12 council of fire fighters. The joint committee may make additional
13 appointments. The office of the state actuary shall provide
14 administrative support for the advisory board and may, at the direction
15 of the joint committee, contract for health insurance actuarial
16 services, special tax counsel, and other such services as may be
17 needed.

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

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

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

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

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

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

34 ~~((+4))~~ (d) Every member shall be deemed to consent and agree to
35 the contribution made and provided for herein, and shall receipt in
36 full for his or her salary or compensation. Payment less said
37 contributions shall be a complete discharge of all claims and demands
38 whatsoever for the services rendered by such person during the period

1 covered by such payments, except his or her claim to the benefits to
2 which he or she may be entitled under the provisions of this chapter.
3 (2) No employer or member contribution is required after June 30,
4 2000, unless the most recent valuation study for law enforcement
5 officers' and fire fighters' retirement system plan 1 indicates the
6 plan has unfunded liabilities.

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