

HOUSE BILL REPORT

ESSB 5777

As Reported by House Committee On:

Health Care
Appropriations

Title: An act relating to health care benefits for retirees of local government employers.

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

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Prentice, Winsley, Thibaudeau, Deccio and Rasmussen).

Brief History:

Committee Activity:

Health Care: 2/21/02, 2/22/02 [DP];
Appropriations: 3/2/02, 3/4/02 [DPA].

Brief Summary of Engrossed 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. Signed by 6 members: Representatives Cody, Chair; Schual-Berke, Vice Chair; Conway, Darneille, Ruderman and Skinner.

Staff: Dave 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.

Summary of Engrossed Substitute 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.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This change is needed to help retired local government employees get health insurance coverage. The retiree will pay the full cost of the health insurance coverage.

Testimony Against: None.

Testified: Gloria Champeaux, Retired Public Employees Council; Mike Warren; Pat Thompson, Washington State Council of City and County Employees; Georgette Logan; and Milton Lechelt.

(Do not oppose) Jim Justin, Association of Washington Cities.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 25 members: Representatives Sommers, Chair; Doumit, 1st Vice Chair; Fromhold, 2nd Vice Chair; Sehlin, Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Cox, Dunshee, Grant, Kagi, Kenney, Kessler, Linville, Lisk, Mastin, McIntire, Pearson, Pflug, Ruderman, Schual-Berke, Talcott and Tokuda.

Staff: Andrea Hardy (786-7349).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care:

The amended bill removes the requirement that the JLARC study the impacts of the bill, and requires the Health Care Authority, if it determines that allowing new groups into Public Employees' Benefits Board participation is increasing the overall cost of health insurance, to discontinue allowing new employers to enter the PEBB. The engrossed substitute bill required the JLARC to study the impacts of the bill, and it did not include any provision for the Health Care Authority to turn away new employers.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill has passed the Senate three times unanimously. Currently, employees are often provided health insurance through their employers, but when they retire they have to go out and get their own health insurance. This bill provides that all employers who provide their active employees health insurance must also allow their retired employees to participate in that same health plan. Since there is no cost to the state for this bill, there should be no problem passing the bill.

Testimony Against: None.

Testified: John O'Brien, Retired Public Employees Council; Fred Ropes, Amalgamated Transit Union Legislative Council; Andrea Stephenson, The Empower Alliance; and Gloria Champeaux, Retired Public Employees' Council.
(Comments) Dennis Martin, Health Care Authority.