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SUBSTITUTE HOUSE BILL 2985

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**State of Washington                      58th Legislature                      2004 Regular Session**

**By** House Committee on Health Care (originally sponsored by Representatives Cody, Campbell, Kenney, Dickerson and Rockefeller)

READ FIRST TIME 02/06/04.

1            AN ACT Relating to health insurance for retired and disabled public  
2 employees; amending RCW 41.04.208; repealing 2002 c 319 s 5  
3 (uncodified); and declaring an emergency.

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

5            **Sec. 1.** RCW 41.04.208 and 2002 c 319 s 2 are each amended to read  
6 as follows:

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

9            (a) "Disabled employee" means (~~(an individual)~~) a person eligible  
10 to receive a disability retirement allowance from the Washington law  
11 enforcement officers' and fire fighters' retirement system plan 2 and  
12 the public employees' retirement system.

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

18            (c) "Retired employee" means a public employee meeting the  
19 retirement eligibility, years of service requirements, and other

1 criteria (~~set forth in~~) of the Washington law enforcement officers'  
2 and fire fighters' retirement system plan 2 and the public employees'  
3 retirement system.

4 (2) A county, municipality, or other political subdivision that  
5 provides a health plan for its employees shall permit retired and  
6 disabled employees and their dependents to continue participation in a  
7 plan subject to the exceptions, limitations, and conditions set forth  
8 in this section. However, this section does not apply to a county,  
9 municipality, or other political subdivision participating in an  
10 insurance program administered under chapter 41.05 RCW if retired and  
11 disabled employees and their dependents of the participating county,  
12 municipality, or other political subdivision are covered under an  
13 insurance program administered under chapter 41.05 RCW. Nothing in  
14 this subsection or chapter 319, Laws of 2002 precludes the local  
15 government employer from offering retired or disabled employees a  
16 health plan with a benefit structure, copayment, deductible,  
17 coinsurance, lifetime benefit maximum, and other plan features which  
18 differ from those offered through a health plan provided to active  
19 employees. Further, nothing in this subsection precludes a local  
20 government employer from joining with other public agency employers,  
21 including interjurisdictional benefit pools and multi-employer  
22 associations or consortiums, to fulfill its obligations under chapter  
23 319, Laws of 2002.

24 (3) A county, municipality, or other political subdivision has full  
25 authority to require a person who requests continued participation in  
26 a health plan under subsection (2) of this section to pay the full cost  
27 of such participation, including any amounts necessary for  
28 administration. However, this subsection does not require an employer  
29 who is currently paying for all or part of a health plan for its  
30 retired and disabled employees to discontinue those payments.

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

1 (5) After an initial open enrollment period of ninety days after  
2 January 1, 2003, an employer may not be required to permit a person to  
3 continue participation in the health plan if the person is responsible  
4 for a lapse in coverage under the plan. In addition, an employer may  
5 not be required to permit a person to continue participation in the  
6 employer's health plan if the employer offered continued participation  
7 in a health plan that meets the requirements of chapter 319, Laws of  
8 2002.

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

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

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

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

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

1 (11) This section does not affect any health plan contained in a  
2 collective bargaining agreement in existence as of January 1, 2003.  
3 However, any plan contained in future collective bargaining agreements  
4 shall conform to this section. In addition, this section does not  
5 affect any health plan contract or policy in existence as of January 1,  
6 2003. However, any renewal of the contract or policy shall conform to  
7 this section.

8 (12) Counties, municipalities, and other political subdivisions  
9 that make a documented good faith effort to comply with the provisions  
10 of subsections (2) through (11) of this section and are unable to  
11 provide access to a group health benefit plan are discharged from any  
12 obligations under subsections (2) through (11) of this section but  
13 shall assist disabled employees and retired employees in applying for  
14 health insurance. Assistance may include developing and distributing  
15 standardized information on the availability and cost of individual  
16 health benefit plans, application packages, and health benefit fairs.

17 (13) The office of the insurance commissioner, in cooperation with  
18 carriers licensed to offer individual health benefit plans, shall  
19 develop and distribute to counties, municipalities, and political  
20 subdivisions the following information:

21 (a) Standardized information on the availability and cost of  
22 individual health benefit plans;

23 (b) Application procedures for individual health benefit plans; and

24 (c) Assistance in organizing health benefit fairs for their  
25 disabled or retired employees.

26 NEW SECTION. Sec. 2. 2002 c 319 s 5 (uncodified) is repealed.

27 NEW SECTION. Sec. 3. This act is necessary for the immediate  
28 preservation of the public peace, health, or safety, or support of the  
29 state government and its existing public institutions, and takes effect  
30 immediately.

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