

# HOUSE BILL REPORT

## HB 3027

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**As Reported by House Committee On:**  
Appropriations

**Title:** An act relating to participating in insurance plans and contracts by separated plan 2 members of certain retirement systems.

**Brief Description:** Participating in insurance plans and contracts by separated plan 2 members of certain retirement systems.

**Sponsors:** Representatives Cody, Fromhold, Conway, Crouse, Hurst, Simpson and Morrell; by request of Select Committee on Pension Policy.

**Brief History:**

**Committee Activity:**

Appropriations: 2/6/08, 2/8/08 [DP].

**Brief Summary of Bill**

- Permits members of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) Plans 2 to elect continued coverage under the state's employee health benefits upon leaving service whether or not they retire and immediately begin pension benefits.
- Limits eligibility to PERS, TRS, and SERS Plan 2 members that separate from service that are at least 55 years of age and have earned at least 20 years of retirement plan service credit.

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**HOUSE COMMITTEE ON APPROPRIATIONS**

**Majority Report:** Do pass. Signed by 29 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Anderson, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Green, Haigh, Hinkle, Hunt, Kagi, Kessler, Kretz, Linville, McIntire, Morrell, Pettigrew, Priest, Ross, Schmick, Schual-Berke, Seaquist, Sullivan and Walsh.

**Staff:** David Pringle (786-7310).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:**

The state Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for retired employees of the state and participating local governments. The PEBB coverage is also available to retired employees of the state, school districts, and those local governments that purchase active employee benefits through the HCA. The Legislature provides a subsidy for Medicare-eligible retirees that enroll in PEBB plans.

Members of Plan 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) may elect to retain their state employee health insurance upon separation from state employment, regardless of whether they choose to retire from their plan and collect benefits at that time. In order to be eligible for continued coverage, a separated employee must have at least 10 years of service and be at least 55 years of age. Members of Plan 3 are first eligible to begin early retirement benefits at age 55 with at least 10 years of service. Separated employees choosing to retain coverage are required to pay the full cost of their insurance premiums.

Members of Plan 2 of PERS, TRS, and SERS may choose to retain employee health insurance coverage when they separate from service only if they also retire at that time and begin to collect their pension benefits at that time. Retiring Plan 2 members electing continued coverage must pay the full cost of their insurance premiums. Members of Plan 2 are first eligible to begin early retirement benefits at age 55 with at least 20 years of service.

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**Summary of Bill:**

Members of PERS, TRS, and SERS Plan 2 may elect continued coverage under the state's employee health benefits when they leave service whether or not they retire and begin to collect pension benefits at that time. In order to be eligible for continued coverage without collecting a retirement allowance, separating members must be at least 55 years old and have at least 20 years of service credit.

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**Appropriation:** None.**Fiscal Note:** Available.**Effective Date:** The bill takes effect on January 1, 2009.**Staff Summary of Public Testimony:**

(In support) Thank you for bringing this bill up for a hearing, and please move it along through the process. Last year a similar bill was introduced that unlike this one was both retroactive in effect and much more expensive than this bill. The preliminary fiscal note we saw earlier indicated no cost. The bill gives Plan 2 members similar access to Plan 3 members, and gives them more choices in planning their retirement. This choice includes the

option of deferring enrollment in the health benefits plans until some time after leaving service. This bill is one of the retired public school employees' priorities this session.

**Persons Testifying:** John Kvamme, Washington Association of School Administrators and Association of Washington School Principals; Randy Parr, Washington Education Association; and Leslie Main, Washington State School Retirees Association.

**Persons Signed In To Testify But Not Testifying:** None.