

SENATE BILL REPORT

SB 6648

As of February 8, 2008

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: Senators Keiser, Fraser and Kohl-Welles; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 2/05/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The state Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for employees of the state and participating local governments. 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. 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.

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 their pension benefit at that time. In order to be eligible for continued

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coverage without collecting a retirement allowance, separating members must be at least 55 years old and have at least 20 years of service credit.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 1, 2009.

Staff Summary of Public Testimony: PRO: Purchasing health care coverage on an individual basis can be prohibitively expensive for retired school and other government employees. This bill will give members of the Plan 2 similar access to health care, as is enjoyed by members of the Plan 3, and will give members more flexibility in planning their retirement. The removal of the retroactive provision from last year's version of this bill has reduced the fiscal impact greatly.

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