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HOUSE BILL 2510

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State of Washington

60th Legislature

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By Representatives Simpson, O'Brien, and Appleton

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1 AN ACT Relating to allowing medicare only health insurance benefits  
2 for certain employees of political subdivisions under a divided  
3 referendum process; and amending RCW 41.48.030.

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

5 **Sec. 1.** RCW 41.48.030 and 2007 c 218 s 72 are each amended to read  
6 as follows:

7 (1) The governor is hereby authorized to enter on behalf of the  
8 state into an agreement with the federal secretary of health(~~(~~  
9 ~~education, and welfare)~~) and human services consistent with the terms  
10 and provisions of this chapter, for the purpose of extending the  
11 benefits of the federal old-age and survivors insurance system to  
12 employees of the state or any political subdivision not members of an  
13 existing retirement system, or to members of a retirement system  
14 established by the state or by a political subdivision thereof or by an  
15 institution of higher learning with respect to services specified in  
16 such agreement which constitute "employment" as defined in RCW  
17 41.48.020. Such agreement may contain such provisions relating to  
18 coverage, benefits, contributions, effective date, modification and  
19 termination of the agreement, administration, and other appropriate

1 provisions as the governor and secretary of health(~~(, education, and~~  
2 ~~welfare)~~) and human services shall agree upon, but, except as may be  
3 otherwise required by or under the social security act as to the  
4 services to be covered, such agreement shall provide in effect that(~~(—~~  
5 ~~)~~):

6 (a) Benefits will be provided for employees whose services are  
7 covered by the agreement (and their dependents and survivors) on the  
8 same basis as though such services constituted employment within the  
9 meaning of Title II of the social security act;

10 (b) The state will pay to the secretary of the treasury, at such  
11 time or times as may be prescribed under the social security act,  
12 contributions with respect to wages (as defined in RCW 41.48.020),  
13 equal to the sum of the taxes which would be imposed by the federal  
14 insurance contributions act if the services covered by the agreement  
15 constituted employment within the meaning of that act;

16 (c) Such agreement shall be effective with respect to services in  
17 employment covered by the agreement or modification thereof performed  
18 after a date specified therein but in no event may it be effective with  
19 respect to any such services performed prior to the first day of the  
20 calendar year immediately preceding the calendar year in which such  
21 agreement or modification of the agreement is accepted by the secretary  
22 of health(~~(, education and welfare)~~) and human services;

23 (d) All services which constitute employment as defined in RCW  
24 41.48.020 and are performed in the employ of the state by employees of  
25 the state, shall be covered by the agreement;

26 (e) All services which (i) constitute employment as defined in RCW  
27 41.48.020, (ii) are performed in the employ of a political subdivision  
28 of the state, and (iii) are covered by a plan which is in conformity  
29 with the terms of the agreement and has been approved by the governor  
30 under RCW 41.48.050, shall be covered by the agreement; (~~and~~)

31 (f) As modified, the agreement shall include all services described  
32 in either (~~paragraph~~) (d) or (~~paragraph~~) (e) of this subsection and  
33 performed by individuals to whom section 218(c)(3)(C) of the social  
34 security act is applicable, and shall provide that the service of any  
35 such individual shall continue to be covered by the agreement in case  
36 he or she thereafter becomes eligible to be a member of a retirement  
37 system; (~~and~~)

1 (g) As modified, the agreement shall include all services described  
2 in either ~~((paragraph))~~ (d) or ~~((paragraph))~~ (e) of this subsection and  
3 performed by individuals in positions covered by a retirement system  
4 with respect to which the governor has issued a certificate to the  
5 secretary of health ~~(, education, and welfare)~~ and human services  
6 pursuant to subsection (5) of this section; and

7 (h) Law enforcement officers and firefighters of each political  
8 subdivision of this state who are covered by the Washington law  
9 enforcement officers' and firefighters' retirement system act  
10 ~~((chapter 209, Laws of 1969 ex. sess.) as now in existence or~~  
11 ~~hereafter amended)), chapter 41.26 RCW, shall constitute a separate  
12 "coverage group" for purposes of the agreement entered into under this  
13 section and for purposes of section 218 of the social security act.  
14 ~~((To the extent that the agreement between this state and the federal~~  
15 ~~secretary of health, education, and welfare in existence on the date of~~  
16 ~~adoption of this subsection is inconsistent with this subsection, the~~  
17 ~~governor shall seek to modify the inconsistency.))~~~~

18 (2) Any instrumentality jointly created by this state and any other  
19 state or states is hereby authorized, upon the granting of like  
20 authority by such other state or states, (a) to enter into an agreement  
21 with the secretary of health ~~(, education, and welfare)~~ and human  
22 services whereby the benefits of the federal old-age and survivors  
23 insurance system shall be extended to employees of such  
24 instrumentality, (b) to require its employees to pay (and for that  
25 purpose to deduct from their wages) contributions equal to the amounts  
26 which they would be required to pay under RCW 41.48.040(1) if they were  
27 covered by an agreement made pursuant to subsection (1) of this  
28 section, and (c) to make payments to the secretary of the treasury in  
29 accordance with such agreement, including payments from its own funds,  
30 and otherwise to comply with such agreements. Such agreement shall, to  
31 the extent practicable, be consistent with the terms and provisions of  
32 subsection (1) of this section and other provisions of this chapter.

33 (3) The governor is empowered to authorize a referendum, and to  
34 designate an agency or individual to supervise its conduct, in  
35 accordance with the requirements of section 218(d)(3) of the social  
36 security act, and subsection (4) of this section on the question of  
37 whether service in all positions covered by a retirement system  
38 established by the state or by a political subdivision thereof should

1 be excluded from or included under an agreement under this chapter. If  
2 a retirement system covers positions of employees of the state of  
3 Washington, of the institutions of higher learning, and positions of  
4 employees of one or more of the political subdivisions of the state,  
5 then for the purpose of the referendum as provided (~~herein~~) in this  
6 section, there may be deemed to be a separate retirement system with  
7 respect to employees of the state, or any one or more of the political  
8 subdivisions, or institutions of higher learning and the governor shall  
9 authorize a referendum upon request of the subdivisions' or  
10 institutions' of higher learning governing body: PROVIDED HOWEVER,  
11 That if a referendum of state employees generally fails to produce a  
12 favorable majority vote then the governor may authorize a referendum  
13 covering positions of employees in any state department who are  
14 compensated in whole or in part from grants made to this state under  
15 Title III of the federal social security act: PROVIDED, That any city  
16 or town affiliated with the statewide city employees retirement system  
17 organized under chapter 41.44 RCW may at its option agree to a plan  
18 submitted by the board of trustees of (~~said~~) that statewide city  
19 employees retirement system for inclusion under an agreement under this  
20 chapter if the referendum to be held as provided (~~herein~~) in this  
21 section indicates a favorable result: PROVIDED FURTHER, That the  
22 teachers' retirement system be considered one system for the purpose of  
23 the referendum except as applied to the several colleges of education.  
24 The notice of referendum required by section 218(d)(3)(C) of the social  
25 security act to be given to employees shall contain or shall be  
26 accompanied by a statement, in such form and such detail as the agency  
27 or individual designated to supervise the referendum shall deem  
28 necessary and sufficient, to inform the employees of the rights which  
29 will accrue to them and their dependents and survivors, and the  
30 liabilities to which they will be subject, if their services are  
31 included under an agreement under this chapter.

32 (4) The governor, before authorizing a referendum, shall require  
33 the following conditions to be met:

34 (a) The referendum shall be by secret written ballot on the  
35 question of whether service in positions covered by such retirement  
36 system shall be excluded from or included under the agreement between  
37 the governor and the secretary of health(~~, education, and welfare~~)

1 and human services provided for in (~~RCW 41.48.030(1)~~) subsection (1)  
2 of this section;

3 (b) An opportunity to vote in such referendum shall be given and  
4 shall be limited to eligible employees;

5 (c) Not less than ninety days' notice of such referendum shall be  
6 given to all such employees;

7 (d) Such referendum shall be conducted under the supervision  
8 (~~(+)~~)of the governor or(~~(+)~~) of an agency or individual designated by  
9 the governor;

10 (e) The proposal for coverage shall be approved only if a majority  
11 of the eligible employees vote in favor of including services in such  
12 positions under the agreement. Coverage obtained through a divided  
13 referendum process shall extend coverage to law enforcement officers,  
14 firefighters, and employees of political subdivisions of this state,  
15 who have membership in a qualified retirement system, allowing them to  
16 obtain medicare coverage only (HI-only). In such a divided referendum  
17 process, those members voting in favor of medicare coverage constitute  
18 a separate coverage group;

19 (f) The state legislature, in the case of a referendum affecting  
20 the rights and liabilities of state employees covered under the state  
21 employees' retirement system and employees under the teachers'  
22 retirement system, and in all other cases the local legislative  
23 authority or governing body, shall have specifically approved the  
24 proposed plan and approved any necessary structural adjustment to the  
25 existing system to conform with the proposed plan;

26 (g) In the case of a referendum authorized under section 218(d)(6)  
27 of the social security act, the retirement system will be divided into  
28 two parts or divisions. One part or division of the retirement system  
29 shall be composed of positions of those members of the system who  
30 desire coverage under the agreement as permitted by this section. The  
31 remaining part or division of the retirement system shall be composed  
32 of positions of those members who do not desire coverage under such an  
33 agreement. Each part or division is a separate retirement system for  
34 the purposes of section 218(d) of the social security act. The  
35 positions of individuals who become members of the system after the  
36 coverage is extended shall be included in the part or division of the  
37 system composed of members desiring the coverage, with the exception of  
38 positions that are excluded in the agreement.

1           (5) Upon receiving satisfactory evidence that with respect to any  
2 such referendum the conditions specified in subsection (4) of this  
3 section and section 218(d)(3) of the social security act have been met,  
4 the governor shall so certify to the secretary of health(~~(, education,~~  
5 ~~and welfare)) and human services.~~

6           (6) If the legislative body of any political subdivision of this  
7 state certifies to the governor that a referendum has been held under  
8 the terms of RCW 41.48.050(1)(i) and gives notice to the governor of  
9 termination of social security for any coverage group of the political  
10 subdivision, the governor shall give two years advance notice in  
11 writing to the federal department of health(~~(, education, and welfare))~~  
12 and human services of (~~such~~) the termination of the agreement entered  
13 into under this section with respect to (~~said~~) that coverage group.

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