

# HOUSE BILL REPORT

## HB 1420

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### As Reported by House Committee On: Ways & Means

**Title:** An act relating to public employee benefits law.

**Brief Description:** Addressing public employee benefits law.

**Sponsors:** Representatives Cody and Jenkins; by request of Health Care Authority.

#### **Brief History:**

##### **Committee Activity:**

Ways & Means: 1/31/11, 2/10/11 [DPS].

#### **Brief Summary of Substitute Bill**

- Repeals a section limiting dependent eligibility to unmarried dependents under the age of 25, removing a conflict with federal law enacted in 2010.
- Amends Public Employees Benefits Board (PEBB) statutes on domestic partners that were enacted separately and in slightly different forms into a single form consistent with the state registered domestic partner rules.
- Clarifies the PEBB authority to enforce eligibility rules.

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### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Carlyle, Cody, Dickerson, Haigh, Hudgins, Hunt, Kagi, Kenney, Ormsby, Pettigrew, Seaquist, Springer and Sullivan.

**Minority Report:** Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler, Haler, Hinkle, Parker, Ross, Schmick and Wilcox.

**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 Public Employees Benefits Board (PEBB) is an organization within the Health Care Authority (HCA) charged with developing benefits plans, forming benefits contracts, developing participation rules, and approving schedules of rates and premiums for active employee and retired participants. The members of the PEBB vote to approve contracts and benefits for the PEBB program. There are nine members of the PEBB, seven of whom are voting members. All of the PEBB members are appointed by the Governor. Among the types of benefit plans provided to employees and retirees through the PEBB program are health, dental, life, long-term disability, and long-term care insurance.

The PEBB is authorized to design benefits and to determine the criteria for eligibility for those benefits, unless those terms are specified in a collective bargaining agreement negotiated under the terms of the Personnel System Reform Act of 2002. While in general, employees are eligible for benefits if it is anticipated that they will work for 80 hours or more for more than six consecutive months, the eligibility standards differ for some types of employees. Faculty members at institutions of higher education who are expected to work half-time over a period of at least nine months are eligible for benefits for the entire instructional year. Seasonal employees who are expected to work half-time or more, as defined by the PEBB, in each month of the applicable work season are eligible for the benefits for the season of employment. An elected or appointed official of the executive, legislative, or judicial branch of state government is eligible for benefits as of the beginning of his or her term of office or the date that he or she takes the oath of office.

In 2009 the Legislature enacted a number of changes to the PEBB eligibility rules, including clarifying the HCA's authority to determine eligibility (as opposed to the employing agency), and moving eligibility criteria from rule to statute. Under these rules, the HCA has the authority to determine eligibility, but may delegate to employing agencies the task of determining individual employees' eligibility for benefits. Any determination as to whether or not an employee is eligible for benefits is subject to periodic review, and appeals of agency eligibility determinations are reviewed by the HCA. The HCA may use eligibility criteria other than those adopted by the PEBB when contracting to provide benefits for employees of a local government entity, school district, educational service district, or tribal government. In addition, the HCA may charge school districts and educational service districts that purchase employee benefits through the PEBB program on a school-year basis rather than a fiscal-year basis.

Unmarried dependents of the PEBB members under the age of 25 are permitted to continue participating in the PEBB. If the dependent is a full-time student under the age of 23, they may be treated as other dependents, and if not a student and over age 20, the member must pay the full cost of covering the dependent until age 25. An employee that chooses to cover a dependent with developmental or mental disabilities who is incapable of self-support may continue to do so at any age at the same premium and pay structure adopted for dependents age 20 or under. The Federal Patient Protection and Affordable Care Act of 2010 provides that for any plan year beginning after September 23, 2010, any health plan that makes dependent coverage of children available must make such coverage available for children until attainment of age 26.

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**Summary of Substitute Bill:**

A section of state law requiring coverage of dependents up to age 25, and to any age if the dependents have disabilities making them incapable of self-support, is repealed. This provision conflicts with the new Federal Patient Protection and Affordable Care Act of 2010, which requires coverage of dependents up to age 26.

Several Public Employees Benefits Board (PEBB) statutes on domestic partners that were enacted separately and in slightly different forms are amended into a single form consistent with the state registered domestic partner rules. A single definition of state registered domestic partner is created for the HCA rules.

The HCA's authority to enforce eligibility rules is clarified, as are several subsections relating to determining eligibility for academic employees.

**Substitute Bill Compared to Original Bill:**

Several references to "retired or disabled employees" that were changed to "retired employees or employees with a disability" are removed in the substitute bill.

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**Appropriation:** None.**Fiscal Note:** Available.**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.**Staff Summary of Public Testimony:**

(In support) This is mostly a technical bill. We did not hear any concerns from stakeholders. The bill creates clarity and transparency around the eligibility rules for the members of our health and insurance benefit plans.

(Opposed) None.

**Persons Testifying:** Dennis Martin and Mary Fliss, Health Care Authority.**Persons Signed In To Testify But Not Testifying:** None.