

# SENATE BILL REPORT

## SB 6577

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As of February 8, 2012

**Title:** An act relating to offering health benefit subsidies for certain retired public employees.

**Brief Description:** Offering health benefit subsidies for certain retired public employees.

**Sponsors:** Senators Brown and Conway.

**Brief History:**

**Committee Activity:** Ways & Means: 2/06/12.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Erik Sund (786-7454)

**Background:** The Public Employees' Retirement System (PERS) provides benefits for all regularly compensated public employees and appointed officials unless they fall under a specific exemption from membership, such as qualification for another of the state's retirement systems. The Teachers' Retirement System (TRS) provides retirement benefits for certificated instructional staff of public schools.

A member of PERS Plan 1, 2, or 3 who retires from service with the state or another PERS employer that purchases medical benefits for active employees through the Public Employee Benefits Board (PEBB) may continue to purchase PEBB benefit coverage in retirement. In order to do so, a member must begin to collect a retirement allowance immediately upon separation from service and must also elect PEBB coverage within 60 days. PERS retirees who are not eligible for Medicare are placed in the same insurance pool as active state employees; however, they are responsible for paying both the active employee premium contribution and the premium contribution that would be made by an employer. PERS retirees who are eligible for Medicare are placed in a separate pool with Medicare-eligible retired state employees and are eligible for a state subsidy. Members of PERS Plan 3 who are least 55 years of age and have at least ten years of service credit may continue PEBB coverage upon separation from retirement without beginning to collect a monthly retirement allowance immediately.

A member of TRS Plan 1, 2, or 3 may choose to purchase health benefits through PEBB upon retirement or separation from service whether or not the member's employer purchases benefits for active employees from PEBB. TRS members who elect PEBB coverage in

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retirement are placed in the same pools as PERS members and are subject to the same requirements and restrictions.

**Summary of Bill:** From September 1, 2012, through August 31, 2015, a subsidy of \$250 per month is available for the purchase of health insurance through PEBB by retired members of PERS and TRS who who are ineligible for Medicare. In order to receive the subsidy, a member must apply for retirement between June 1, 2012, and August 31, 2012, and receive the first installment of a retirement allowance by October 31, 2012.

**Appropriation:** None.

**Fiscal Note:** Requested on February 1, 2012.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This is a good bill that would help remove a significant obstacle that is keeping employees who are already eligible to retire from retiring. Medical costs are the only thing keeping some employees in the work force and with this assistance many of them will retire. The K-12 remittance will compensate the state for the cost of bringing more retired school employees into PEBB coverage.

**Persons Testifying:** PRO: Randy Parr, WA Education Assn.; Matt Zuvich, WA Federation of State Employees.