

# SENATE BILL REPORT

## HB 1587

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As of March 19, 2013

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

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

**Sponsors:** Representatives Cody, Van De Wege, Morrell, Jenkins, Ryu and Holy; by request of Health Care Authority and LEOFF Plan 2 Retirement Board.

**Brief History:** Passed House: 3/08/13, 86-10.

**Committee Activity:** Health Care: 3/19/13.

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### SENATE COMMITTEE ON HEALTH CARE

**Staff:** Mich'l Needham (786-7442)

**Background:** The Health Care Authority (HCA) administers benefits plans for the Public Employees' Benefit Board (PEBB) program serving all state agencies and higher education institutions, some political subdivisions, and some school districts. 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, though 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 for three to nine months are eligible for benefits.

In 2009, the Legislature enacted a number of changes to PEBB eligibility rules, including clarifying HCA's authority to determine eligibility, as opposed to the employing agency, and moving eligibility criteria from rule to statute. Under these rules, 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 HCA.

Legislation passed in 2007 created a registry with the Secretary of State for domestic partners that are both of the same sex or for opposite-sex partnerships where at least one of the partners is age 62 or older. Referendum 74, passed in 2012, will modify the registered domestic partnership, effective June 30, 2014, to focus on relationships where at least one of

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the partners is age 62 or older; the same-sex partnerships convert to marriage unless dissolved by June 30, 2014.

Unmarried dependents of PEBB members under the age of 25 are permitted to continue participating in PEBB. 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 Affordable Care Act 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 age 26.

**Summary of Bill:** An agency participating in the PEBB program is only authorized to make initial determinations of benefits eligibility if directed to do so by HCA. A new definition of employer group is created, and the term encompasses existing entities that may participate in the PEBB program according to law including counties, municipalities, political subdivisions, school districts, and others. A reference to adult family home providers is corrected.

Eligibility standards for seasonal employees are changed from half-time as defined by PEBB to 80 hours per month, consistent with other part-time eligibility provisions. The definition of academic year is clarified to apply to either quarter or semester-based academic calendars, and half-time for academic employees is defined as one-half of the full-time academic workload as determined by each institution, or as calculated in the applicable statutes for community and technical college faculty.

Registered domestic partnerships are recognized for both same-sex and opposite-sex domestic partnerships. State-registered domestic partners of emergency service personnel killed in the line of duty are all made eligible for PEBB participation, and several provisions referencing state-registered domestic partners are clarified. State-registered domestic partners of emergency service personnel killed in the line of duty are eligible to participate in HCA-administered Medicare supplemental insurance policies.

Dependent coverage provisions in the PEBB programs are extended to dependent children up to age 26 in compliance with federal law.

**Appropriation:** None.

**Fiscal Note:** Available.

**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 technical corrections bill to align our statute with other changes in law. For example, our law on unmarried dependents to age 25 with self payment is in conflict with federal law and state insurance law. It really just cleans up our statutes. I have checked back on some floor votes in the House and there was a misunderstanding about implementing federal law that we have clarified.

**Persons Testifying:** PRO: Mary Fliss, HCA; Steve Nelsen, Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board.