

SENATE BILL REPORT

SHB 1868

As Reported by Senate Committee On:
Ways & Means, April 9, 2013

Title: An act relating to providing access to health insurance for certain law enforcement officers' and firefighters' plan 2 members catastrophically disabled in the line of duty.

Brief Description: Providing access to health insurance for certain law enforcement officers' and firefighters' plan 2 members catastrophically disabled in the line of duty.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Freeman, Goodman, Van De Wege, Appleton, Morrell, Tarleton, Tharinger, Ryu, Maxwell, Bergquist and Pollet).

Brief History: Passed House: 3/04/13, 98-0.

Committee Activity: Ways & Means: 4/08/13, 4/09/13 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Bailey, Becker, Braun, Conway, Dammeier, Fraser, Hasegawa, Hatfield, Hewitt, Keiser, Kohl-Welles, Murray, Padden, Parlette, Ranker, Rivers, Schoesler and Tom.

Staff: Pete Cutler (786-7474)

Background: A member of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 who is totally disabled in the line of duty is entitled to a disability allowance equal to 70 percent of that member's final average salary. The total disability benefit is reduced to the extent that in combination with certain workers' compensation payments and Social Security disability benefits, the disabled member would receive more than 100 percent of their final average salary.

Legislation enacted in 2010 provides that the disability allowance of a LEOFF Plan 2 member that is totally disabled in the line of duty includes reimbursement for any payments made for employer-provided medical insurance. This includes medical insurance offered under the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and Medicare Parts A and B.

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.

The COBRA health benefit provisions were enacted in 1981 to provide continuation of group health coverage that otherwise might be terminated, including for involuntary terminations such as those due to disablement. COBRA allows individuals to continue their health insurance benefits for up to 18 months. During the time that an individual is covered by COBRA, they are responsible for paying 102 percent of the total health insurance premium, including any portion of the premium that may have been paid by the employer. If an individual has a Social Security-approved disability that started within 60 days of when COBRA benefits were elected, the individual is then eligible to continue health insurance benefits for an additional 11 months, for a total of 29 months.

Medicare is available to most workers upon reaching age 65, and is also available to most workers who become permanently and completely disabled, preventing them from further gainful employment, and who have been receiving Social Security disability benefits for 24 months. This is the same standard of disability as LEOFF Plan 2's provision on total disability in the line of duty.

Prior to April 1986, some Washington government employers opted out of Social Security and Medicare for some or all of their employees. However, starting on April 1, 1986, all employers were required to participate in Medicare for those employees hired after that date. The employees not covered by Medicare prior to April 1986 and who worked continuously since are still not covered by Medicare and could only qualify for Medicare benefits through: (1) working for another employer for 40 quarters – 10 years; or (2) if a referendum authorized by their employer approved coverage. No data is currently available about how many members exist in the 1986 no-coverage group.

Summary of Bill (Recommended Amendments): For individuals not eligible for employer-sponsored medical insurance, Medicare, or coverage under COBRA, members of LEOFF Plan 2 totally disabled in the line of duty may receive reimbursement from LEOFF Plan 2 for other medical insurance premium costs. The reimbursement amounts must not exceed the amount authorized for premiums under COBRA.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments): The benefit eligibility change made by the bill applies only to LEOFF Plan 2 members who become disabled prior to July 1, 2013.

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 on Substitute House Bill: PRO: Wynn Loiland was responding to a vehicle emergency on the side of the I-5 freeway under icy conditions when he was struck by a vehicle. He was terribly injured, including multiple fractures and traumatic brain injuries. He suffered a catastrophic disability and will never again be able to

work or provide for his family. After 31 years of service, Wynn deserves to have himself and his family cared for and he will soon no longer be eligible for a continuation of his employer medical coverage. The persons who supported the 2010 bill that created the original LEOFF 2 medical coverage provisions for members that are totally disabled in the line of duty support the extension of the benefit to these unusual circumstances where a disabled member is not covered by Medicare. The definition of catastrophically disabled for the LEOFF 2 disability benefit is the same as the standard for social security disability benefits. The bill will not have a fiscal impact on the state.

OTHER: The LEOFF Plan 2 Board has not met since this incident occurred, but staff is working with the Office of the State Actuary and the Department of Retirement Systems to determine how many LEOFF Plan 2 members are not covered by Medicare and do not have employer-provided coverage if they become disabled.

Persons Testifying: PRO: Representative Freeman, prime sponsor; Geoff Simpson, WA State Council of Fire Fighters; Sue Loiland, citizen.

OTHER: Steve Nelsen, LEOFF Plan 2 Retirement Board.