
SENATE BILL 5916

State of Washington

63rd Legislature

2013 Regular Session

By Senators Bailey, Baumgartner, Hill, Holmquist Newbry, Ericksen, Schoesler, Hewitt, and Mullet

Read first time 04/18/13. Referred to Committee on Ways & Means.

1 AN ACT Relating to administration of public retirement plans;
2 amending RCW 41.50.150 and 41.26.200; adding a new section to chapter
3 43.19 RCW; and creating a new section.

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

5 **Sec. 1.** RCW 41.50.150 and 2004 c 242 s 47 are each amended to read
6 as follows:

7 (1) The employer of any employee whose retirement benefits are
8 based in part on excess compensation, as defined in this section,
9 shall, upon receipt of a billing from the department, pay into the
10 appropriate retirement system the present value at the time of the
11 employee's retirement of the total estimated cost of all present and
12 future benefits from the retirement system attributable to the excess
13 compensation. The state actuary shall determine the estimated cost
14 using the same method and procedure as is used in preparing fiscal note
15 costs for the legislature. However, the director may in the director's
16 discretion decline to bill the employer if the amount due is less than
17 fifty dollars. Accounts unsettled within thirty days of the receipt of
18 the billing shall be assessed an interest penalty of one percent of the

1 amount due for each month or fraction thereof beyond the original
2 thirty-day period.

3 (2) "Excess compensation," as used in this section, includes the
4 following payments, if used in the calculation of the employee's
5 retirement allowance:

6 (a) A cash out of unused annual leave in excess of two hundred
7 forty hours of such leave. "Cash out" for purposes of this subsection
8 means:

9 (i) Any payment in lieu of an accrual of annual leave; or

10 (ii) Any payment added to salary or wages, concurrent with a
11 reduction of annual leave;

12 (b) A cash out of any other form of leave;

13 (c) A payment for, or in lieu of, any personal expense or
14 transportation allowance to the extent that payment qualifies as
15 reportable compensation in the member's retirement system;

16 (d) The portion of any payment, including overtime payments, that
17 exceeds twice the regular daily or hourly rate of pay; (~~and~~)

18 (e) The portion of total reportable compensation in the salary
19 averaging period used in the calculation of the employee's retirement
20 allowance that, due to reportable compensation from overtime, bonuses,
21 cash outs of any form of leave, or lump sum payments, exceeds one
22 hundred twenty-five percent of the employee's total reportable
23 compensation in the immediately preceding service creditable time
24 period of equivalent length; and

25 (f) Any termination or severance payment.

26 (3) This section applies to the retirement systems listed in RCW
27 41.50.030 and to retirements occurring on or after March 15, 1984.
28 Nothing in this section is intended to amend or determine the meaning
29 of any definition in chapter 2.10, 2.12, 41.26, 41.32, 41.40, 41.35,
30 41.37, or 43.43 RCW or to determine in any manner what payments are
31 includable in the calculation of a retirement allowance under such
32 chapters.

33 (4) An employer is not relieved of liability under this section
34 because of the death of any person either before or after the billing
35 from the department.

36 NEW SECTION. Sec. 2. A new section is added to chapter 43.19 RCW
37 to read as follows:

1 (1) The local government self-insurance program of the department
2 of enterprise services shall support employers of law enforcement
3 officers' and firefighters' retirement system plan 1 retirees to
4 develop a voluntarily risk pool to share the noninsured retiree medical
5 costs of long-term care and major medical services.

6 (2) The department shall provide assistance to a work group
7 composed of city, county, and fire district representatives to
8 establish a local government risk pool for law enforcement officers'
9 and firefighters' retirement system plan 1 retiree medical services,
10 including requirements for:

11 (a) Employer participation and withdrawal from the risk pool;

12 (b) Medical services to be reimbursed by the risk pool; and

13 (c) Employer premiums for the risk pool, which shall be the sole
14 source of funding for claims and administration.

15 (3) Upon request the office of the state actuary may provide
16 actuarial support for the work group review and analysis.

17 NEW SECTION. **Sec. 3.** If statutory changes are needed to implement
18 the work group's proposed requirements for a local government risk pool
19 developed pursuant to section 2 of this act, the local government self-
20 insurance program shall submit a report and proposed legislation to the
21 fiscal committees of the legislature no later than December 1, 2013.

22 **Sec. 4.** RCW 41.26.200 and 1981 c 294 s 5 are each amended to read
23 as follows:

24 Any person feeling aggrieved by any order or determination of a
25 disability board denying disability leave or disability retirement, or
26 canceling a previously granted disability retirement allowance, shall
27 have the right to appeal the order or determination to the director.

28 Any member or employer feeling aggrieved by any order or determination
29 of a disability board granting or denying coverage for any service or
30 item requested as a medical service shall have the right to appeal the
31 order or determination to the director. The director shall have no

32 jurisdiction to entertain the appeal unless a notice of appeal is filed
33 with the director within thirty days following the rendition of the
34 order by the applicable disability board. A copy of the notice of
35 appeal shall be served upon the director and the applicable disability
36 board and, within ninety days thereof, the disability board shall

1 certify its decision and order which shall include findings of fact and
2 conclusions of law, together with a transcript of all proceedings in
3 connection therewith, to the director for review. Upon review of the
4 record, the director may affirm the order of the disability board or
5 may remand the case for such further proceedings as he or she may
6 direct, in accordance with such rules of procedure as the director
7 shall promulgate. The director shall review appeals involving coverage
8 of medical services using standards recommended by the health care
9 authority medical director appointed pursuant to RCW 41.05.015.

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