

SHB 1804 - S COMM AMD

By Committee on Ways & Means

ADOPTED 04/10/2023

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 41.05.080 and 2018 c 260 s 15 are each amended to
4 read as follows:

5 (1) Under the qualifications, terms, conditions, and benefits set
6 by the public employees' benefits board:

7 (a) (i) Retired or disabled state employees, retired or disabled
8 school employees, retired or disabled employees of (~~county,~~
9 ~~municipal, or other political subdivisions, or retired or disabled~~
10 ~~employees of tribal governments~~)) employer groups covered by this
11 chapter may continue their participation in insurance plans and
12 contracts after retirement or disablement.

13 (ii) The retired or disabled employees of employer groups whose
14 contractual agreement with the authority terminates may continue
15 their participation in insurance plans and contracts after the
16 contractual agreement is terminated. The retired or disabled
17 employees of employer groups whose contractual agreement with the
18 authority terminates are not eligible for any subsidy provided under
19 RCW 41.05.085;

20 (b) Separated employees may continue their participation in
21 insurance plans and contracts if participation is selected
22 immediately upon separation from employment;

23 (c) Surviving spouses, surviving state registered domestic
24 partners, and dependent children of emergency service personnel
25 killed in the line of duty may participate in insurance plans and
26 contracts.

27 (2) Rates charged surviving spouses and surviving state
28 registered domestic partners of emergency service personnel killed in
29 the line of duty, retired or disabled employees, separated employees,
30 spouses, or dependent children who are not eligible for parts A and B

1 of medicare shall be based on the experience of the community-rated
2 risk pool established under RCW 41.05.022.

3 (3) Rates charged to surviving spouses and surviving state
4 registered domestic partners of emergency service personnel killed in
5 the line of duty, retired or disabled employees, separated employees,
6 spouses, or children who are eligible for parts A and B of medicare
7 shall be calculated from a separate experience risk pool comprised
8 only of individuals eligible for parts A and B of medicare; however,
9 the premiums charged to medicare-eligible retirees and disabled
10 employees shall be reduced by the amount of the subsidy provided
11 under RCW 41.05.085, except as provided in subsection (1)(a)(ii) of
12 this section.

13 (4) Surviving spouses, surviving state registered domestic
14 partners, and dependent children of emergency service personnel
15 killed in the line of duty and retired or disabled and separated
16 employees shall be responsible for payment of premium rates developed
17 by the authority which shall include the cost to the authority of
18 providing insurance coverage including any amounts necessary for
19 reserves and administration in accordance with this chapter. These
20 self pay rates will be established based on a separate rate for the
21 employee, the spouse, state registered domestic partners, and the
22 children.

23 (5) The term "retired state employees" for the purpose of this
24 section shall include but not be limited to members of the
25 legislature whether voluntarily or involuntarily leaving state
26 office.

27 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05
28 RCW to read as follows:

29 (1) Employer groups that enter into a contractual agreement with
30 the authority after the effective date of this section and whose
31 contractual agreement with the authority is subsequently terminated,
32 shall make a one-time payment as calculated in subsection (2) of this
33 section to the authority for each of the employer group's retired or
34 disabled employees who continue their participation in insurance
35 plans and contracts under RCW 41.05.080(1)(a)(ii).

36 (2) For each of the employer group's retired or disabled
37 employees who will be continuing their participation, the authority
38 shall determine the one-time payment amount by calculating the
39 difference in cost between the rate charged to retired or disabled

1 employees under RCW 41.05.080(2) and the actuarially determined value
2 of the medical benefits for retired and disabled employees who are
3 not eligible for parts A and B of medicare, and then multiplying that
4 difference by the number of months until the retired or disabled
5 employee would become eligible for medicare.

6 (3) Employer groups shall not be entitled to any refund of the
7 amount paid to the authority under this section.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.05
9 RCW to read as follows:

10 Any retired or disabled employee whose participation in insurance
11 plans or contracts under RCW 41.05.080(1)(a)(i) ended due to the
12 termination of the contractual agreement between the authority and an
13 employer group on or before January 1, 2023, must be allowed to
14 return and participate in insurance plans and contracts as described
15 in RCW 41.05.080(1)(a)(ii) so long as the retired or disabled
16 employee notifies the health care authority in writing by December
17 31, 2023, after which participation will begin on the first day of
18 the month following the date the authority receives the retired or
19 disabled employee's written notice.

20 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
21 preservation of the public peace, health, or safety, or support of
22 the state government and its existing public institutions, and takes
23 effect immediately."

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24 On page 1, line 3 of the title, after "subdivisions;" strike the
25 remainder of the title and insert "amending RCW 41.05.080; adding new
26 sections to chapter 41.05 RCW; and declaring an emergency."

EFFECT: Clarifies provisions requiring a political subdivision
that ceases participating in PEBB to pay an actuarial equivalent of
the cost of continuing retiree coverage for premedicare eligible
employees, including:

(1) Specifies that a one-time lump sum payment must be made by an
employer group that leaves PEBB benefits to cover implicit subsidy
costs of nonmedicare retirees who will continue to be covered.

(2) Provides that the lump sum payment process apply prospectively to any groups that join PEBB after the effective date of the bill.

(3) Expressly provides no refund of payments will ever occur to the employer group.

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