
Appropriations Committee

HB 2188

Brief Description: Changing the health insurance subsidy rate for retired state employees and retired or disabled school employees.

Sponsors: Representatives Bronoske, Leavitt, Ormsby, Callan, Taylor, Mena, Ryu, Jacobsen, Orwall, Caldier, Wylie, Goodman, Stonier, Paul, Fosse, Nance, Macri and Reeves; by request of Office of Financial Management.

Brief Summary of Bill

- Increases the amount of premium reduction available to Medicare-eligible retirees enrolled in the Public Employee Benefits Board program from no more than 50 percent of the premium to no more than 60 percent of the premium.

Hearing Date: 1/15/24

Staff: David Pringle (786-7310).

Background:

Medicare is the federally funded and administered program providing health insurance primarily to those 65 and older. Enrollees who wish to do so may purchase a policy in the commercial market to supplement the benefits provided under Medicare. Although such policies are regulated by the Office of the Insurance Commissioner under state statute, those statutes must be consistent with the requirements of federal law.

The state Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), offers retired or disabled employees several Medicare supplemental insurance policies, one of which is required to include a pharmacy benefit, and also offers comprehensive retiree health

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insurance policies that do not act as Medicare supplemental plans, including Medicare Advantage plans.

The Legislature provides a subsidy for Medicare-eligible retirees that enroll in PEBB plans. The Medicare-eligible retiree subsidy is limited to the lesser of 50 percent of the total premium that health care providers charge PEBB for enrolling retirees in health care insurance plans, or the amount of the subsidy established in the biennial appropriations act. The biennial appropriations act for the 2023-25 fiscal biennium established the subsidy amount of \$183 per enrollee, with the result effectively being that the retirees that chose the more expensive plans are limited by the \$183 limitation, and those in the less expensive plans are limited by the 50 percent of the total premium limitation.

Summary of Bill:

The amount of premium reduction available to Medicare-eligible retirees enrolled in the Public Employee Benefits Board program is increased to the lesser of the amount provided in the biennial appropriations act or no more than 60 percent of the premium, rather than no more than 50 percent of the premium.

Appropriation: None.

Fiscal Note: Requested on January 9, 2024.

Effective Date: The bill takes effect January 1, 2025.