

SENATE BILL REPORT

SB 5625

As of February 7, 2023

Title: An act relating to public employee retirees.

Brief Description: Concerning public employee retirees.

Sponsors: Senators Liias, Warnick, Hunt, Kuderer and Wilson, C..

Brief History:

Committee Activity: Ways & Means: 2/07/23.

Brief Summary of Bill

- Creates an ombuds for retiree benefits at the Department of Retirement Systems (DRS).
- Modifies various DRS administrative practices.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

Background: The Department of Retirement Systems (DRS) administers benefits for retirees of the Public Employees' Retirement System (PERS), the Public Safety Employees' Retirement System (PSERS), the Teachers' Retirement System, the School Employees' Retirement System, the Washington State Patrol Retirement System, and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

The Health Care Authority (HCA), through the Public Employee Benefits Board, provides medical benefits for eligible retired employees of the state, participating local governments, and school employees covered by the School Employees' Benefits Board.

Summary of Bill: Ombuds. An Office of the Ombuds is created at DRS. The Ombuds is

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an advocate for retirees and members of retirement systems administered by DRS and will identify, investigate, and facilitate resolution of complaints. The ombuds is appointed or contracted by the Governor and will report to the director of DRS. The ombuds will be appointed for a term of six years and may only be removed for neglect of duty, misconduct, or inability to perform duties.

Beginning July 1, 2024, the ombuds will report annually to the Governor, the Select Committee on Pension Policy, and the Law Enforcement Officers' and Firefighters' Plan 2 Retirement Board on issues addressed during the past year, activities that are being monitored, and any deficiencies in DRS and recommendations for remedial action.

The Department of Retirement Systems Administrative Practices. The term "in the line of duty" for purposes of disability benefits under a LEOFF plan and PSERS is defined to be the same as "in the course of employment" as it is used for industrial insurance. Any application for disability retirement of a LEOFF plan 2 member that was previously denied is subject to review by DRS to determine if the disability was incurred under this definition of in the line of duty.

The DRS administrative fee or any costs related to unfunded plan liabilities may not be included in the calculation of employer contributions charged to a member purchasing service credit.

When a member or retiree appeals a DRS administrative decision, the deadline for a notice must be no less than 90 days and if the additional information is requested by DRS, the member or retiree's time to file notice must be tolled no less than 90 days. A member or retiree that previously filed a claim that was dismissed for failing to file a timely notice after additional information was requested may refile that claim.

The request of a retiree of PERS to change their survivor election that is received prior to the Internal Revenue Service issuing a determination of whether that conforms with federal law is considered timely when a determination is made and the survivor option will be changed prospectively.

The definition of "basic salary" for calculating LEOFF pension benefits is expanded to include holiday pay and shall include sick leave or vacation leave used by the member.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The current processes are confusing to people going through the system, and finding the right person for help is hard. L&I has a program that has been very beneficial to members, employers, and the agency, and a similar program at DRS would be much appreciated. This bill provides much needed accountability for health care authority.

CON: DRS does not have a need for this program. There is already a robust process in place that works quite well. If this bill proceeds, there are some irregularities in the language that need to be smoothed out.

Persons Testifying: PRO: Nancy Heley, Retired Public Employees Council; AJ Johnson.

CON: Shawn Merchant, Department of Retirement Systems.

Persons Signed In To Testify But Not Testifying: No one.