

SENATE BILL REPORT

SB 5696

As Reported by Senate Committee On:
Ways & Means, February 24, 2023

Title: An act relating to eligibility for participation in the public employees' benefits board for retired or disabled employees of counties, municipalities, and other political subdivisions.

Brief Description: Concerning eligibility for participation in the public employees' benefits board for retired or disabled employees of counties, municipalities, and other political subdivisions.

Sponsors: Senators Robinson and Hunt.

Brief History:

Committee Activity: Ways & Means: 2/18/23, 2/24/23 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Allows retired employees of a county, municipality, or other political subdivision that ceases to provide employee health care through an agreement with the Health Care Authority to continue participation in insurance plans provided under the Public Employees' Benefits Board.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5696 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Nguyen, Pedersen, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: That it be referred without recommendation.

Signed by Senators Schoesler, Ranking Member, Capital; Braun.

Staff: Amanda Cecil (786-7460)

Background: The Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for retired employees of the state, and participating local governments. Generally, when a covered employee retires they are able to maintain coverage under PEBB. If a participating local government terminates its contract with HCA to provide health care benefits to employees under PEBB, the retired employee of that local government becomes ineligible for retiree coverage.

Retired and separated employees choosing to continue coverage are responsible for paying the full cost of their insurance premiums until they are eligible for Medicare, at which time they qualify for a state subsidy up to 50 percent of their monthly premium, up to a maximum of \$183 per month.

Summary of Bill (First Substitute): Retired or disabled employees of a county, municipality, or other political subdivision that has ended its agreement with HCA for health care may continue participation in insurance plans under PEBB.

Additionally, retired or disabled employees whose benefits were terminated before January 1, 2023, as a result of their employer ending its contract with the HCA may reenroll in PEBB coverage. To be eligible to reenroll the retiree must notify HCA by December 31, 2023, and coverage will begin on the first day of the month following the date of notice.

A retiree or disabled employee continuing or reenrolling in coverage under the provisions of this bill would be ineligible for the up to \$183 state subsidy.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

Corrects an internal reference.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Snohomish county health district

ended participation and as a result its employees lost access to coverage that they thought would always be available. Retiree health care provided through PEBB is less expensive than coverage provided elsewhere. Employees earned access to this benefit and this will allow them to continue coverage.

OTHER: Retirees lost access because there is no longer an employer to charge for the cost of retiree access to the state subsidy. This allows retirees to continue coverage.

Persons Testifying: PRO: Senator June Robinson, Prime Sponsor; Jackie Tomlinson, Retired SHD Employee; Stephanie Wright, Snohomish County.

OTHER: David Iseminger, WA State Health Care Authority.

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