

# SENATE BILL REPORT

## SB 5607

---

As Reported By Senate Committee On:  
Health & Long-Term Care, February 22, 1999

**Title:** An act relating to health insurance.

**Brief Description:** Permitting retired and disabled employees to obtain health insurance.

**Sponsors:** Senators Thibaudeau, Wojahn, Fraser, Franklin, Sellar, Prentice, Deccio, Winsley, Rasmussen, Kohl-Welles and Costa.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/10/99, 2/22/99 [DPS].

---

### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5607 be substituted therefor, and the substitute bill do pass.

Signed by Senators Thibaudeau, Chair; Wojahn, Vice Chair; Costa, Franklin, Johnson and Winsley.

**Staff:** Jonathan Seib (786-7427)

**Background:** Local government employees are covered by the state Health Care Authority if their employer contracts with the state Health Care Authority for such coverage.

Under certain conditions, local government employees covered by the state Health Care Authority may continue their participation in the insurance plans of their employer after they retire or are disabled. Such retired or disabled employees are responsible for paying their own premiums, but the premiums charged must be developed from the same experience pool as active employees.

Local government employees not covered by the state Health Care Authority have no other right under state law to continue to participate in the insurance plans of their employer after they retire or are disabled.

Federal law, under the Consolidated Omnibus Budget Reconciliation Act (COBRA), requires that employees who retire be allowed to purchase group health insurance from their employer for a period of 18 months, at a rate no more than 2 percent higher than active employees would pay. COBRA does not apply to retirees eligible for Medicare.

**Summary of Substitute Bill:** With some exceptions and under certain conditions, retired or disabled local government employees not covered by the state Health Care Authority must be allowed to continue participation in their employer's health insurance program.

Local governments may require a retired or disabled person who requests continued participation in its health plan to pay the full cost of such participation, including any amounts necessary for administration.

If a person continuing insurance coverage becomes eligible for Medicare, the coverage terminates but the person has the option of participating in a supplemental plan provided by the employer.

Other conditions are established regarding, among other things, enrollment periods, coordination of benefits with a participant's other medical coverage, and coverage of dependents if the retired or disabled employee dies.

**Substitute Bill Compared to Original Bill:** Language is removed from the original bill which would have required local governments to subsidize the cost of insurance for any participating retired or disabled employees. It is replaced with language authorizing the full cost of participation to be paid by the participants.

**Appropriation:** None.

**Fiscal Note:** Requested on February 8, 1999.

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

**Testimony For:** This bill is about fairness and access. Persons between 55 and 64 are most at risk for not having health insurance and are faced with continually escalating prices. This bill would provide another source for insurance at an affordable price. It is wrong not to provide dedicated employees with an insurance option upon retirement.

**Testimony Against:** The bill would impose unpredictable but potentially substantial costs on local governments already struggling to pay for current services. The coverage of those in the 55-64 age group is a societal problem, not just one of local government. Local governments are not oblivious to this problem, and are trying to address it in a manner most appropriate for them.

**Testified:** PRO: Joe Beck, Retired Public Employees Council; Pat Thompson, County & City Employees; Fred Ropes, Amalgamated Transit Legislative Council; Bruce Reeves, Senior Citizens Lobby; Dan Phillips; CON: Bill Vogler, Washington State Association of Counties; Jim Justin, Association of Washington Cities.