
SUBSTITUTE SENATE BILL 5589

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Schoesler, Kohl-Welles, Parlette, Rasmussen and Delvin; by request of LEOFF Plan 2 Retirement Board)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to law enforcement officer and firefighter
2 retirement system plan 2 retiree medical; amending RCW 41.05.011,
3 41.05.022, and 41.05.080; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 41.05.011 and 2005 c 143 s 1 are each amended to read
6 as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section shall apply throughout this chapter.

9 (1) "Administrator" means the administrator of the authority.

10 (2) "State purchased health care" or "health care" means medical
11 and health care, pharmaceuticals, and medical equipment purchased with
12 state and federal funds by the department of social and health
13 services, the department of health, the basic health plan, the state
14 health care authority, the department of labor and industries, the
15 department of corrections, the department of veterans affairs, and
16 local school districts.

17 (3) "Authority" means the Washington state health care authority.

18 (4) "Insuring entity" means an insurer as defined in chapter 48.01

1 RCW, a health care service contractor as defined in chapter 48.44 RCW,
2 or a health maintenance organization as defined in chapter 48.46 RCW.

3 (5) "Flexible benefit plan" means a benefit plan that allows
4 employees to choose the level of health care coverage provided and the
5 amount of employee contributions from among a range of choices offered
6 by the authority.

7 (6) "Employee" includes all full-time and career seasonal employees
8 of the state, whether or not covered by civil service; elected and
9 appointed officials of the executive branch of government, including
10 full-time members of boards, commissions, or committees; and includes
11 any or all part-time and temporary employees under the terms and
12 conditions established under this chapter by the authority; justices of
13 the supreme court and judges of the court of appeals and the superior
14 courts; and members of the state legislature or of the legislative
15 authority of any county, city, or town who are elected to office after
16 February 20, 1970. "Employee" also includes: (a) Employees of a
17 county, municipality, or other political subdivision of the state if
18 the legislative authority of the county, municipality, or other
19 political subdivision of the state seeks and receives the approval of
20 the authority to provide any of its insurance programs by contract with
21 the authority, as provided in RCW 41.04.205; (b) employees of employee
22 organizations representing state civil service employees, at the option
23 of each such employee organization, and, effective October 1, 1995,
24 employees of employee organizations currently pooled with employees of
25 school districts for the purpose of purchasing insurance benefits, at
26 the option of each such employee organization; and (c) employees of a
27 school district if the authority agrees to provide any of the school
28 districts' insurance programs by contract with the authority as
29 provided in RCW 28A.400.350.

30 (7) "Board" means the public employees' benefits board established
31 under RCW 41.05.055.

32 (8) "Retired or disabled school employee" means:

33 (a) Persons who separated from employment with a school district or
34 educational service district and are receiving a retirement allowance
35 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

36 (b) Persons who separate from employment with a school district or
37 educational service district on or after October 1, 1993, and

1 immediately upon separation receive a retirement allowance under
2 chapter 41.32, 41.35, or 41.40 RCW;

3 (c) Persons who separate from employment with a school district or
4 educational service district due to a total and permanent disability,
5 and are eligible to receive a deferred retirement allowance under
6 chapter 41.32, 41.35, or 41.40 RCW.

7 (9) "Benefits contribution plan" means a premium only contribution
8 plan, a medical flexible spending arrangement, or a cafeteria plan
9 whereby state and public employees may agree to a contribution to
10 benefit costs which will allow the employee to participate in benefits
11 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
12 internal revenue code.

13 (10) "Salary" means a state employee's monthly salary or wages.

14 (11) "Participant" means an individual who fulfills the eligibility
15 and enrollment requirements under the benefits contribution plan.

16 (12) "Plan year" means the time period established by the
17 authority.

18 (13) "Separated employees" means persons who separate from
19 employment with an employer as defined in:

- 20 (a) RCW 41.32.010(11) on or after July 1, 1996; or
- 21 (b) RCW 41.35.010 on or after September 1, 2000; or
- 22 (c) RCW 41.40.010 on or after March 1, 2002;

23 and who are at least age fifty-five and have at least ten years of
24 service under the teachers' retirement system plan 3 as defined in RCW
25 41.32.010(40), the Washington school employees' retirement system plan
26 3 as defined in RCW 41.35.010, or the public employees' retirement
27 system plan 3 as defined in RCW 41.40.010.

28 (14) "Emergency service personnel killed in the line of duty" means
29 law enforcement officers and firefighters as defined in RCW 41.26.030,
30 and reserve officers and firefighters as defined in RCW 41.24.010 who
31 die as a result of injuries sustained in the course of employment as
32 determined consistent with Title 51 RCW by the department of labor and
33 industries.

34 (15) "Employer" means the state of Washington.

35 (16) "Employing agency" means a division, department, or separate
36 agency of state government and a county, municipality, school district,
37 educational service district, or other political subdivision, covered
38 by this chapter.

1 (17) "Retired plan 2 law enforcement officer or firefighter" means:

2 (a) A person who separated from employment with a county,
3 municipality, special district, or other political subdivision of the
4 state and is receiving a plan 2 retirement allowance under chapter
5 41.26 RCW before July 1, 2007; or

6 (b) A person who separated from employment with a county,
7 municipality, special district, or other political subdivision of the
8 state on or after July 1, 2007, and immediately upon separation
9 receives a plan 2 retirement allowance under chapter 41.26 RCW.

10 **Sec. 2.** RCW 41.05.022 and 1995 1st sp.s. c 6 s 3 are each amended
11 to read as follows:

12 (1) The health care authority is hereby designated as the single
13 state agent for purchasing health services.

14 (2) On and after January 1, 1995, at least the following state-
15 purchased health services programs shall be merged into a single,
16 community-rated risk pool: Health benefits for groups of employees of
17 school districts and educational service districts that voluntarily
18 purchase health benefits as provided in RCW 41.05.011; health benefits
19 for state employees; health benefits for eligible retired or disabled
20 school employees not eligible for parts A and B of medicare; health
21 benefits for eligible retired plan 2 law enforcement officers or
22 firefighters not eligible for parts A and B of medicare; and health
23 benefits for eligible state retirees not eligible for parts A and B of
24 medicare.

25 (3) At a minimum, and regardless of other legislative enactments,
26 the state health services purchasing agent shall:

27 (a) Require that a public agency that provides subsidies for a
28 substantial portion of services now covered under the basic health plan
29 use uniform eligibility processes, insofar as may be possible, and
30 ensure that multiple eligibility determinations are not required;

31 (b) Require that a health care provider or a health care facility
32 that receives funds from a public program provide care to state
33 residents receiving a state subsidy who may wish to receive care from
34 them, and that an insuring entity that receives funds from a public
35 program accept enrollment from state residents receiving a state
36 subsidy who may wish to enroll with them;

1 (c) Strive to integrate purchasing for all publicly sponsored
2 health services in order to maximize the cost control potential and
3 promote the most efficient methods of financing and coordinating
4 services;

5 (d) Consult regularly with the governor, the legislature, and state
6 agency directors whose operations are affected by the implementation of
7 this section; and

8 (e) Ensure the control of benefit costs under managed competition
9 by adopting rules to prevent employers from entering into an agreement
10 with employees or employee organizations when the agreement would
11 result in increased utilization in public employees' benefits board
12 plans or reduce the expected savings of managed competition.

13 **Sec. 3.** RCW 41.05.080 and 2001 c 165 s 3 are each amended to read
14 as follows:

15 (1) Under the qualifications, terms, conditions, and benefits set
16 by the board:

17 (a) Retired or disabled state employees, retired or disabled school
18 employees, or employees of county, municipal, or other political
19 subdivisions covered by this chapter who are retired may continue their
20 participation in insurance plans and contracts after retirement or
21 disablement;

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

25 (c) Surviving spouses and dependent children of emergency service
26 personnel killed in the line of duty may participate in insurance plans
27 and contracts;

28 (d) Retired plan 2 law enforcement officers or firefighters may
29 participate in insurance plans and contracts.

30 (2) Rates charged surviving spouses of emergency service personnel
31 killed in the line of duty, retired plan 2 law enforcement officers or
32 firefighters, retired or disabled employees, separated employees,
33 spouses, or dependent children who are not eligible for parts A and B
34 of medicare shall be based on the experience of the community rated
35 risk pool established under RCW 41.05.022.

36 (3) Rates charged to surviving spouses of emergency service
37 personnel killed in the line of duty, retired plan 2 law enforcement

1 officers or firefighters, retired or disabled employees, separated
2 employees, spouses, or children who are eligible for parts A and B of
3 medicare shall be calculated from a separate experience risk pool
4 comprised only of individuals eligible for parts A and B of medicare;
5 however, the premiums charged to medicare-eligible retirees and
6 disabled employees shall be reduced by the amount of the subsidy
7 provided under RCW 41.05.085.

8 (4) Surviving spouses and dependent children of emergency service
9 personnel killed in the line of duty, retired plan 2 law enforcement
10 officers or firefighters, and retired or disabled and separated
11 employees shall be responsible for payment of premium rates developed
12 by the authority which shall include the cost to the authority of
13 providing insurance coverage including any amounts necessary for
14 reserves and administration in accordance with this chapter. These
15 self pay rates will be established based on a separate rate for the
16 employee, the spouse, and the children.

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

20 NEW SECTION. Sec. 4. If specific funding for the purposes of this
21 act, referencing this act by bill or chapter number, is not provided by
22 June 30, 2007, in the omnibus appropriations act, this act is null and
23 void.

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