

# HOUSE BILL REPORT

## SSB 5490

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**As Reported by House Committee On:**  
Appropriations

**Title:** An act relating to health care coverage for retired or disabled employees denied coverage for failure to timely notify the authority of their intent to defer coverage.

**Brief Description:** Concerning health care coverage for retired or disabled employees denied coverage for failure to timely notify the authority of their intent to defer coverage.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Rolfes, Conway, Hunt, Lovick, Saldaña and Wilson, C.).

**Brief History:**

**Committee Activity:**

Appropriations: 3/9/23, 3/15/23 [DP].

**Brief Summary of Substitute Bill**

- Allows certain retired public employees who were denied retiree health care coverage by the Public Employees Benefits Board another limited opportunity to enroll.
- Only retired or disabled employees who were denied coverage for failure to notify the Health Care Authority of their deferral of coverage, and appealed the denial before December 31, 2022, are provided the new opportunity to enroll.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 28 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; Chopp, Connors, Couture, Davis, Dye, Fitzgibbon, Hansen, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Springer, Steele, Stonier and Tharinger.

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*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.*

**Staff:** David Pringle (786-7310).

**Background:**

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

Members of most of the state retirement Plans 2 may continue state employee health insurance coverage when they retire. Members of the Plans 3 who have at least 10 years of service and are at least 55 years of age may elect to retain their state employee health insurance upon separation from state employment, regardless of whether they choose to retire.

Retirees and separated employees who are eligible for retiree coverage may defer coverage until a later date if they retain continuous enrollment in a comprehensive employer-sponsored medical insurance program as either an employee or dependent of an employee. Retirees may also qualify for deferred enrollment if they are enrolled directly or as a dependent in medical coverage provided by a federal plan such as TRICARE. To defer coverage, an employee must apply to the HCA within 60 days of becoming eligible 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 of up to 50 percent of their monthly premium, up to a maximum of \$183 per month.

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**Summary of Bill:**

A retired or disabled employee is provided an additional opportunity to enroll in retiree health care with the PEBB program during the open enrollment period for the plan year beginning January 1, 2024, if that retired or disabled employee:

- was eligible to defer coverage when they left employment, but failed to do so;
- applied for retiree coverage sometime after the 60 days required by law and was denied solely for failure to timely notify the HCA of their plan to defer coverage; and
- appealed the denial of benefits by December 31, 2022.

A retired or disabled employee enrolling in benefits may only enroll in a fully insured Medicare Advantage or Medicare Supplement Plan, and not the self-insured Uniform Medical Plan.

A retiree taking advantage of this provision must apply by the end of the open enrollment

period for the plan year beginning January 1, 2024.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) None.

(Opposed) None.

(Other) In order to join the Public Employees' Benefits Board (PEBB) retiree benefits program, individuals must meet both substantive and procedural requirements. When they retire, individuals must either enroll in coverage or defer coverage in a timely manner. At least several dozen individuals have appealed the denial of retiree benefit coverage based upon the failure to enroll or defer in time. There are other reasons that individuals would also be provided another chance to enroll in PEBB retiree coverage, but those are outside the scope of this bill. Some of those other retirees are likely to voice concerns about not having this opportunity.

**Persons Testifying:** David Iseminger, Washington State Health Care Authority.

**Persons Signed In To Testify But Not Testifying:** None.