



Retirement/Health Benefit

Bill Watch

March 7, 2008

THE FOLLOWING BILLS ARE ALIVE AND ARE RECOMMENDED BY THE SELECT COMMITTEE ON PENSION POLICY:

- **HB 3024 Out of State Service** (Rep. Conway): Allows TRS Plan 2 and 3 members to purchase service credit for public education experience in another state or with the federal government after serving two years in this state instead of five. There is no fiscal impact. Sen. Rules
- **HB 3007 Military Death Benefits** (Rep. Conway): Provides an unreduced survivor annuity to qualifying survivors of members of all systems and plans who leave public employment due to service in the National Guard or Military Reserves and die while serving honorably during a period of war. Sen. Rules
- **HB 3019 TRS and SERS 2 & 3 “Half-Year Contracts”** (Rep. Fromhold): Allows educational employees of TRS and SERS Plans 2 and 3 who work 630 or more hours in five months of a six month period within a school year to receive six months of service credit. The bill has no fiscal cost listed during the 2008-2011 period but has a \$1.0 M 25 years cost to the employer. Sen. Rules G
- **HB 3005 PERS to SERS Auto-Transfer** (Rep. Conway): Discontinues the automatic transfer of prior PERS Plan 2 service to SERS Plan 2 upon SERS eligible employment. Also creates a three-month window for Plan 2 members auto-transferred after September 1, 2001, who had no prior education experience in PERS to restore their transferred service to PERS Plan 2. Sen. Rules
- **HB 3006 Survivors of PERS 1 Inactives** (Rep. Bailey): Provides the same optional survivor annuity for inactive members of PERS Plan 1 who die prior to retirement as is provided for active members of PERS Plan 1 who die prior to retirement. Sen. 2nd Reading

HEALTH CARE AUTHORITY SPONSORED BILLS THAT ARE ALIVE:

- **HB 2651 PEBB In K-12 & ESDs** (Rep. Fromhold): Modifies requirements in PEBB programs for K-12 school districts and ESDs. The Health Care Authority would collect from participating K-12 districts and ESDs in accordance with the school district fiscal year. Strikes the requirement that K-12 and ESD employees pay at least the same employee premiums by plan and family size as state employees pay. Sen. Rules G
- **HB 3249 Administering Benefits Under PEBB** (Rep. Cody): Adds responsibilities to employing agencies (includes school districts participating in the PEBB) under the Public Employees’ Benefit Board. Adds participation in the HCA appeal process and may delegate the agency to determine individual employees’ eligibility for benefits. Sen. Rules G

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PROPOSED SUPPLEMENTAL BUDGET:

- **SHB 2687/SB 6378 Governor's Supplemental General Fund Budget** (Rep. Sommers/Sen. Prentice): Just one change in the health benefit area. The remittance (carve-out) starting September 1, 2008 is changed from \$65.97 to \$60.40. Insurance benefit allocations stay the same at \$707.00 for 2007-08 and \$732.00 for 2008-09. The Medicare subsidy for retirees stays the same as last year's budget at \$182.89 starting January 1, 2009. Funds are allocated for further health care contracted studies and a JLARC report on private and public health care spending. Sen. W & M./Sen. W & M

SCPP RECOMMENDED BILLS THAT APPEAR DEAD:

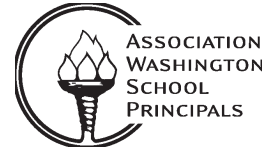
- **HB 3027 Plan 2 Access to PEBB** (Rep. Cody): Allows Plan 2 members of TRS, SERS and PERS access to the Public Employee Benefit Board (PEBB) health plans upon separation from service (deciding to not start their pension) at age 55 with at least 20 years of service. The Health Care Authority report on the bill states cost indeterminate. Sen. W & M
- **SB 6651/HB 3022 Plan 3 Vesting** (Sen. Pridemore/Rep. Fromhold): Takes away the requirement of twelve service credit months after attaining age forty-four for vesting in Plan 3. Makes vesting available after five years of service like other retirement plans. The fiscal cost is \$600,000 for 2007-09. Sen. W & M/H. Approp.
- **SB 6645/HB 3008 Interruptive Military Service** (Sen. Pridemore/Rep. Bailey): Allows up to five years of free service credit for interruptive military service that is during a "period of war" as defined in RCW 41.04.005. Employers will still be required to pay the employer contributions on the service. In the case of a military death, the survivor would also be relieved of paying the member cost for interruptive military service credit. The fiscal cost is \$40,653 for 2007-08. Sen. W & M/H. Approp.
- **SB 6664/HB 3026 Indexed \$150,000 Death Benefits** (Sen. Carrell/Rep. Fromhold): Automatically adjusts the \$150,000 death benefit for inflation by indexing the benefit to changes in the Consumer Price Index with a maximum change of 3 percent per year. A death benefit is provided to survivors of public employees who die as a result of duty-related injury or illness. The amount of the benefit has not changed since 1996. Sen. W & M/H. Approp.
- **SB 6657/HB 3021 Salary Bonuses in TRS** (Sen. Murray/Rep. Conway): Allows the teacher holding a National Board for Professional Teaching Standards (NBPTS) certificate to include the annually awarded \$5,000 in retirement reporting and if teaching in a school where 70 percent of the students qualify for the free and reduced price lunch program to include the additional \$5,000 award in retirement reporting. Presently these funds are excluded from the definition of earnable compensation for TRS members. The fiscal cost for GF 2008-09 is \$4.1 M. Sen. W & M/H. Approp.



- **SB 6649/HB 3028 “Second Chance” PEBB Enrollment Window** (Sen. Keiser/Rep Conway): TRS, SERS and PERS retirees who retired prior to January 1, 2001 would be eligible to join PEBB health benefit programs effective January 1, 2010 during an open enrollment period if they have maintained comprehensive employer sponsored health coverage. Sen. W & M/H. Approp.

OTHER RETIREMENT AND HEALTH BENEFIT BILLS THAT APPEAR DEAD:

- **SB 6687/HB 3070 Plan 2 & 3 Postretirement Employment** (Sen. Regala/Rep. Conway): Strikes out the restriction, included in EHB 2391, from the 2007 session gain-sharing trade-off bill, regarding Plan 2 and 3 postretirement employment. This issue, added in a House amendment, forbids Plan 2 and 3 members that take advantage of the new alternate early retirement provisions in the bill to participate in any postretirement public employment until reaching the age of 65. This includes such areas as substitute teaching, working in higher education and other part time public employment. For these retirees it takes away the 867 hours a year of public employment formerly allowed in these two plans. This bill would reinstate these 867 hours for these retirees. The fiscal note for 2008-09 is \$0.3 M. This bill received nine of eleven votes in the SCPP but failed to reach the number needed to be recommended. WASA & AWSP support this bill. Sen. W & M/H. Approp.
- **HB 2982 & SHB 1067 TRS to PERS Plan 1** (Rep Haigh for both): Creates a window for a Public Employee of Washington employee with at least ten years of service credit and not more than twenty years of service in TRS Plan 1 to join PERS Plan 1 as a dual member. H. Approp./H. 3rd Reading
- **HB 3182 Past Part-Time SERS Service** (Rep Lantz): Provides a window for a Plan 2 or 3 SERS member to apply for credit for part-time service hours worked before September 1, 1987. H. Approp.
- **HB 1199 Rule of 85** (Rep. Conway): Authorizes unreduced retirement benefits once a TRS, PERS or SERS Plan 2 and 3 member attains at least 55 years of age and has completed at least five service credit years and for whom the sum of the number of years of the member’s age and the number of years of the member’s service credit equals 85 or more. H. Approp.(reintroduced from 2007)
- **HB 3257 Plan 2 or 3 Choice** (Rep. Chase): Allows TRS, SERS and PERS Plan 3 members that change employers or resume employment after separation from service the option to irrevocably opt to choose membership in Plan 2 or Plan 3 for the duration of the member’s continuous employment. H. Approp.
- **HB 3258 Plan 3 Retired or Terminated** (Rep. Chase): Provides TRS, SERS and PERS Plan 3 retired or terminated members annually starting on January 1, 2009 an amount equal to ten dollars, which shall be increased by three percent per year, multiplied by the member’s service credit total on August 31st of the previous year. These contributions to the member’s accounts are intended by the legislature as replacement benefits for gain-sharing. H. Approp.



- **HB 3050 Independent Study of Health Benefit Requirements** (Rep. Bailey): The Office of the Insurance Commissioner shall contract for an independent study of health benefit mandates, rating requirements, and insurance statutes and rules to determine the impact on premiums and individuals' health if those statutes or rules were amended or repealed. H. Health Care & Wellness