



Retired Public Employees Council of Washington *Update Issue*

March/April 2005 <http://www.rpecwa.org> Toll-Free: 1-800-562-6097 Direct: 360-352-8262

RPEC has been hard at work advocating and lobbying for better benefits for its members. The following is a list of bills that address our priorities or would benefit public retirees. The status of these bills can change quickly and we don't know what that will be when you receive this update. Session is scheduled to last until April 25, so there is still a lot of work to be done.

How to call the Legislative Hotline

Dial 1-800-562-6000. Give the operator your name, address and Legislative District. The operator will look up your district if you don't know it. You can then leave a message for your legislators and/or the governor on up to four bills. You don't need the bill numbers. For example, you can say, "Support the prescription drug consortium."

How to use the RPEC Hotline

Call the RPEC toll-free number 1-800-562-6097. Follow the instructions to hear the hotline message. Have a pencil and paper ready to take notes on what action is needed.

Why your participation is important

Lawmakers rely on hearing from the people who elect them to office. Your opinion is more important to them than that of paid lobbyists. Remember the squeaky wheel.

Why the status of bills is important

Action on a bill can take weeks or hours, depending on circumstances and timing. The status of a bill is the information you need to contact the lawmakers who currently hold that bill's fate in their hands. It might be a policy or fiscal committee, the very powerful Rules committee, or it might be on the Second Reading Calendar, which means the next move is a vote of the full House or Senate.

How to check the status of bills online

Log on to <http://www.leg.wa.gov/wsladm/billinfo1/bills.cfm>

Enter the bill number (four digits only, no letters) in the box. Click "Find Bills". This will take you to a page where you can find the current status of the bill, changes made, copies of the text, etc.

Pension issues of importance

Locke's Budget – HB 1043 and HB 1044

Although out of office, former governor Locke still exercises influence through the proposed budget he left behind. His proposal to divert pension funding to fill the budget shortfall requires legislation.

HB 1043 – Repeals gain-sharing as an automatic benefit. Gain-sharing would only occur if the Legislature voted to authorize it. This allows the Legislature to avoid including the costs of future gain-sharing in the budget.

HB 1044 – Changes the actuarial method used to figure the unfunded liability and suspends payments toward the Plan 1 Unfunded Liability in the next budget. It also significantly lowers the amount to be paid by the state and other employers toward funding the pension system.

RPEC position: OPPOSE

Action: Contact your state legislators and the governor asking that they oppose these measures.

Select Committee on Pension Policy (SCPP) Legislation

The SCPP, which replaced the old JCPP, offered several proposals that benefit retirees and active employees and are under consideration.

HB 1324(Fromhold)/SB 5246(Fraser) – Gain sharing trade-off package

Rep. Bill Fromhold (D-Vancouver) and Senator Karen Fraser (D-Olympia) are proposing a package of benefit enhancements in exchange for the repeal of gain-sharing. Their proposals would save the state money. The trade-off would cost the state roughly one-half the gain-sharing cost over the next two years. Retirees would receive immediate and certain benefits in exchange for a future benefit (gain-sharing) that is uncertain. The trade-off includes:

- Expanding the \$1,000 minimum benefit to those retired for at least 25 years with 20 years of service credit (RPEC request);
- Providing those on minimum benefit a 3 percent indexed annual increase;
- Fixing the age 66 COLA eligibility (RPEC priority);
- Add 20 cents to the \$1.25 Uniform COLA in July (RPEC priority);
- Put in place the framework for "rule of 90" to lower retirement age for plans 2 and 3 (RPEC priority);
- Allowing employers to phase in recommended contribution rates over 4 years instead of immediately and establishes a contribution rate floor for future years. We support the concept of a contribution rate floor that would make pension funding predictable and stable, but fully funding the pension systems is one of our priorities.

The package approach would mean we would have to swallow the phased-in contribution rates, which were done at the request of the employers (mainly cities and counties) to gain their support. While this "trade-off" saves the state and other employers almost \$80 million over the cost of gain-sharing, there are still lawmakers who favor the Locke approach, which would leave us empty-handed.

RPEC position: PRIORITY! Support these two bills as written.

Action: Contact your legislators and the governor's office asking support for HB 1324/SB 5246, the SCPP gain-sharing package without changes.

HB 1323(Conway)/SB5193(Pflug)—Changing the SCPP executive committee

The Select Committee on Pension Policy includes eight legislators, four employers, the directors of the Office of Financial Management and Department of Retirement Systems, two active employee representatives and two retiree representatives. The SCPP executive committee, which decides what proposals the full committee will consider, does not include a retiree. These

two proposals would include a retiree as a voting member of the SPCP executive committee.

RPEC position: Support

Action: Ask your state legislators to support HB 1323 and SB 5193.

HB 1326(Conway)/SB 5244(Regala) – Post-retirement employment (Retire/Rehire)

This bill fixes changes made to the post-retirement employment law in 2003. It would allow PERS 1 and TRS 1 retirees to return to work in a qualified position (a job eligible for pension benefits) up to 1,500 hours per year without losing benefits. Retirees can normally work 867 hours per year without losing benefits. Any hours worked over 867 and under 1,500 would be counted until the retiree accumulates 1,900 hours. At that point the retiree could no longer work more than 867 hours without losing benefits.

RPEC position: Support

Action: Contact legislators asking them to support these bills. We especially need help in the Senate.

NOTE: There are other “retire/rehire” bills. We support only these two.

Bills to lower prescription drug costs

The House of Representatives has **passed** and sent to the Senate three very important prescription drug bills. These bills are part of a legislative package that will provide Washington residents an opportunity to purchase prescription drugs at a more affordable cost.

- Washington State residents paid over \$2.8 billion for prescriptions in 2003, in the private market.
- Over 1.2 million Washington residents are without prescription drug coverage.

HB 1219 – Creates a purchasing consortium permitting private citizens, businesses and governmental entities to consolidate their purchases of prescription drugs. It will reduce costs for individuals and the state budget. States with similar programs show savings ranging from five to twelve percent on state funded drug purchasing. The savings for individuals and business is expected to be greater because most state programs already receive volume discounts. The cost of this program will be borne by the users. The start-up cost to the state will be approximately \$500,000 but it is anticipated that this will be recouped by savings.

HB 1194 – Authorizes state agencies to purchase drugs from approved Canadian pharmacies or wholesalers, if approved by the federal Food and Drug Administration. It also requires the Health Care Authority to develop a web site to facilitate the

purchase of prescription drugs from Canada by Washington residents.

HB 1316 – Requires the state Board of Pharmacy to submit a waiver request to the Federal Food and Drug Administration authorizing Washington to license Canadian prescription drug wholesalers. If the Board is unable to develop a reciprocal licensing agreement with Health Canada or a Canadian province, it will license participating Canadian pharmacies through on-site inspection and certification. This will provide a safe list of pharmacies from which to purchase.

HB 1168 – Allows the Department of Health to license any Canadian pharmacy that ships or sells prescription drugs to Washingtonians, ensuring the safety of mail order Canadian drug purchases.

RPEC position : Support all four bills.

Action needed: Contact your state senator urging support for these bills.

Other issues:

PEBB Medicare offset – This is the monthly premium reduction for Medicare-eligible retirees who purchase health coverage through the PEBB. The offset, currently \$116.19 per month, is expected to go up 13.5 percent in 2006 to roughly \$132, and again in 2007 to about \$150. This item is always found in the budget, not as a separate bill.

RPEC position: Support

Action: No action at this time.

House Joint Memorial 4015/Senate Joint Memorial 8014 Urging Congress to oppose the privatization of Social Security

RPEC position: Support

Action: Call your senator and representatives asking them to support these two messages to Congress.

SB 5781 (Fraser)

Would allow employees retired from cities, counties and local subdivisions to purchase health coverage through the PEBB provided there was no break in coverage.

RPEC position: Support

Action: None at this time pending study of fiscal impact.