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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2006**

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A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- INSURANCE BENEFITS

Introduced By: Representatives Singleton, McHugh, Crowley, Watson, and Malik

Date Introduced: February 28, 2006

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Sections 36-12-1, 36-12-2 and 36-12-4 of the General Laws in Chapter 36-  
2   12 entitled "Insurance Benefits" are hereby amended to read as follows:

3           **36-12-1. Definitions.** -- The following words, as used in sections 36-12-1 -- 36-12-14,  
4   shall have the following meanings:

5           (1) "Employer", means the state of Rhode Island, a regional school district, school  
6   committee or municipality within the state of Rhode Island.

7           (2) "Employee", means all persons who are classified employees as the term "classified  
8   employee" is defined under section 36-3-3, ~~and~~ all persons in the unclassified and non-classified  
9   service of the state, and all persons employed by a regional school district, school committee or  
10   municipality; provided, however, that the following shall not be included as "employees" under  
11   sections 36-12-1 -- 36-12-14:

12           (i) Part-time personnel whose work week is less than twenty (20) hours a week and  
13   limited period and seasonal personnel;

14           (ii) Members of the general assembly, its clerks, doorkeepers, and pages.

15           (3) "Dependents" means an employee's spouse, domestic partner and unmarried children  
16   under nineteen (19) years of age. Domestic partners shall certify by affidavit to the benefits  
17   director of the division of personnel that the (i) partners are at least eighteen (18) years of age and  
18   are mentally competent to contract, (ii) partners are not married to anyone, (iii) partners are not  
19   related by blood to a degree which would prohibit marriage in the state of Rhode Island, (iv)

1 partners reside together and have resided together for at least one year, (v) partners are financially  
2 interdependent as evidenced by at least two (2) of the following: (A) domestic partnership  
3 agreement or relationship contract; (B) joint mortgage or joint ownership of primary residence,  
4 (C) two (2) of: (I) joint ownership of motor vehicle; (II) joint checking account; (III) joint credit  
5 account; (IV) joint lease; and/or (D) the domestic partner has been designated as a beneficiary for  
6 the employee's will, retirement contract or life insurance. Misrepresentation of information in the  
7 affidavit will result in an obligation to repay the benefits received, and a civil fine not to exceed  
8 one thousand dollars (\$1000) enforceable by the attorney general and payable to the general fund.  
9 The employee will notify the benefits director of the division of personnel by completion of a  
10 form prescribed by the benefits director when the domestic partnership ends.

11 (4) "Retired employee", means all persons retired from the active service of the state,  
12 who, immediately prior to retirement, were employees of the state as determined by the  
13 retirement board under section 36-8-1, and also all retired teachers who have elected to come  
14 under the employees' retirement system of the state of Rhode Island.

15 (5) "Long-term health care insurance", means any insurance policy or rider advertised,  
16 marketed, offered, or designed to provide coverage for not less than twelve (12) consecutive  
17 months for each covered person on an expense incurred, indemnity, prepaid, or other basis for  
18 one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative,  
19 maintenance, or personal care services, provided in a setting other than an acute care unit of a  
20 hospital. The term includes: group and individual policies or riders whether issued by insurers,  
21 fraternal benefit societies, nonprofit health, hospital, and medical service corporations; prepaid  
22 health plans, health maintenance organizations; or any similar organization. Long-term health  
23 care insurance shall not include: any insurance policy which is offered primarily to provide basic  
24 medicare supplement coverage; basic hospital expense coverage; basic medical-surgical expense  
25 coverage; hospital confinement indemnity coverage; major medical expense coverage; disability  
26 income protection coverage; accident only coverage; specified disease or specified accident  
27 coverage; or limited benefit health coverage. This list of excluded coverages is illustrative and is  
28 not intended to be all inclusive.

29 (6) "Retiree health care insurance", means the health benefit employees who retire from  
30 active service of the state (subsequent to July 1, 1989), who immediately prior to retirement were  
31 employees of the state as determined by the retirement board pursuant to section 36-8-1, shall be  
32 entitled to receive, which shall be equal to semi-private hospital care, surgical/medical care and  
33 major medical with a one hundred seventy-five dollar (\$175) calendar year deductible.  
34 Employees who retire prior to age sixty-five (65) shall, upon the attainment of medicare

1 eligibility, receive hospital care, surgical/medical services, rights and benefits which, when taken  
2 together with their federal medicare program benefits (public law 89-97), 42 U.S.C. section 1305  
3 et seq., shall be comparable to those provided for retirees prior to that age. The aforementioned  
4 program will be provided on a shared basis in accordance with section 36-12-4.

5 **36-12-2. Hospital care and surgical-medical service benefits.** -- (a) Employees of the  
6 state of Rhode Island shall receive, in addition to wages, salaries, and any other remuneration or  
7 benefits, hospital care and surgical-medical services, rights, and benefits purchased by the  
8 director of administration pursuant to section 36-12-6, with the specific condition that the benefits  
9 and services provided by the carrier(s) will be substantially equivalent to those set forth in any  
10 collective bargaining agreement(s) executed between the state of Rhode Island and authorized  
11 representatives of the unions representing state employees or the health care coverage presently  
12 being provided.

13 (b) The state will work diligently with leadership of organized labor in order to ensure  
14 competitive, cost effective health care services for all employees of the state who may be eligible  
15 for those benefits.

16 (c) Any new plan must accept pre-existing conditions for those individuals who will be  
17 covered by the new policy.

18 (d) Part-time employees whose work week is less than twenty (20) hours a week may  
19 purchase the benefits set forth above. The employees shall pay the same rate for the benefits as  
20 the group rate paid by the state for the benefits. Payments for the benefits may be deducted in  
21 accordance with the provisions of section 36-12-3.

22 (e) Notwithstanding the provisions of any collective bargaining agreement entered into  
23 pursuant to chapters 28-9.3 and 28-9.4 of the general laws after the effective date hereof,  
24 employees will be eligible to receive hospital care and surgical-medical service benefits  
25 purchased by the director of administration pursuant to section 36-12-6, with the specific  
26 condition that the benefits and services provided by the carrier(s) will be substantially similar to  
27 those set forth in any collective bargaining agreement(s) executed between the employer and the  
28 employee. If the cost of the current health insurance plan covering such employee is more  
29 expensive than the plan offered by the director, the employer must participate in the state plan.  
30 The employer and the employee shall pay their respective costs of participating in the plan  
31 purchased by the director in accordance with their collective agreement, or in the case there is no  
32 collective bargaining agreement, in accordance with the policy of the employer in effect from  
33 time to time; provided, however, that to the extent there are separate charges for administering  
34 any such plan on behalf of the employer, the director shall pay all such charges. Any employee

1 who elects not to participate in such insurance plan shall not be entitled to any additional pay or  
 2 credit to reflect the reduction in cost to the employer. If the preceding sentence is in conflict with  
 3 a collective bargaining clause then it will take effect upon expiration of said collective bargaining  
 4 agreement. Part-time employees whose work week is less than twenty (20) hours a week may  
 5 purchase the benefits set forth above. The employees shall pay the same rate for the benefits as  
 6 the group rate paid by the state for the benefits.

7 **36-12-4. Coverage of retired employees.** -- (a) Retired employees. - Any retired  
 8 employee shall be entitled to be covered under sections 36-12-1 -- 36-12-5 for himself and herself  
 9 and, if he or she so desires, his or her dependents, upon agreeing to pay the total cost of his or her  
 10 contract at the group rate for active state employees. Payments of any retired employee for  
 11 coverage shall be deducted from his or her retirement allowance and remitted from time to time in  
 12 payment for such contract.

13 Effective upon the termination of any existing collective bargaining agreement between  
 14 the employer and its employees, no employer shall have the right to enter into any collective  
 15 bargaining agreement pursuant to which the employer pays the cost in whole or in part of  
 16 providing health care insurance to retirees.

17 (b) State employees who retire subsequent to July 1, 1989. - Employees who retire  
 18 subsequent to July 1, 1989, from active service of the state, and who were employees of the state  
 19 as determined by the retirement board under section 36-8-1, shall be entitled to receive for  
 20 himself or herself a retiree health care insurance benefit as described in section 36-12-1 in  
 21 accordance with the following formula:

22	Years of			Employee's
23	Service	Age	State's Share	Share
24	10-15	60	50%	50%
25	16-22	60	70%	30%
26	23-27	60	80%	20%
27	28+	--	90%	10%
28	28+	60	100%	0%
29	35+	any	100%	0%

30 (c) When the retiree reaches that age which will qualify him or her for Medicare  
 31 supplement the formula shall be:

32	Years of Service	State's Share	Employee's Share
33	10 - 15	50%	50%
34	16 - 19	70%	30%

1	20 - 27	90%	10%
2	28+	100%	0%

3 (d) If the retired employees desires, he or she shall be permitted to purchase coverage for  
4 his or her dependents upon agreeing to pay the additional cost of the contract at the group rate for  
5 active state employees. Payment for coverage for dependents shall be deducted from his or her  
6 retirement allowances and remitted as required in payment for the contract. (e) Retired  
7 employees, including retired teachers, who are non-Medicare eligible and who reach the age of  
8 sixty-five (65) shall be allowed to continue to purchase group health care insurance benefits in the  
9 same manner as those provided to retired employees who have not reached the age of sixty-five  
10 (65).

11 **36-12-6. Authority to purchase group life, accidental death, long term health care,**  
12 **and other insurance benefits.** -- (a) The director of administration, or any employee of the

13 department of administration designated by the director as his or her agent, is hereby authorized,  
14 empowered, and directed to contract with one or more insurance companies duly licensed by this  
15 state for the purchase of one or more contracts providing for group life, accidental death, long  
16 term health care and other insurance benefits in conformity with the provisions of sections 36-12-  
17 6 -- 36-12-14, to purchase contracts of insurance and to administer all provisions of sections 36-  
18 12-6 -- 36-12-14. Before entering into any insurance contract under this chapter, the director shall  
19 invite proposals from such qualified insurers as in his or her opinion would desire to accept any  
20 part of the insurance coverage authorized by sections 36-12-6 -- 36-12-14 including hospital care  
21 and surgical-medical services with the specific condition that the benefits and services provided  
22 by the carrier(s) will be substantially equivalent to those set forth in any collective bargaining  
23 agreements executed between the state of Rhode Island and authorized representatives of the  
24 unions representing state employees or the health care coverage presently being provided.

25 (b) The state will work diligently with leadership of organized labor in order to ensure  
26 competitiveness, cost effective health care services for all employees of the state who may be  
27 eligible for those benefits.

28 (c) Any new plan must accept pre-existing conditions for those individuals who will be  
29 covered by the new policy.

30 (d) The director may arrange with the company or companies from which the policy or  
31 policies of insurance authorized herein are purchased to reinsure portions of any contract or  
32 contracts of insurance with other insurance companies duly licensed in this state which elect to  
33 enter into contracts of reinsurance and are legally competent to do so. The director may annually  
34 redetermine the amount or amounts of coverage to be allocated to reinsuring companies in

1 advance of any contract year after the first year.

2 (e) The director may designate one or more of those insurance companies as the  
3 administering company or companies.

4 (f) Each employee who is covered under any contract or contracts shall receive a  
5 certificate setting forth the benefits to which the employee and his or her dependents are entitled  
6 thereunder, to whom benefits shall be payable, to whom claims should be submitted, and  
7 summarizing the provisions of the contract principally affecting the employee and his or her  
8 dependents.

9 (g) The director may, on June 30, 1961, or at the end of any fiscal year thereafter,  
10 discontinue any insurance contract or contracts he or she has purchased from any corporation or  
11 corporations and replace it or them with a contract or contracts in any other corporation or  
12 corporations meeting the requirements of sections 36-12-6 -- 36-12-14.

13 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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1           This act would amend the definition of state employer and state employee to include  
2 those involved in education and would amend the health care benefits of state employees and  
3 retired employees.

4           This act would take effect upon passage.

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