



# Retired Public Employees Council of Washington

## End of Session Report 2020 By RPEC Lobbyist Emily Murphy April 15, 2020

With the outbreak of the COVID-19 global pandemic escalating in the closing days of the 2020 legislative session, it was a wild ride for RPEC's priorities, which hung in the balance to the very end in this dramatic and truly unprecedented legislative session.

### **Budget and Revenue**

In December of 2019, Governor Inslee put forward his proposed supplemental operating budget, as he is required to do every year. Progressive revenue like the RPEC-supported proposal to close the tax break on capital gains was not included in the Governor's modest budget proposal, nor was new progressive revenue advanced by either the Democratic-controlled House or Senate in this supplemental budget year. In February 2020, the General Fund revenue forecast was increased by \$606 million for the 2019-21 biennium and increased by \$536 million for 2021-23 biennium, and many believed new revenue wasn't a priority given the robust and growing economy. And then the unthinkable happened.

In the last week of session, with the final budget nearly complete, the spread of COVID-19 in Washington quickly made headlines. Lawmakers responded by appropriating \$200M in emergency funding to respond to the area COVID-19 outbreak on the final day of Legislative Session. The \$200M funding came from the emergency rainy day fund (Budget Stabilization Account), separate from the \$1B operating budget passed by the legislature.

As the COVID-19 crisis grew in the weeks after session, the Governor's office held hundreds of policy bills, including the 3% Plan 1 COLA bill passed by the legislature, as well as the operating budget, as the Governor worked with lawmakers to assess vetoing policy bills and sections of the operating budget to prioritize funding for the mounting COVID-19 crisis and economic uncertainty. RPEC, other retiree groups and our legislative champions acted quickly to communicate to the Governor's office the essential economic relief that the Plan 1 COLA provides. On Friday, April 3<sup>rd</sup>, the Governor announced he would "scrub the budget" and "veto new spending." That afternoon he vetoed 147 new expenditures from the operating budget, totaling \$445M (\$235M in current biennium and \$210M in next biennium) on worthy priorities like

specialized dementia care, mental health treatment, foster care, climate action, higher education, and many others.

Miraculously, the Governor signed the Plan 1 COLA bill (HB 1390) into law on the same day he took action on the budget, protecting funding for the Plan 1 COLA.

The magnitude of this victory cannot be overstated. That we secured \$17M in new funding for the Plan 1 COLA amidst \$445M budget cuts, while the state faces a multi-billion-dollar revenue shortfall is nothing short of extraordinary.

So how did we do it?

### **Plan 1 COLA (HB 1390)**

Passage of [HB 1390](#) is RPEC's most significant legislative victory in over a decade. This result would not have been possible without the tireless advocacy of retirees from all across Washington State. We must also acknowledge the outstanding leadership and dedication of our legislative champions who fought to secure this tremendous victory.

The Select Committee on Pension Policy (SCPP) formally endorsed the Plan 1 COLA for the third year in a row, in 2018 under then Chair Senator Steve Conway (D – LD 29, Pierce County) and then again in 2019 under SCPP Chair Rep. Joe Fitzgibbon (D – LD 34, West Seattle). The Governor included in his proposed 2020 supplemental operating budget a 1.5% Plan 1 COLA capped at \$22 per month introduced Office of Financial Management Request legislation [SB 6165](#). It is a customary courtesy for the committee chair to prime sponsor agency request legislation, in this case Ways and Means Chair Senator Christine Rolfes. SB 6165 was heard in Ways and Means on the third day of legislative session (January 15<sup>th</sup>). RPEC and other retiree groups expressed gratitude for the Governor's recognition of the need for a COLA while clearly articulating that it was insufficient. RPEC members and other retirees gave compelling testimony elevating the need for a more substantial 3% COLA, which set the tone for the remainder of session.

Once again, Representative Mari Leavitt (D – LD 28, Pierce County) who prime sponsored HB 1390 as a freshman legislator in 2019, was a heroic and tenacious leader in the House of Representatives for her Plan 1 COLA bill. Rep. Leavitt orchestrated a bipartisan legislative sign on letter in the House (which we helped draft) resulting in 59 representatives signing on in support – over 60% of the House. Rep. Leavitt also built a bipartisan COLA leadership team in the House to coordinate an inside advocacy strategy and convened strategy meetings of retiree groups including RPEC and her House leadership team including Reps. Shelley Kloba (D – LD 1, Kirland) and Skyler Rude (R – LD 16, Walla Walla). Other Representatives who demonstrated leadership on the Plan 1 COLA include (but are not limited to) Rep. Joe Fitzgibbon (Chair of the SCPP, Appropriations Committee member), Rep. Timm Ormsby (D – LD 3, Spokane – Appropriations Committee and former SCPP member), Rep. June Robinson (D – LD 38, Everett – Appropriations Vice-Chair), Rep. Mike Sells (D – LD 38, Everett – Labor and Commerce Chair) and new Speaker of the House Laurie Jenkins (D – LD 27, Tacoma).

HB 1390 was passed by the House unanimously and ceremoniously on the House of Origin cut-off deadline on February 19th. The Senate also passed the COLA Senate Companion Bill SB 5400 unanimously and ceremoniously on House of Origin cut off, and then passed HB 1390 on Opposite House of Origin cut off on the afternoon on March 6th.

In the Senate, Senator Conway once again lead on the Plan 1 COLA, as did Plan 1 member and pension leader Senator Sam Hunt (D – LD 22, Olympia). Former SCPP member Senator Derek Stanford (D – LD 1, Bothell) also played a leadership role on the Plan 1 COLA. The Senate is in the second year of using an operating budget request form for Senators to submit their budget requests and Senators Conway, Hunt and Stanford all submitted requests for the Plan 1 COLA.

As had been tried in previous years by the minority party in both chambers, this session Senate Republican lawmakers put forward an amendment on the Senate floor to increase the COLA from 3% to 5%. RPEC was not consulted ahead of time and some saw this as a largely symbolic political maneuver by the minority party.

### **PEBB Medicare Benefit**

RPEC continued to support [HB 1085](#)/SB 5469 from 2019 (lead by Rep. Laurie Dolan and Sen. Sam Hunt) to require the state's premium contribution to be at least 50% of premium costs. Neither bill received a hearing this session, likely due to the costs (\$90M for '19-'21, and \$140M for '21-'23).

RPEC pushed for an increase to the PEBB Medicare subsidy, and we were successful in getting four senators to submit operating budget requests to increase the subsidy from \$183 to \$200 per member per month, including Senators Liz Lovelett (D – LD 40, Anacortes), Karen Keiser (D – LD 33, Des Moines), Sam Hunt and Derek Stanford.

While lawmakers chose to prioritize the Plan 1 COLA in lieu of an increase to the healthcare subsidy, RPEC members have made significant progress on this issue over the years, including incremental increases in 2018 (\$150 to \$168, \$3.7M/year) and 2019 (\$168 to \$183, approx. \$3M).

### **Adding OIC to PEBB**

RPEC continued to prioritize legislation from 2019 to add a representative from the Office of the Insurance Commissioner (OIC) as a nonvoting member to the Public Employees Benefits Board (PEBB). Rep. Laurie Dolan and Senator Sam Hunt worked hard to advance this bipartisan legislation ([HB 1220](#)/SB 5275) that passed 96-1-1 in the House in 2019 Despite our significant work to pass the bill 2020, the bill once again did not receive a vote on the floor in either chamber this session. It is unclear whether this was simply not a high priority and ran out of time or if there was opposition to this policy behind the scenes.

## **Retiree Health Care Work Group Budget Proviso**

Senator Karen Keiser put forward a budget proviso that passed the legislature to create a stakeholder work group convened by the Health Care Authority to analyze Medicare eligible health care benefits. The work group “shall identify priorities and preference that should be considered if changes were made to the medicare eligible retiree plans” and submit feedback to the office of the state actuary by September 1st, 2020. The proviso appropriated \$149,000 for the work group. The entire proviso was vetoed by the governor as part of budget cuts.

## **Other Retiree-Related Bills Passed 2020**

RPEC tracked nearly 100 bills this session. Notable bills include that passed and were not vetoed by the Governor include:

[HB 1608](#) (Rep. Nicole Macri, D – LD 43, Seattle): The Protecting Patient Care Act prevents health entities from interfering with a qualified healthcare practitioner’s ability to provide their patients with medically accurate and comprehensive information and resources, such as information on the Death with Dignity Law for terminally ill patients.

[SB 6404](#) (Sen. David Frockt, D – LD 46, Seattle): Requires carriers to submit certain information related to prior authorization practices to the insurance commissioner. Establishes a work group to review prior authorization standards and to make prior authorization recommendations to the Legislature.

[HB 2662](#) (Rep. Jacquelin Maycumber, R – LD 7, Republic): Reduces the total cost of insulin by capping the total out-of-pocket cost for a 30-day supply of insulin at \$100 for two years. Allows the Health Care Authority to become, or designate a state agency to become, a licensed drug wholesaler or registered pharmacy benefit manager, or purchase prescription drugs on behalf of the state directly from other states or in coordination with other states under certain circumstances.

[SB 6087](#) (Sen. Karen Keiser, D – LD 33, Des Moines): Limits out-of-pocket expenses for a 30-day supply of insulin to \$100. Requires the Health Care Authority to monitor the price of insulin.

[SB 5887](#) (Sen. Shelley Short, R – LD 7, Addy): Prohibits a health carrier or its contracted entity from requiring utilization management for initial evaluation and management visits and certain treatment visits.

[SB 6319](#) (Sen. Dean Takko, D – LD 19, Longview): Removes the requirement that an application for the senior citizen and disabled persons property tax exemption program contain the signatures of two witness or the county assessor or assessor's deputy. Changes the residency requirement to be eligible for the tax exemption program so that a claimant must occupy their principal place of residence for six months, rather than nine months, each year.

[SB 6383](#) (Sen. Steve Conway, D – LD 29, Tacoma): Provides the Washington State Investment Board (SIB) authority to include commingled funds managed by the SIB in the retirement strategy funds offered to members of the Plans 3 and the Deferred Compensation Plan offered by the Washington State Retirement Systems.

[SB 6074](#) (Sen. Manka Dhingra, D – LD 45, Redmond): Extends the Financial Fraud and Identity Theft Crimes Investigation and Prosecution Program until 2030.

[HB 1888](#) (Rep. Zack Hudgins, D – LD 11, Tukwila): The Public Employees Privacy Act takes common sense steps to safeguard personal data like birthdays and data that reveal addresses—to protect public workers' safety and guard against identity theft and fraud.

### **What's Next?**

Early indications suggest the Governor will call the legislature into special session to address the COVID-19 crisis and economic shortfall before the beginning of the 2021 regular legislative session, likely sometime after the June 2020 revenue forecast. Estimates vary widely though may exceed \$2-5B in lost revenue. The Governor and legislative leadership may work privately to negotiate the details of a package to bring forward to expedite a special session. It is not yet known if and how a remote special session can take place. A colleague of mine recently remarked the current crisis makes the 2009 recession look like a walk in the park, the same 2009 recession that precipitated the repeal of the Uniform COLA. We can safely assume major funding cuts and must be ready to work hard to protect the gains we've made. Doing so will require significant effort from RPEC members and we will continue to monitor the situation closely. Local chapters are highly encouraged to reach out to your legislators to thank them for the COLA and protect funding for retiree programs.

### **Gratitude**

I am honored to continue to serve as RPEC's lobbyist and I am humbled and grateful to advocate alongside this wonderful community. I am proud of our accomplishments this session which were made possible by years of persistent and effective advocacy by RPEC members. I want to recognize the steadfast leadership of the RPEC executive board as well as executive director James Cockburn, whose year-round partnership and collaboration is invaluable in supporting my work for the organization and our legislative successes.

I am inspired by your service and tenacity, and want to share with you two thoughts of gratitude:

As a lobbyist, I see bills pass the floor all the time, usually without much fanfare. One of the highlights of this session for me was getting to sit next to RPEC Vice President Nancy Heley in the senate gallery during the final passage of the COLA bill. As the "aye"

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votes were cast one by one, I saw in Nancy's eyes the decade of struggle, the triumph, and at long last, the dignity and validation for tens of thousands of seniors across our state. It was a special moment that grounds me in our values and purpose.

Lastly, in the days after the Governor signed HB 1390, I was riding my bicycle through rural Thurston county and I encountered an elderly gentleman, alone, navigating his walker up the stairs on the side of the road outside of his modest home. He looked to be in his nineties. I pulled over to see if he needed assistance and he gestured towards his mail box on the other side of the busy road. I brought him his mail. Observing social distancing, I asked him how he was doing and we got to talking (well, I was shouting as loud as I could from six feet away since he was deaf in one ear). The gentleman told me his name is Keith and he was retired from the state for many decades. I asked him if he was a Plan 1 member and with pride he nodded yes. I asked him if he knew about the Plan 1 COLA and he nodded no. I told him that it passed and was saved by the Governor from budget cuts the week prior. Keith paused, and then smiled from ear to ear.

As I watched him make his way back inside, my heart filled with gratitude and emotion. Keith gifted me perspective; he reminded me that for all of the RPEC members who I interact with regularly in our advocacy work, many of our eldest, most vulnerable members like Keith are no longer able to stay engaged. Here's to Keith, and here's to all of you. May we continue to lift up the humanity and dignity of every retiree.

In Solidarity,

Emily