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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2003

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A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- INSURANCE BENEFITS

Introduced By: Senators Polisen, Damiani, and Tassoni

Date Introduced: January 15, 2003

Referred To: Senate Labor

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 36-12-1, 36-12-2, 36-12-2.2, 36-12-3, 36-12-4, 36-12-7 and 36-12-
2 8 of the General Laws in Chapter 36-12 entitled "Insurance Benefits" are hereby amended to read
3 as follows:

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

6 (1) "Employer", means the state of Rhode Island and city or town electing to participate
7 in an insurance contract or contracts.

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

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

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

16 (3) "Dependents" means an employee's spouse, domestic partner and unmarried children
17 under nineteen (19) years of age. Domestic partners shall certify by affidavit to the benefits
18 director of the division of personnel that the (i) partners are at least eighteen (18) years of age and
19 are mentally competent to contract, (ii) partners are not married to anyone, (iii) partners are not

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

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

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

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

1 Employees who retire prior to age sixty-five (65) shall, upon the attainment of medicare
2 eligibility, receive hospital care, surgical/medical services, rights and benefits which, when taken
3 together with their federal medicare program benefits (public law 89-97), 42 U.S.C. section 1305
4 et seq., shall be comparable to those provided for retirees prior to that age. The aforementioned
5 program will be provided on a shared basis in accordance with section 36-12-4.

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

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

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

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

23 **36-12-2.2. Disabled retired employees -- Hospital care and surgical-medical service**
24 **benefits.** -- Any disabled retired employee of the state of Rhode Island or of a participating city
25 or town shall have the right to purchase hospital care and surgical-medical service benefits as set
26 forth in section 36-12-2 and as are received by classified employees. Payment for the coverage
27 shall be at the same group rate used by the state in making payment for state employees and shall
28 be deducted from the purchaser's retirement benefits received pursuant to chapter 10 of this title.

29 **36-12-3. Deductions from pay.** -- Payments for hospital care and surgical-medical
30 services, rights, and benefits of dependents of employees may be deducted from the state or city
31 or town payroll as provided in sections 36-6-12 and 36-6-13. Payments for surgical-medical
32 services, rights, and benefits of all persons in the service of the state, other than employees, as
33 defined in section 36-12-1(2), whether employed, appointed, or elected, and the dependents of
34 persons may also be deducted from the state payroll as provided in sections 36-6-12 and 36-6-13.

1 **36-12-4. Coverage of retired employees.** -- (a) Retired employees. - Any retired
 2 employee shall be entitled to be covered under sections 36-12-1 -- 36-12-5 for himself and herself
 3 and, if he or she so desires, his or her dependents, upon agreeing to pay the total cost of his or her
 4 contract at the group rate for active state city, or town employees. Payments of any retired
 5 employee for coverage shall be deducted from his or her retirement allowance and remitted from
 6 time to time in payment for such contract. (b) State employees who retire subsequent to July 1,
 7 1989. - Employees who retire subsequent to July 1, 1989, from active service of the state, and
 8 who were employees of the state as determined by the retirement board under section 36-8-1,
 9 shall be entitled to receive for himself or herself a retiree health care insurance benefit as
 10 described in section 36-12-1 in accordance with the following formula:

11	Years of			Employee's
12	Service	Age	State's Share	Share
13	10-15	60	50%	50%
14	16-22	60	70%	30%
15	23-27	60	80%	20%
16	28+	--	90%	10%
17	28+	60	100%	0%
18	35+	any	100%	0%

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

21	Years of Service	State's Share	Employee's Share
22	10 - 15	50%	50%
23	16 - 19	70%	30%
24	20 - 27	90%	10%
25	28+	100%	0%

26 (d) If the retired employees desires, he or she shall be permitted to purchase coverage for
 27 his or her dependents upon agreeing to pay the additional cost of the contract at the group rate for
 28 active state employees. Payment for coverage for dependents shall be deducted from his or her
 29 retirement allowances and remitted as required in payment for the contract.

30 (e) Retired employees, including retired teachers, who are non-Medicare eligible and who
 31 reach the age of sixty-five (65) shall be allowed to continue to purchase group health care
 32 insurance benefits in the same manner as those provided to retired employees who have not
 33 reached the age of sixty-five (65).

34 **36-12-7. Eligibility for benefits.** -- (a) All persons in the service of the state on and after

1 July 1, 1960, whether elected, appointed or employed, who elect to participate in an insurance
2 contract or contracts shall be eligible to participate therein. The director, however, with the
3 consent of the insurance company or companies, may by rule or regulation exclude those classes
4 of temporary, part-time, or intermittent employees for whom insurance contracts shall be deemed
5 to be impracticable.

6 (b) The director, with the consent of the insurance company or companies, may authorize
7 the inclusion in insurance contracts of employees of public authorities, full-time employees of
8 organizations representing state employees, or other appropriate agencies of the state as may be
9 designated in the rules or regulations of the director, and may prescribe the rate of contribution
10 required from such participating authorities, or other agencies.

11 (c) All persons, in the service of any city or town that elects to participate in an insurance
12 contract or contracts, shall be eligible to participate therein.

13 **36-12-8. Provisions of insurance contract.** -- (a) The director is hereby authorized and
14 directed to establish a life insurance plan for employees of the state and participating cities and
15 towns as herein provided, which, subject to the conditions and limitations contained in sections
16 36-12-6 -- 36-12-14, and in the regulations promulgated pursuant to the authority vested in him or
17 her by sections 36-12-6 -- 36-12-14, will provide for each participating employee group life
18 insurance equal to the amount of his or her annual compensation, taken to the next higher
19 multiple of one thousand dollars (\$1,000), plus an equal amount of group accidental death
20 insurance with dismemberment coverage as provided herein. (b) In addition to the benefits
21 provided hereinbefore and subject to the conditions and limitations of the policy or policies
22 purchased by the director, the policy or policies shall provide payments as follows:

23 Loss	Amount Payable
24 For accidental loss of life.	An amount equal to the full
25	amount of life insurance provided
26	by this section.
27 For accidental loss of one hand	An amount equal to one-half the amount
28 or one foot or loss of sight of	of life insurance provided by this section.
29 one eye.	
30 For accidental loss of two or	An amount equal to the full amount of
31 more such members.	life insurance provided by this section.

32 (c) For any one accident the aggregate amount of group accidental death and
33 dismemberment insurance that may be paid shall not exceed the amount of life insurance
34 provided by sections 36-12-6 -- 36-12-14.

1 (d) The director shall by regulation provide for the conversion of other than annual rates
2 of compensation to an annual basis and shall further specify the types of compensation to be
3 included in annual compensation.

4 (e) The amount of insurance shall be reduced by one percent (1%) thereof at the end of
5 each calendar month following the date the employee attains the age of sixty-five (65), until the
6 amount of the insurance reaches forty percent (40%) of the annual salary at age seventy (70). The
7 amount of insurance shall remain at forty percent (40%) of the annual salary thereafter until the
8 active employee reaches age seventy-four (74), at which point it shall be reduced to thirty percent
9 (30%) of the annual salary until age eighty (80), at which point it shall be reduced to twenty-five
10 percent (25%) of the annual salary and it shall remain at twenty-five percent (25%) thereafter.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PUBLIC OFFICERS AND EMPLOYEES - - INSURANCE BENEFITS

- 1 This act would permit cities and towns, at their option, to participate in state employee
- 2 insurance plans.
- 3 This act would take effect upon passage.

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