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SENATE BILL NO. 167

Offered January 12, 2000

A BILL to amend and reenact § 2.1-20.1:3 of the Code of Virginia, relating to health insurance credits for retired teachers.

Patron—Puckett

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 2.1-20.1:3 of the Code of Virginia is amended and reenacted as follows:**

§ 2.1-20.1:3. Health insurance credits for retired teachers.

A. A teacher, as defined in § 51.1-124.3, and any school division employee who participated in the Virginia Retirement System as provided for in § 51.1-130, retired under the Virginia Retirement System who rendered at least fifteen years of total creditable service under the System shall receive a health insurance credit to his monthly retirement allowance, which shall be applied to reduce the retired member's health insurance premium cost. The amount of each monthly health insurance credit payable under this section shall be two dollars and fifty cents for each full year of the retired member's creditable service, not to exceed a maximum monthly credit of seventy-five dollars; however, each former member whose retirement was for disability shall receive a monthly health insurance credit of seventy-five dollars. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System. Any member who elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be entitled to receive the allowable credit provided by this section on the effective date of his retirement. The cost of such credit shall be borne by the Commonwealth.

B. In addition to the health insurance credit authorized in subsection A, localities which participate in the Virginia Retirement System may elect to provide an additional health insurance credit of one dollar per month for each full year of the retired member's creditable service, not to exceed a maximum monthly credit of thirty dollars. The costs of such additional health insurance credit shall be borne by the locality.

C. 1. Those retired employees who purchase an alternative personal health insurance policy from a carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified in subdivision C 2. Eligibility for the credit and payment of the credit shall be determined in a manner prescribed by the Virginia Retirement System.

2. The credit shall be in (i) the amount provided in subsection A, or subsection A and subsection B if the additional credit authorized by subsection B is provided or (ii) the amount of premium paid for the personal health insurance policy, whichever is less.

3. Any person included in the membership of a retirement system provided by Chapter 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), or 3 (§ 51.1-300 et seq.) of Title 51.1 who (i) rendered at least fifteen years of total creditable service as a teacher as defined in § 51.1-124.3 or as a school division employee participating in the Virginia Retirement System as provided for in § 51.1-130 and (ii) after terminating service as a teacher or a school division employee, was employed by a local government that does not elect to provide a health insurance credit under § 2.1-20.1:4, shall be eligible for the credit provided by subsection A and subsection B if provided by the school division from which the service described in clause (i) was rendered, provided that the retired employee is participating in a health insurance plan. The Commonwealth and local school division, if appropriate, shall be charged with the credit as provided for in subsection D. In such case, the health insurance credit shall be determined based upon the amount of state service or service as a teacher rendered by the employee.

D. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all credits provided under this section, (ii) reflect the cost of such credits in the applicable employer contribution rate pursuant to §§ 51.1-145, 51.1-204, and 51.1-304, and (iii) prescribe such terms and conditions as are necessary to carry out the provisions of this section. The costs associated with the administration of the health insurance program provided for in this section shall be recovered from the health insurance credit trust fund.

INTRODUCED

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