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HOUSE BILL NO. 1589

Offered January 10, 2001

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A BILL to amend and reenact §§ 2.1-20.1:02 and 51.1-155 of the Code of Virginia, relating to health benefits and retirement allowance for certain teachers.

Patrons—Hamilton and Blevins

Referred to Committee on Education

Be it enacted by the General Assembly of Virginia:**1. That §§ 2.1-20.1:02 and 51.1-155 of the Code of Virginia are amended and reenacted as follows:**

§ 2.1-20.1:02. Health insurance program for employees of local governments, local officers, teachers, etc.; definitions.

A. The Department of Human Resource Management shall establish a plan or plans, hereinafter "plan" or "plans," subject to the approval of the Governor, for providing health insurance coverage for employees of local governments, local officers, teachers, and retirees, and the dependents of such employees, officers, teachers and retirees. The plan or plans shall be rated separately from the plan established pursuant to § 2.1-20.1 to provide health and related insurance coverage for state employees. Participation in such insurance plan or plans shall be (i) voluntary, (ii) approved by the participant's respective governing body, or by the local school board in the case of teachers, and (iii) subject to regulations promulgated by the Department. In addition, at the option of a governing body or school board which has elected to participate in the health insurance plan or plans offered by the Department, the governing body or school board may elect to participate in the long-term care or other benefit program which the Department may make available to the governing body or school board.

B. The plan established by the Department shall satisfy the requirements of the Virginia Public Procurement Act (§ 11-35 et seq.), shall consist of a flexible benefits structure which permits the creation of multiple plans of benefits and may provide for separate rating groups based upon criteria established by the Department. The Department shall promulgate regulations regarding the establishment of such a plan or plans, including, but not limited to, requirements for eligibility, participation, access and egress, mandatory employer contributions and financial reserves, and the administration of the plan or plans. The Department may engage the services of other professional advisors and vendors as necessary for the prudent administration of the plan or plans. The assets of the plan or plans, together with all appropriations, premiums and other payments, shall be deposited in the employee health insurance fund, from which payments for claims, premiums, cost containment programs and administrative expenses shall be withdrawn from time to time. The assets of the fund shall be held for the sole benefit of the employee health insurance fund. The fund shall be held in the state treasury. Any interest on unused balances in the fund shall revert back to the credit of the fund. The State Treasurer shall charge reasonable fees to recover the actual costs of investing the assets of the plan or plans.

In establishing the participation requirements, the Department may provide that those employees, officers, and teachers without access to employer-sponsored health care coverage may participate in the plan. It shall collect all premiums directly from the employers of such employees, officers, and teachers.

C. In the administration of the plan or plans, the Department shall take into consideration the recommendations made by an advisory committee. Such advisory committee shall be composed of at least five members to be appointed by the Governor, with at least one member representing each of the following groups: local governments, local officers, local school boards, teachers, and retirees. Committee members shall be reimbursed for the expenses incurred by them as members of the committee but shall not be otherwise compensated for their services. The terms of service for the advisory committee members shall be established by the Department.

D. In the event that the financial reserves of the plan fall to an unacceptably low level as determined by the Department, it shall have the authority to secure from the State Treasurer a loan sufficient to raise the reserve level to one which is considered adequate. The State Treasurer is hereby authorized to make such a loan, to be repaid on such terms and conditions as established by him.

E. For the purposes of this section, the following terms shall have the meanings indicated:

"Employees of local governments" shall include all officers and employees of the governing body of any county, city or town, and the directing or governing body of any political entity, subdivision, branch or unit of the Commonwealth or of any commission or public authority or body corporate created by or under an act of the General Assembly specifying the power or powers, privileges or authority capable of exercise by the commission or public authority or body corporate, as distinguished from §§ 15.2-1303,

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59 15.2-1300, or similar statutes, provided that the officers and employees of a social services department,
60 welfare board, mental health, mental retardation and substance abuse services board, or library board of
61 a county, city, or town shall be deemed to be employees of local government.

62 "Local officer" means the treasurer, registrar, commissioner of the revenue, attorney for the
63 Commonwealth, clerk of a circuit court, sheriff, or constable of any county or city or deputies or
64 employees of any of the preceding local officers.

65 "Teacher" means any employee of a county, city, or other local public school board, *but does not*
66 *include any person who makes the election to continue to receive retirement benefits while continuing to*
67 *teach as provided in subdivision B 3 of § 51.1-155.*

68 F. Any stock and cash distributed to the Commonwealth pursuant to the conversion of Blue Cross
69 and Blue Shield of Virginia, doing business as Trigon Blue Cross Blue Shield, from a mutual insurance
70 company to a stock corporation known as Trigon Healthcare, Inc., that is directly attributable to the
71 health insurance plan or plans established for employees of local governments, local officers, teachers,
72 and retirees, and the dependents of such employees, officers, teachers and retirees, pursuant to
73 subsection A (hereinafter referred to as the "local choice plan distribution") shall be deposited in the
74 state treasury to the credit of the employee health insurance fund to be used as provided in this
75 subsection. Such distribution shall not include any cash paid by Blue Cross and Blue Shield of Virginia
76 or its successor to the Commonwealth in connection with such conversion which was assumed as
77 general fund revenue in Chapter 912 of the 1996 Acts of Assembly. All other stock and cash received
78 by the Commonwealth pursuant to such conversion of Blue Cross and Blue Shield of Virginia to a stock
79 corporation shall be allocated as provided in subsection B of § 23-284.

80 The State Treasurer shall sell any stock received pursuant to the local choice plan distribution as
81 soon as practicable following its receipt, subject to any lockup period or other restriction on its sale, and
82 the proceeds therefrom shall be deposited in the state treasury to the credit of the employee health
83 insurance fund. Notwithstanding any other provision of law to the contrary, the State Treasurer shall not
84 be liable for any losses incurred from the sale or distribution of such stock.

85 The Department of Human Resource Management shall use any stock, or the proceeds therefrom, and
86 cash received pursuant to the local choice plan distribution to reduce premiums payable by employers
87 participating in a plan or plans established pursuant to subsection A. In setting health insurance
88 premiums for such plan or plans, the Director of the Department of Human Resource Management shall
89 allocate the value of such stock, or proceeds therefrom, and cash among each participating employer.
90 Such allocation shall be based on the proportionate amounts of premiums previously paid by each
91 participating employer. If a participating employer withdraws from such plan or plans before all of the
92 value allocated to it has been used for the benefit of the participating employer, the remaining value
93 shall be transferred to such participating employer upon his withdrawal.

94 § 51.1-155. Service retirement allowance.

95 A. Retirement allowance. - A member shall receive an annual retirement allowance, payable for life,
96 as follows:

97 1. Normal retirement. - The allowance shall equal 1.70 percent of his average final compensation
98 multiplied by the amount of his creditable service.

99 2. Early retirement; applicable to teachers, state employees, and certain others. - The allowance shall
100 be determined in the same manner as for normal retirement with creditable service and average final
101 compensation being determined as of the date of actual retirement. If the member has less than thirty
102 years of service at retirement, the amount of the retirement allowance shall be reduced on an actuarial
103 equivalent basis for the period by which the actual retirement date precedes the earlier of (i) his normal
104 retirement date or (ii) the first date on which he would have completed a total of thirty years of
105 creditable service. The provisions of this subdivision shall apply to teachers and state employees. These
106 provisions shall also apply to employees of any political subdivision that participates in the retirement
107 system if the political subdivision makes the election provided in subdivision 3 of this subsection.

108 3. Early retirement; applicable to employees of certain political subdivisions. - The allowance shall
109 be determined in the same manner as for normal retirement with creditable service and average final
110 compensation being determined as of the date of actual retirement. If the creditable service of the
111 member equals thirty or more years but the sum of his age at retirement plus his creditable service at
112 retirement is less than ninety, the amount of the retirement allowance shall be reduced on an actuarial
113 equivalent basis for the period by which the actual retirement date precedes the earlier of (i) his normal
114 retirement date or (ii) the first date on which the sum of his then attained age plus his then creditable
115 service would have been equal to ninety or more had he remained in service until such date. If the
116 member has less than thirty years of creditable service, the retirement allowance shall be reduced for the
117 period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii)
118 the first date on which he would have completed a total of at least thirty years of creditable service and
119 his then creditable service plus his then attained age would have been equal to ninety or more.

120 The provisions of this subdivision shall apply to the employees of any political subdivision that

121 participates in the retirement system. The participating political subdivision may, however, elect to
122 provide its employees with the early retirement allowance set forth in subdivision 2 of this subsection.
123 Any election pursuant to this subdivision shall be set forth in a legally adopted resolution.

124 4. Additional allowance. - In addition to the allowance payable under subdivisions 1, 2, and 3 of this
125 subsection, a member shall receive an additional allowance which shall be the actuarial equivalent, for
126 his attained age at the time of retirement, of the excess of his accumulated contributions transferred from
127 the abolished system to the retirement system, including interest credited at the rate of two percent
128 compounded annually since the transfer to the date of retirement, over the annual amounts equal to four
129 percent of his annual creditable compensation at the date of abolishment for a period equal to his period
130 of membership in the abolished system.

131 5. 50/10 retirement. - The allowance shall be payable in a monthly stream of payments equal to the
132 greater of (i) the actuarial equivalent of the benefit the member would have received had he terminated
133 service and deferred retirement to age fifty-five or (ii) the actuarially calculated present value of the
134 member's accumulated contributions, including accrued interest.

135 B. Beneficiary serving in position covered by this title.

136 1. Except as provided in subdivisions 2 and 3, if a beneficiary of a service retirement allowance
137 under this chapter is at any time in service as an employee in a position covered for retirement purposes
138 under the provisions of this or any chapter other than Chapter 7 (§ 51.1-700 et seq.) of this title, his
139 retirement allowance shall cease while so employed. Any member who retires and later returns to
140 covered employment shall not be entitled to select a different retirement option for a subsequent
141 retirement.

142 2. Active members of the General Assembly who are eligible to receive a retirement allowance under
143 this title, excluding their service as a member of the General Assembly, shall be eligible to receive a
144 retirement allowance based on their creditable service and average final compensation for service other
145 than as a member of the General Assembly. Such members of the General Assembly shall continue to
146 be reported as any other members of the retirement system. Upon ceasing to serve in the General
147 Assembly, members of the General Assembly receiving a retirement allowance based on their creditable
148 service and average final compensation for service other than as a member of the General Assembly
149 shall have their retirement allowance recomputed prospectively to include their service as a member of
150 the General Assembly. Active members of the General Assembly shall be prohibited from receiving a
151 service retirement allowance under this title based solely on their service as a member of the General
152 Assembly.

153 3. *Any person who has continuously been receiving a service retirement allowance under this chapter*
154 *for at least three months immediately before being hired as a local school board instructional employee*
155 *who is required to be licensed by the Board of Education may elect to continue to receive the retirement*
156 *allowance during such employment for a period not exceeding five years. If such employee elects to*
157 *continue to receive the retirement allowance then the period of such employment, and the compensation*
158 *received, will not increase, decrease, or affect in any way his retirement benefits before, during, or after*
159 *such employment. This subdivision shall apply only to persons who are receiving a service retirement*
160 *allowance based, at least in part, on prior service as a local school board instructional employee who*
161 *was required to be licensed by the Board of Education.*