

008907900

HOUSE BILL NO. 623**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Appropriations
on February 15, 2000)

(Patron Prior to Substitute—Delegate Putney)

*A BILL to amend and reenact §§ 2.1-20.1:2, 2.1-20.1:3, and 2.1-20.1:7 of the Code of Virginia, relating to health insurance credits for retired public employees.***Be it enacted by the General Assembly of Virginia:****1. That §§ 2.1-20.1:2, 2.1-20.1:3, and 2.1-20.1:7 of the Code of Virginia are amended and reenacted as follows:****§ 2.1-20.1:2. Health insurance credits for retired state employees.**

A. The Commonwealth shall provide a credit toward the cost of health insurance coverage for any former state employee, as defined in § 2.1-20.1, who retired under the Virginia Retirement System, State Police Officers Retirement System, Judicial Retirement System or any retirement system authorized pursuant to § 51.1-126 and who (i) rendered at least fifteen years of total creditable service under the Retirement System or (ii) rendered service as a temporary employee of the General Assembly in 1972 and became a member of the retirement system from 1972 to 1985 immediately following such temporary service. The amount of each monthly health insurance credit payable under this section shall be four dollars *and fifty cents* per year of creditable service, not to exceed a maximum monthly allowance of ~~\$120~~ *\$135*, which amount shall be credited monthly to any retired state employee participating in the state retiree health benefits program pursuant to § 2.1-20.1:6 or an alternative personal health insurance plan as provided herein. However, such credit shall not exceed the health insurance premium for retiree-only coverage as provided under such alternative personal health insurance plan. Any retired state employee retired under the provisions of §§ 51.1-156 and 51.1-307 shall receive the maximum credit provided by this section. 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 elects to defer his retirement pursuant to subsection C of §§ 51.1-153, 51.1-205 or § 51.1-305 shall be entitled to receive the allowable credit provided by this section on the effective date of his retirement.

B. 1. For those retired state employees participating in the state retiree health benefits program, such credit shall be applied to the monthly premium deducted from benefits payable to retired state employees in accordance with Chapters 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.) and 3 (§ 51.1-300 et seq.) of Title 51.1. In the event that either no benefit is payable or the benefit payable is insufficient to deduct the entire health care premium, the payment of the credit shall be determined in the manner prescribed by the Virginia Retirement System. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System.

2. For those retired state employees not electing or eligible to participate in the state retiree health benefits program and who purchase an alternative personal health insurance policy from a carrier or organization of his own choosing, such retirees shall be eligible to receive a credit in the amount specified in subsection A. Eligibility for the credit and payment for the credit shall be determined in a manner prescribed by the Virginia Retirement System.

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 state employee as defined in § 2.1-20.1 and (ii) after terminating state service, was employed by a local government that does not elect to provide a health insurance credit under § 2.1-20.1:3 or § 2.1-20.1:4, shall be eligible for the credit provided by subsection A, provided that the retired employee is participating in a health insurance plan. The Commonwealth shall be charged with the credit as provided for in subsection C. 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.

C. The Virginia Retirement System shall actuarially determine the amount necessary to fund all credits provided by this section to reflect the cost of such credits in the employer contribution rate pursuant to § 51.1-145, and 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 credit program provided for in this section shall be recovered from the health insurance credit trust fund.

D. Notwithstanding anything contained in this section to the contrary, the Medical College of Virginia Hospitals Authority shall pay the cost of coverage for employees of such Authority who (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to §§ 23-50.16:24.1, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority

60 prior to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and
61 (iii) served no less than fifteen years of creditable service as regularly employed full-time employees of
62 such Authority or the Commonwealth.

63 *E. Beginning July 1, 2002, contribution rates calculated pursuant to § 51.1-145 for all employers*
64 *obligated to pay health insurance credits pursuant to this section shall include an amount not less than*
65 *twenty percent of the total annual amount necessary to fund all health insurance credits. Contribution*
66 *rates for such employers shall increase thereafter until, beginning July 1, 2007, such rates shall include*
67 *an amount equal to 100 percent of the total annual amount necessary to fund all health insurance*
68 *credits. All contribution rates shall be computed in accordance with recognized actuarial principles on*
69 *the basis of methods and assumptions approved by the Board.*

70 § 2.1-20.1:3. Health insurance credits for retired teachers.

71 A. A teacher, as defined in § 51.1-124.3, retired under the Virginia Retirement System who rendered
72 at least fifteen years of total creditable service under the System shall receive a health insurance credit
73 to his monthly retirement allowance, which shall be applied to reduce the retired member's health
74 insurance premium cost. The amount of each monthly health insurance credit payable under this section
75 shall be ~~two dollars and fifty cents~~ *three dollars* for each full year of the retired member's creditable
76 service, not to exceed a maximum monthly credit of ~~seventy-five~~ *ninety* dollars; however, each former
77 member whose retirement was for disability shall receive a monthly health insurance credit of
78 ~~seventy-five~~ *ninety* dollars. Eligibility for the credit shall be determined in a manner prescribed by the
79 Virginia Retirement System. Any member who elects to defer his retirement pursuant to subsection C of
80 § 51.1-153 shall be entitled to receive the allowable credit provided by this section on the effective date
81 of his retirement. The cost of such credit shall be borne by the Commonwealth.

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

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

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

94 3. Any person included in the membership of a retirement system provided by Chapter 1
95 (§ 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
96 least fifteen years of total creditable service as a teacher as defined in § 51.1-124.3 and (ii) after
97 terminating service as a teacher, was employed by a local government that does not elect to provide a
98 health insurance credit under § 2.1-20.1:4, shall be eligible for the credit provided by subsection A and
99 subsection B if provided by the school division from which the service described in clause (i) was
100 rendered, provided that the retired employee is participating in a health insurance plan. The
101 Commonwealth and local school division, if appropriate, shall be charged with the credit as provided for
102 in subsection D. In such case, the health insurance credit shall be determined based upon the amount of
103 state service or service as a teacher rendered by the employee.

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

110 *E. Beginning July 1, 2002, contribution rates calculated pursuant to § 51.1-145 for all employers*
111 *obligated to pay health insurance credits pursuant to this section shall include an amount not less than*
112 *twenty percent of the total annual amount necessary to fund all health insurance credits. Contribution*
113 *rates for such employers shall increase thereafter until, beginning July 1, 2007, such rates shall include*
114 *an amount equal to 100 percent of the total annual amount necessary to fund all health insurance*
115 *credits. All contribution rates shall be computed in accordance with recognized actuarial principles on*
116 *the basis of methods and assumptions approved by the Board.*

117 § 2.1-20.1:7. Health insurance credits for retired constitutional officers, employees of constitutional
118 officers, and local social service employees.

119 A. A local officer, as defined in § 51.1-124.3, ~~whose service was as a constitutional officer, sheriff or~~
120 ~~sheriff's deputy~~, or an employee of a local social services board, retired under the Virginia Retirement
121 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 ~~one dollar and fifty cents~~ *two dollars* for each full year of the retired member's creditable service, not to exceed a maximum monthly credit of ~~forty-five~~ *sixty* dollars; however, each former member whose retirement was for disability shall receive a monthly health insurance credit of ~~forty-five~~ *sixty* 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 2 of this section. 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.

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, 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.

E. Beginning July 1, 2002, contribution rates calculated pursuant to § 51.1-145 for all employers obligated to pay health insurance credits pursuant to this section shall include an amount not less than twenty percent of the total annual amount necessary to fund all health insurance credits. Contribution rates for such employers shall increase thereafter until, beginning July 1, 2007, such rates shall include an amount equal to 100 percent of the total annual amount necessary to fund all health insurance credits. All contribution rates shall be computed in accordance with recognized actuarial principles on the basis of methods and assumptions approved by the Board.

2. That the provisions of this act shall become effective on January 1, 2001.