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**HOUSE BILL NO. 2706**

Offered January 15, 2003

*A BILL to amend and reenact §§ 51.1-1401, 51.1-1402, and 51.1-1403 of the Code of Virginia, relating to health insurance credits for retirees from local government and constitutional offices.*

Patrons—Rapp and Gear; Senators: Norment and Williams

Referred to Committee on Appropriations

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 51.1-1401, 51.1-1402, and 51.1-1403 of the Code of Virginia are amended and reenacted as follows:**

§ 51.1-1401. Health insurance credits for retired teachers.

A. A teacher, as defined in § 51.1-124.3, 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~~ \$4 for each full year of the retired member's creditable service, not to exceed a maximum monthly credit of ~~seventy-five dollars~~ \$120; however, each former member whose retirement was for disability shall receive a monthly health insurance credit of ~~seventy-five dollars~~ \$120. 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. 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 subsection D. Eligibility for the credit and payment of the credit shall be determined in a manner prescribed by the Virginia Retirement System.

D. 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.

E. 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.), 2.1 (§ 51.1-211 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 and (ii) after terminating service as a teacher, was employed by a local government that does not elect to provide a health insurance credit under § 51.1-1402, 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 F. In such case, the health insurance credit shall be determined based upon the amount of state service or service as a teacher, whichever is greater.

F. 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.

§ 51.1-1402. Health insurance credits for retired local government employees.

A. Retired local government employees, whose localities have elected to participate in the Virginia Retirement System, who have 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, provided the retiree's employer elects to participate in the credit program. The amount of each monthly health insurance credit payable under this section shall be ~~\$1.504~~ \$4 for each full year of the retired member's creditable service, not to exceed a

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59 maximum monthly credit of ~~forty-five dollars~~ \$120; however, each former member whose retirement  
60 was for disability shall receive a monthly health insurance credit of ~~forty-five dollars~~ \$120. Eligibility  
61 for the credit shall be determined in a manner prescribed by the Virginia Retirement System. Any  
62 member who elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be entitled to  
63 receive the allowable credit provided by this section on the effective date of his retirement.

64 B. Those retired employees who purchase an alternative policy from a carrier or organization of their  
65 own choosing shall be eligible to receive a credit in the amount specified in subsection C. Eligibility for  
66 the credit and payment of the credit shall be determined in a manner prescribed by the Virginia  
67 Retirement System.

68 C. The credit shall be in the amount provided in subsection A or the amount of premium paid for  
69 the personal health insurance policy, whichever is less.

70 D. The cost of the monthly health insurance credit payable under this section shall be borne by the  
71 locality.

72 E. The Virginia Retirement System shall actuarially determine the amount necessary to fund all  
73 credits provided under this section, reflect the cost of such credits in the applicable employer  
74 contribution rate pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to  
75 carry out the provisions of this section. The costs associated with the administration of the health  
76 insurance credit program provided for in this section shall be recovered from the health insurance credit  
77 trust fund.

78 § 51.1-1403. Health insurance credits for retired constitutional officers, employees of constitutional  
79 officers, and local social service employees.

80 A. A local officer, as defined in § 51.1-124.3, or an employee of a local social services board, retired  
81 under the Virginia Retirement System who rendered at least fifteen years of total creditable service  
82 under the System shall receive a health insurance credit to his monthly retirement allowance, which shall  
83 be applied to reduce the retired member's health insurance premium cost. The amount of each monthly  
84 health insurance credit payable under this section shall be ~~one dollar and fifty cents~~ \$4 for each full  
85 year of the retired member's creditable service, not to exceed a maximum monthly credit of ~~forty-five~~  
86 ~~dollars~~ \$120; however, each former member whose retirement was for disability shall receive a monthly  
87 health insurance credit of forty-five dollars. Eligibility for the credit shall be determined in a manner  
88 prescribed by the Virginia Retirement System. Any member who elects to defer his retirement pursuant  
89 to subsection C of § 51.1-153 shall be entitled to receive the allowable credit provided by this section  
90 on the effective date of his retirement. The cost of such credit shall be borne by the Commonwealth.

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

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

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

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