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HOUSE BILL NO. 702

Offered January 14, 2004

Prefiled January 13, 2004

A BILL to amend and reenact §§ 51.1-1117, 51.1-1123, and 51.1-1133 of the Code of Virginia, relating to the Virginia Sickness and Disability Program; program actuary.

Patron—Ingram

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-1117, 51.1-1123, and 51.1-1133 of the Code of Virginia are amended and reenacted as follows:

§ 51.1-1117. Service retirement of participating full-time employees receiving disability benefits.

A. Upon the normal retirement date of a participating full-time employee receiving disability benefits who is a vested member of the retirement system, the employee shall be eligible for normal retirement under subsection A of § 51.1-153. Such employee shall be authorized to elect any option for the payment of his retirement allowance provided under subsection A of § 51.1-165 for which the employee is otherwise eligible.

B. The retirement allowance for a participating full-time employee taking normal retirement pursuant to this section shall be determined as provided in subdivision A 1 of § 51.1-155, provided that the employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the *program* actuary of the ~~Virginia Retirement System~~, and approved by the Board, from the date of the commencement of the disability to the date of retirement.

C. The creditable service of a participating full-time employee taking normal retirement pursuant to this section shall include periods during which the employee received disability benefits.

§ 51.1-1123. Supplemental long-term disability benefit.

A. Supplemental long-term disability benefits for participating employees shall commence upon the expiration of a 180-calendar-day waiting period. The waiting period shall commence the first day of the disability. If an employee returns to work for 14 or fewer consecutive days during such 180-calendar-day period and cannot continue to work, the periods worked shall not be deemed to interrupt the 180-calendar-day waiting period. However, if the cause of the participating employee's disability is a major chronic condition, as defined by the Board or its designee, the 180-calendar-day waiting period is cumulative from the first day of the disability and can be interrupted by periods of active employment.

B. Except as provided in subsection D and § 51.1-1131, supplemental long-term disability benefits shall provide income replacement in an amount equal to 60 percent of a participating employee's creditable compensation.

C. Creditable compensation during periods an employee receives supplemental long-term disability benefits shall (i) not include salary increases awarded during the period covered by long-term disability benefits and (ii) be increased annually by an amount recommended by the *program* actuary of the ~~Virginia Sickness and Disability Program~~ and approved by the Board.

D. An employee's disability credits shall be used, on a day-for-day basis, to extend the period an employee receives supplemental long-term disability benefits paid at 100 percent of replacement of creditable compensation.

E. Payments of supplemental long-term disability benefits payable under this article shall be reduced by an amount equal to any benefits paid to the employee under the Act, for which the employee is entitled to receive under the Act, excluding any benefit for medical, legal or rehabilitation expenses.

F. Supplemental long-term disability benefits shall be payable only during periods of total and partial disability.

G. To be eligible for benefits under this section, the employee must apply for Social Security disability benefits.

§ 51.1-1133. Life and accident insurance coverage during disability absences.

A. Participating full-time employees participating in a group life and accident insurance program established pursuant to Chapter 5 (§ 51.1-500 et seq.) of this title shall continue to participate in such program during periods of absence covered by short-term and long-term disability benefits.

B. During periods of absence covered by short-term disability benefits, the amount of the life insurance benefit shall be based on the annual salary of the participating full-time employee at the

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59 commencement of the disability and shall be adjusted to include salary increases awarded during the
60 period covered by short-term disability benefits.

61 C. During periods of absence covered by long-term disability benefits, the amount of the life
62 insurance benefit shall be based on the annual salary of the participating employee at the commencement
63 of the disability. Such amount shall (i) not include salary increases awarded during the period covered
64 by long-term disability benefits and (ii) be increased annually by an amount recommended by the
65 *program* ~~actuary of the Virginia Retirement System~~ and approved by the Board.

66 D. An employee receiving long-term disability benefits shall receive the maximum health insurance
67 premium credit as provided for in § 51.1-1400.