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SENATE BILL NO. 1014

Offered January 12, 2005

Prefiled January 11, 2005

A BILL to amend and reenact § 51.1-1401 of the Code of Virginia, relating to health insurance credits for retired employees of local school boards.

Patrons—Hanger and Reynolds; Delegates: Cline and Landes

Referred to Committee on Rules

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-1401 of the Code of Virginia is 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, ~~and~~ any employee retired under a defined contribution plan pursuant to § 51.1-126.6, ~~and any other full-time, salaried employee of a local school board retired under the Virginia Retirement System,~~ who rendered at least 15 years of total creditable service under the System or plan 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 ~~\$2.50~~ \$4.00 for each full year of the retired member's creditable service, ~~not to exceed a maximum monthly credit of \$75; however, each~~ *Each* former member whose retirement was for disability shall receive a monthly health insurance credit ~~of \$75 in the amount computed under this section or \$120, whichever is greater.~~ 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 \$1 per month for each full year of the retired member's creditable service, not to exceed a maximum monthly credit of \$30. The costs of such additional health insurance credit shall be borne by the locality.~~

~~C.~~ B. 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.~~ C. 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.~~ D. 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 this title who (i) rendered at least 15 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.~~ E. 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.

2. That the provisions of this act shall become effective July 1, 2005, and shall apply to employees who retired prior to July 1, 2005, as well as those who retire on or after July 1, 2005.

INTRODUCED

SB1014