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SENATE BILL NO. 398

Offered January 11, 2006

Prefiled January 11, 2006

A BILL to amend and reenact §§ 51.1-1400 and 51.1-1401 of the Code of Virginia, relating to health insurance credits for retired employees of local school boards.

Patrons—Hanger, Colgan, Deeds, Houck, Potts, Reynolds and Whipple; Delegates: Amundson, Athey, Barlow, Bowling, Ebbin, Eisenberg, Hall, Johnson, Landes, McEachin, Moran, Nutter, Poisson, Shuler, Tata, Ware, R.L. and Watts

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That §§ 51.1-1400 and 51.1-1401 of the Code of Virginia are amended and reenacted as follows:**

§ 51.1-1400. 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 § 2.2-2818, who retired under the Virginia Retirement System, State Police Officers' Retirement System, Judicial Retirement System, Virginia Law Officers' Retirement System, or any retirement system authorized pursuant to §§ 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4, 51.1-126.5, and 51.1-126.7 and who (i) rendered at least 15 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 \$4 per year of creditable service, not to exceed a maximum monthly allowance of \$120, which amount shall be credited monthly to any retired state employee participating in the state retiree health benefits program pursuant to § 51.1-1405 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 (i) employee participant pursuant to § 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4, 51.1-126.5, or 51.1-126.7 receiving long-term disability, or (ii) retired state employee retired under the provisions of § 51.1-156 or 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.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) of this title who elects to defer his retirement pursuant to subsection C of § 51.1-153, subsection C of § 51.1-205 or subsection C of § 51.1-305 shall be entitled to receive the allowable credit provided by this section on the effective date of his retirement.

B. For those retired state employees:

1. 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.), 2.1 (§ 51.1-211 et seq.), and 3 (§ 51.1-300 et seq.) of this title. 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. 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.

C. 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 state employee as defined in § 2.2-2818 and (ii) after terminating state service, was employed by a local government that does not elect to provide a health insurance credit under ~~§ 51.1-1401 or~~ 51.1-1402, 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 D. In such case, the health insurance credit shall be determined based upon the amount of state service or service as a ~~teacher~~ full-time, salaried employee of the local government, whichever is greater.

D. 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

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57 pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to carry out the
58 provisions of this section. The costs associated with the administration of the health insurance credit
59 program provided for in this section shall be recovered from the health insurance credit trust fund.

60 E. Notwithstanding anything contained in this section to the contrary, the Virginia Commonwealth
61 University Health System Authority shall pay the cost of coverage for employees of such Authority who
62 (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to
63 § 23-50.16:24.1, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority
64 prior to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and
65 (iii) served no less than 15 years of creditable service as regularly employed full-time employees of such
66 Authority or the Commonwealth.

67 § 51.1-1401. Health insurance credits for retired employees of local school boards.

68 A. A teacher, as defined in § 51.1-124.3, retired under the Virginia Retirement System, ~~and any~~
69 ~~employee retired under a defined contribution plan pursuant to § 51.1-126.6, and any other full-time,~~
70 ~~salaried employee of a local school board retired under the Virginia Retirement System,~~ who rendered
71 at least 15 years of total creditable service under the System or plan shall receive a health insurance
72 credit to his monthly retirement allowance, which shall be applied to reduce the retired member's health
73 insurance premium cost. The amount of each monthly health insurance credit payable under this section
74 shall be ~~\$2.50~~ \$4 for each full year of the retired member's creditable service, ~~not to exceed a maximum~~
75 ~~monthly credit of \$75;~~ however, each former member whose retirement was for disability shall receive a
76 monthly health insurance credit of ~~\$75~~ \$120 ~~or the monthly credit amount determined in accordance~~
77 ~~with this section, whichever is greater.~~ Eligibility for the credit shall be determined in a manner
78 prescribed by the Virginia Retirement System. Any member who elects to defer his retirement pursuant
79 to subsection C of § 51.1-153 shall be entitled to receive the allowable credit provided by this section
80 on the effective date of his retirement. The cost of such credit shall be borne by the Commonwealth.

81 B. ~~In addition to the health insurance credit authorized in subsection A, localities which participate in~~
82 ~~the Virginia Retirement System may elect to provide an additional health insurance credit of \$1 per~~
83 ~~month for each full year of the retired member's creditable service, not to exceed a maximum monthly~~
84 ~~credit of \$30. The costs of such additional health insurance credit shall be borne by the locality.~~

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

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

92 ~~ED.~~ Any person included in the membership of a retirement system provided by Chapter 1
93 (§ 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
94 title who (i) rendered at least 15 years of total creditable service as a teacher, as defined in § 51.1-124.3,
95 ~~or other full-time, salaried employee of a local school board~~ and (ii) after terminating ~~such~~ service as a
96 ~~teacher,~~ was employed by a local government that does not elect to provide a health insurance credit
97 under § 51.1-1402, shall be eligible for the credit provided by subsection A ~~and subsection B if provided~~
98 ~~by the school division from which the service described in clause (i) was rendered,~~ provided that the
99 retired employee is participating in a health insurance plan. The Commonwealth ~~and local school~~
100 ~~division, if appropriate,~~ shall be charged with the credit as provided for in subsection ~~F~~ E. In such case,
101 the health insurance credit shall be determined based upon the amount of ~~state~~ (a) service as a full-time,
102 ~~salaried employee of the local government,~~ or (b) service as a teacher ~~or other full-time, salaried~~
103 ~~employee of a local school board,~~ whichever is greater.

104 ~~FE.~~ 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 2. That the provisions of this act shall become effective July 1, 2006, and shall apply to applicable
111 employees who retired prior to July 1, 2006, as well as applicable employees who retire on or after
112 July 1, 2006.