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SENATE BILL NO. 805

Offered January 12, 2011

Prefiled January 5, 2011

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

Patron—Marsden

Referred to Committee on Finance

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 and other school division employees.

A. 1. 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, 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 \$4 for each full year of the retired member's creditable service; however, each former member whose retirement was for disability shall receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of his creditable service or (ii) the amount of creditable service he would have completed at age 60 if he had remained in service to that age. 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.

2. *At the option of the local school division and as a cost borne by the respective local government to which the local school division is affiliated, all other employees of the local school division retired under the Virginia Retirement System shall receive the health insurance credit under subdivision 1.*

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 C. Eligibility for the credit and payment of the credit shall be determined in a manner prescribed by the Virginia Retirement System.

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

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 or as any other employee of a local school division that has elected to provide the credit under this section pursuant to subdivision A 2 and (ii) after terminating service as a teacher or such employee of such local school division, 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 E. 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.

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 any local school division making the election pursuant to subdivision A 2 of § 51.1-1401 of the Code of Virginia shall provide the health insurance credit under subdivision A 1 of such section to all eligible retired employees of the local school division described in subdivision A 2 of such section, regardless of whether such employee retired prior to or on or after the date of such election by the local school division. However, the health insurance credit under subdivision A 1 of § 51.1-1401 shall only be available on a prospective basis for such eligible retired employees who retired prior to the date of such election by the local school division.**