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**SENATE BILL NO. 866**

Offered January 14, 2015

Prefiled January 7, 2015

*A BILL to amend and reenact § 2.2-1204 of the Code of Virginia, relating to health insurance program for school division employees.*

Patrons—Chafin, Vogel, Alexander, Barker, Black, Carrico, Colgan, Cosgrove, Dance, Deeds, Ebbin, Edwards, Favola, Garrett, Hanger, Howell, Lewis, Locke, Lucas, Marsden, Martin, McDougale, McEachin, McWaters, Miller, Newman, Norment, Obenshain, Petersen, Puller, Reeves, Ruff, Saslaw, Smith, Stanley, Stosch, Stuart, Wagner, Watkins and Wexton

Referred to Committee on Finance

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

**1. That § 2.2-1204 of the Code of Virginia is amended and reenacted as follows:**

**§ 2.2-1204. Health insurance program for employees of local governments, local officers, teachers, etc.; definitions.**

A. The Department shall establish a plan or plans, hereinafter "plan" or "plans," subject to the approval of the Governor, for providing health insurance coverage for employees of local governments, local officers, teachers, and retirees, and the dependents of such employees, officers, teachers, and retirees. The plan or plans shall be rated separately from the plan established pursuant to § 2.2-2818 to provide health and related insurance coverage for state employees. Participation in such insurance plan or plans shall be (i) voluntary, (ii) approved by the participant's respective governing body, or by the local school board in the case of teachers, and (iii) subject to regulations adopted by the Department. In addition, at the option of a governing body or school board that has elected to participate in the health insurance plan or plans offered by the Department, the governing body or school board may elect to participate in the voluntary employee-pay-all long-term care program offered by the Commonwealth.

B. The plan established by the Department shall satisfy the requirements of the Virginia Public Procurement Act (§ 2.2-4300 et seq.), shall consist of a flexible benefits structure that permits the creation of multiple plans of benefits and may provide for separate rating groups based upon criteria established by the Department. The Department shall adopt regulations regarding the establishment of such a plan or plans, including, but not limited to, requirements for eligibility, participation, access and egress, mandatory employer contributions and financial reserves, and the administration of the plan or plans. The Department may engage the services of other professional advisors and vendors as necessary for the prudent administration of the plan or plans. The assets of the plan or plans, together with all appropriations, premiums, and other payments, shall be deposited in the employee health insurance fund, from which payments for claims, premiums, cost containment programs, and administrative expenses shall be withdrawn from time to time. The assets of the fund shall be held for the sole benefit of the employee health insurance fund. The fund shall be held in the state treasury. Any interest on unused balances in the fund shall revert back to the credit of the fund. The State Treasurer shall charge reasonable fees to recover the actual costs of investing the assets of the plan or plans.

In establishing the participation requirements, the Department may provide that those employees, officers, and teachers without access to employer-sponsored health care coverage may participate in the plan. It shall collect all premiums directly from the employers of such employees, officers, and teachers.

C. In the event that the financial reserves of the plan fall to an unacceptably low level as determined by the Department, it shall have the authority to secure from the State Treasurer a loan sufficient to raise the reserve level to one that is considered adequate. The State Treasurer may make such a loan, to be repaid on such terms and conditions as established by him.

**D. For the purposes of this section:**

"Employees of local governments" shall include all officers and employees of the governing body of any county, city, or town, and the directing or governing body of any political entity, subdivision, branch, or unit of the Commonwealth or of any commission or public authority or body corporate created by or under an act of the General Assembly specifying the power or powers, privileges, or authority capable of exercise by the commission or public authority or body corporate, as distinguished from § 15.2-1300, 15.2-1303, or similar statutes, provided that the officers and employees of a social services department, welfare board, community services board or behavioral health authority, or library board of a county, city, or town shall be deemed to be employees of local government. For purposes of this section, private nonprofit organizations are not governmental agencies or instrumentalities.

"Local officer" means the treasurer, registrar, commissioner of the revenue, attorney for the

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56 Commonwealth, clerk of a circuit court, sheriff, or constable of any county or city or deputies or  
57 employees of any of the preceding local officers.

58 "Teacher" means any employee of a county, city, or other local public school board.

59 *E. In addition to the plan or plans established pursuant to subsection A, the Department shall*  
60 *develop regulations that will allow each local school board to elect to have all its teachers and retirees,*  
61 *and the dependents of such teachers and retirees, be eligible to participate in the health insurance*  
62 *program for state employees established pursuant to § 2.2-2818, in lieu of eligibility to participate in*  
63 *the plan or plans established pursuant to subsection A. The local school board shall be responsible for*  
64 *whatever portion of the cost of such insurance is not paid by the employee, except any portion that the*  
65 *General Assembly elects to pay.*