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HOUSE BILL NO. 66

Offered January 10, 2018

Prefiled December 4, 2017

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 school division employees.*

Patrons—McQuinn, Adams, D.M., Boysko, Carr, Gooditis, Herring, Hope, Jones, J.C., Lindsey, Lopez, Rodman, Roem, Simon, Turpin and Tyler

Referred to Committee on Appropriations

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, 51.1-126.7, or 51.1-169 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, 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, or (iii) any participating employee receiving long-term disability pursuant to § 51.1-1112, 51.1-1123, 51.1-1157, or 51.1-1165 shall receive a maximum monthly credit which is the greater of (i) \$120, (ii) \$4 per year for each year of creditable service at the time of disability retirement, or (iii) \$4 per year for each year of creditable service at the time of eligibility for long-term disability. 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.) 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.). 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.) 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~~ *employee of a local school division*, whichever is greater.

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HB66

58 D. The Virginia Retirement System shall actuarially determine the amount necessary to fund all
 59 credits provided by this section to reflect the cost of such credits in the employer contribution rate
 60 pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to carry out the
 61 provisions of this section. The costs associated with the administration of the health insurance credit
 62 program provided for in this section shall be recovered from the health insurance credit trust fund.

63 E. Notwithstanding anything contained in this section to the contrary, the Virginia Commonwealth
 64 University Health System Authority shall pay the cost of coverage for employees of such Authority who
 65 (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to
 66 § 23.1-2416, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority prior
 67 to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and (iii)
 68 served no less than 15 years of creditable service as regularly employed full-time employees of such
 69 Authority or the Commonwealth.

70 **§ 51.1-1401. Health insurance credits for retired employees of a local school division.**

71 A. A ~~teacher~~, as defined in ~~§ 51.1-124.3~~ *An employee of a local school division*, retired under the
 72 Virginia Retirement System, including the hybrid retirement program described in § 51.1-169, and any
 73 employee retired under a defined contribution plan pursuant to § 51.1-126.6, who rendered at least 15
 74 years of total creditable service under the System or plan shall receive a health insurance credit to his
 75 monthly retirement allowance, which shall be applied to reduce the retired member's health insurance
 76 premium cost. The amount of each monthly health insurance credit payable under this section shall be
 77 \$4 for each full year of the retired member's creditable service; however, each former member whose
 78 retirement was for disability, any employee participant pursuant to § 51.1-126.6 receiving long-term
 79 disability, a participant receiving long-term disability pursuant to § 51.1-1157 or 51.1-1165, or a member
 80 of the hybrid retirement program receiving long-term disability pursuant to coverage under subsection A
 81 of § 51.1-1153 shall receive a monthly health insurance credit of \$4 multiplied by the smaller of (i)
 82 twice the amount of his creditable service or (ii) the amount of creditable service he would have
 83 completed at age 60 if he had remained in service to that age. Eligibility for the credit shall be
 84 determined in a manner prescribed by the Virginia Retirement System. Any member who elects to defer
 85 his retirement pursuant to subsection C of § 51.1-153 shall be entitled to receive the allowable credit
 86 provided by this section on the effective date of his retirement.

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

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

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

104 E. 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 apply to all eligible retired employees of a local school**
 111 **division, regardless of whether such employee retired prior to or on or after July 1, 2018.**
 112 **However, the health insurance credit under § 51.1-1401 of the Code of Virginia shall only be**
 113 **available on a prospective basis for those eligible retired employees of a local school division who**
 114 **retired prior to July 1, 2018, but who did not receive a health insurance credit pursuant to such**
 115 **section prior to such date.**

116 **3. That the provisions of this act shall not apply to any former member of a retirement system**
 117 **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**
 118 **(§ 51.1-300 et seq.) of Title 51.1 of the Code of Virginia, retired prior to July 1, 2018, whose**
 119 **retirement was for disability, if such application would reduce the monthly health insurance credit**

120 payable to such former member.