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HOUSE BILL NO. 250

Offered January 15, 1998

A BILL to amend and reenact §§ 2.1-20.1:2, 2.1-20.1:3 and 2.1-20.1:4 of the Code of Virginia, relating to health insurance credits.

Patron—Ruff

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-20.1:2, 2.1-20.1:3 and 2.1-20.1:4 of the Code of Virginia are amended and reenacted as follows:

§ 2.1-20.1:2. Health insurance credits for retired state employees.

A. The Commonwealth shall pay the cost of coverage for state employees retired under the Virginia Retirement System, State Police Officers Retirement System, Judicial Retirement System or any retirement system authorized pursuant to § 51.1-126 who (i) served no less than fifteen years of creditable service as regularly employed full-time employees of the Commonwealth 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. An amount of two dollars and fifty cents per year of creditable service not to exceed a maximum monthly allowance of seventy-five dollars shall be credited monthly to any retired state employee participating in the state health plan established by § 2.1-20.1 or a 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 personal health insurance plan. Any retired state employee retired under the provisions of §§ 51.1-156 and 51.1-307 shall receive the maximum credit provided by this section. Any member who elects to defer his retirement pursuant to subsection C of §§ 51.1-153, 51.1-205 and 51.1-305 shall be entitled to receive the allowable credit provided by this section on the effective date of his retirement.

B. 1. For those retired state employees participating in the state health plan, 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.) and 3 (§ 51.1-300 et seq.) of Title 51.1. 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 in a manner prescribed by the Virginia Retirement System shall transfer funds in an amount equivalent to the credits that would otherwise have been payable to the Department of Personnel and Training.* Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System.

2. For those retired state employees electing not to participate in the state health plan 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 ~~reimbursement equal to the credit in the amount specified in subdivision B 3A. Such reimbursement, not to exceed the actual premium paid, and reduced by the administrative charge for processing the reimbursement, shall be paid upon presentation of documentation satisfactory to the Virginia Retirement System that the premium for such personal health insurance policy has been paid.~~ Eligibility for ~~reimbursement under this section~~ *the credit and payment of the credit* shall be determined in a manner prescribed by the Virginia Retirement System. ~~The retired state employee's election to participate shall be deemed continuing and automatically renewed unless such retiree affirmatively revokes, in writing, his participation. Subject to the limitations of subdivision B 3, the reimbursement amount shall increase or decrease, in like amount, if the retiree's private health insurance policy premium increases or decreases.~~

3. ~~The reimbursement shall be in the amount of the credit provided in subsection A or the amount of premium paid for the personal health insurance policy, whichever is less.~~

43. A retired state employee who fails to elect to participate in the state health plan within thirty-one days of the effective date of retirement, or who, once having elected to participate, discontinues participation, is barred from participating in the state health plan thereafter.

C. The Virginia Retirement System shall actuarially determine the amount necessary to fund all credits provided by this section ~~and shall to reflect the cost of such credits in the employer contribution rate pursuant to § 51.1-145, and 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 credit program provided for in this section shall be recovered from the Health Insurance Credit Fund.~~

§ 2.1-20.1:3. Health insurance credits for retired teachers.

A. A teacher, as defined in § 51.1-124.3, retired under the Virginia Retirement System who rendered

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HB250

60 at least fifteen years of total creditable service under the System shall receive a health insurance credit
61 to his monthly retirement allowance, which shall be applied to reduce the retired member's health
62 insurance premium cost. The amount of each monthly health insurance credit payable under this section
63 shall be one dollar and fifty cents for each full year of the retired member's creditable service, not to
64 exceed a maximum monthly credit of forty-five dollars; however, each former member whose retirement
65 was for disability shall receive a monthly health insurance credit of forty-five dollars. Eligibility for the
66 credit shall be determined in a manner prescribed by the Virginia Retirement System. Any member who
67 elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be entitled to receive the
68 allowable credit provided by this section on the effective date of his retirement. The cost of such credit
69 shall be borne by the Commonwealth.

70 B. In addition to the health insurance credit authorized in subsection A, localities who participate in
71 the Virginia Retirement System may elect to provide an additional health insurance credit of one dollar
72 per month for each full year of the retired member's creditable service, not to exceed a maximum
73 monthly credit of thirty dollars. The costs of such additional health insurance credit shall be borne by
74 the locality.

75 C. 1. Those retired employees who purchase an alternative personal health insurance policy from a
76 carrier or organization of their own choosing shall be eligible to receive a reimbursement equal to the
77 credit in the amount specified in subdivision C 2. Such reimbursement, not to exceed the actual
78 premium paid, and reduced by the administrative charge for processing the reimbursement, shall be paid
79 upon presentation of documentation satisfactory to the Virginia Retirement System that the premium for
80 such personal health insurance policy has been paid. Eligibility for reimbursement under this provision
81 the credit and payment of the credit shall be determined in a manner prescribed by the Virginia
82 Retirement System. Reimbursement of the retired employee shall be deemed continuing and
83 automatically renewed unless such retiree affirmatively revokes, in writing, his eligibility for
84 reimbursement. Subject to the limitations of subdivision C 2, the reimbursement amount shall increase or
85 decrease, in like amount, if the retiree's private health insurance policy premium increases or decreases.

86 2. The credit shall be in (i) the amount of the credit provided in subsection A, or subsection A and
87 subsection B if the additional credit authorized by subsection B is provided, or (ii) the amount of
88 premium paid for the personal health insurance policy, whichever is less.

89 D. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all
90 credits provided under this section, (ii) reflect the cost of such credits in the applicable employer
91 contribution rate pursuant to § 51.1-145, and (iii) prescribe such terms and conditions as are necessary to
92 carry out the provisions of this section. In addition, the Retirement System shall be entitled to recover
93 from the Department of Personnel and Training, through interagency transfer or otherwise, reasonable
94 costs associated with the administration of the health insurance credit program provided for in this
95 section. The costs associated with the administration of the health insurance credit program provided for
96 in this section shall be recovered from the Health Insurance Credit Fund.

97 § 2.1-20.1:4. Health insurance credits for local government employees.

98 A. Retired local government employees, whose localities have elected to participate in the Virginia
99 Retirement System, who have rendered at least fifteen years of total creditable service under the System
100 shall receive a health insurance credit to his monthly retirement allowance, which shall be applied to
101 reduce the retired member's health insurance premium cost, provided (i) the retiree's employer elects to
102 participate in the credit program and sponsors a health insurance plan for its employees and (ii) the
103 employee elects to participate in that employer-sponsored plan. The amount of each monthly health
104 insurance credit payable under this section shall be \$1.50 for each full year of the retired member's
105 creditable service, not to exceed a maximum monthly credit of forty-five dollars; however, each former
106 member whose retirement was for disability shall receive a monthly health insurance credit of forty-five
107 dollars. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement
108 System. Any member who elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be
109 entitled to receive the allowable credit provided by this section on the effective date of his retirement.

110 B.1. Those retired employees who purchase an alternative policy from a carrier or organization of
111 their own choosing shall be eligible to receive a credit in the amount specified in subsection B 2.
112 Eligibility for the credit and payment of the credit shall be determined in a manner prescribed by the
113 Virginia Retirement System.

114 2. The credit shall be in the amount provided in subsection A or the amount of premium paid for the
115 personal health insurance policy, which ever is less.

116 C. The cost of the monthly health insurance credit payable under this section shall be paid borne by
117 the locality.

118 D. The Virginia Retirement System shall actuarially determine the amount necessary to fund all
119 credits provided under this section and shall reflect the cost of such credits in the applicable employer
120 contribution rate pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to
121 carry out the provisions of this section. In addition, the Retirement System shall be entitled to recover

122 from the Department of Personnel and Training, through interagency transfer or otherwise, reasonable
123 costs associated with the administration of the health insurance credit program provided for in this
124 section. *The costs associated with the administration of the health insurance credit program provided for*
125 *in this section shall be recovered from the Health Insurance Credit Fund.*

126 D. Employers who elect to participate in the program by offering an employer-sponsored health
127 insurance plan shall notify the Virginia Retirement System at least twelve months prior to the date such
128 employers elect to commence participation in the program. The effective date of the employer's
129 participation shall correspond with the beginning of the Commonwealth's fiscal year.