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**HOUSE BILL NO. 88**

Offered January 14, 1998

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*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 for retired members of the Virginia Retirement System.*

Patron—Callahan

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~~ *three* dollars and ~~fifty cents~~ *and fifty cents* per year of creditable service not to exceed a maximum monthly allowance of ~~seventy-five~~ *ninety* 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 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 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 3. 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 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.

4. 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 reflect the cost of such credits in the employer contribution rate pursuant to § 51.1-145.

§ 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 at least fifteen years of total creditable service under the System shall receive a health insurance credit to his monthly retirement allowance, which shall be applied to reduce the retired member's health

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

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

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

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

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

94 § 2.1-20.1:4. Health insurance credits for local government employees.

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

108 B. The monthly health insurance credit payable under this section shall be paid by the locality.

109 C. The Virginia Retirement System shall actuarially determine the amount necessary to fund all  
110 credits provided under this section and shall reflect the cost of such credits in the applicable employer  
111 contribution rate. In addition, the Retirement System shall be entitled to recover from the Department of  
112 Personnel and Training, through interagency transfer or otherwise, reasonable costs associated with the  
113 administration of the health insurance credit program provided for in this section.

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

118 **2. That the provisions of this act shall apply to employees of political subdivisions unless the**  
119 **employer notifies the Board of Trustees otherwise in writing on or before July 1, 1998.**