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HOUSE BILL NO. 1772

Offered January 13, 1999

A BILL to amend and reenact §§ 2.1-20.1:2 and 2.1-20.1:3 of the Code of Virginia, relating to health insurance credits for retired state employees and teachers.

Patron—Parrish

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That §§ 2.1-20.1:2 and 2.1-20.1:3 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) rendered at least fifteen 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. Notwithstanding the preceding, the Medical College of Virginia Hospitals Authority shall pay the cost of coverage for employees of such Authority who (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to §§ 23-50.16:24.1, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority prior to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and (iii) served no less than fifteen years of creditable service as regularly employed full-time employees of such Authority or the Commonwealth. An amount of two dollars and fifty cents per year of creditable service not to exceed a maximum monthly allowance of ~~seventy-five dollars~~ \$100 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 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. 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 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.

3. 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 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 trust 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 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 insurance premium cost. The amount of each monthly health insurance credit payable under this section shall be one dollar and fifty cents for each full year of the retired member's creditable service, not to exceed a maximum monthly credit of five dollars; however, each former member whose retirement was

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60 for disability shall receive a monthly health insurance credit of forty-five dollars. Eligibility for the
61 credit shall be determined in a manner prescribed by the Virginia Retirement System. Any member who
62 elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be entitled to receive the
63 allowable credit provided by this section on the effective date of his retirement. The cost of such credit
64 shall be borne by the Commonwealth.

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

70 C. 1. Those retired employees who purchase an alternative personal health insurance policy from a
71 carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified
72 in subdivision C 2. Eligibility for the credit and payment of the credit shall be determined in a manner
73 prescribed by the Virginia Retirement System.

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

77 D. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all
78 credits provided under this section, (ii) reflect the cost of such credits in the applicable employer
79 contribution rate pursuant to § 51.1-145, and (iii) prescribe such terms and conditions as are necessary to
80 carry out the provisions of this section. The costs associated with the administration of the health
81 insurance program provided for in this section shall be recovered from the health insurance credit trust
82 fund.