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**HOUSE BILL NO. 2397**

House Amendments in [ ] — February 8, 1999

A BILL to amend the Code of Virginia by adding in Chapter 2 of Title 2.1 a section numbered 2.1-20.1:5, relating to health insurance credit for retired state employees.

Patron—Tate

Referred to Committee on General Laws

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

**1. That the Code of Virginia is amended by adding in Chapter 2 of Title 2.1 a section numbered 2.1-20.1:5 as follows:**

*§ 2.1-20.1:5. Optional supplemental health insurance credit for retired state employees.*

*A. As used in this section, "lump sum payment amount" means the amount a state employee is entitled to be paid upon the date of retirement from state service, in accordance with the applicable rules and procedures of the employee's agency or institution, for any (i) accumulated annual leave balance, (ii) accumulated sick leave balance, and (iii) wages and salary for any period for which the employee worked and has not yet been paid.*

*B. Any state employee retiring from service pursuant to subsection A, B or D of § 51.1-153, § 51.1-156, subsection A, B or D of § 51.1-205, or subsection A, B or B1 of § 51.1-305 on or after July 1, 1999, who participates in the state health insurance plan, shall have the option to require that his lump sum payment amount be credited to a supplemental health insurance credit account [ which would qualify under Internal Revenue Code § 125 ] to be used to supplement the amount of the monthly health insurance credit provided pursuant to § 2.1-20.1:2. Such option shall be irrevocably exercised on or before the employee's last day of service.*

*C. Amounts credited to supplemental health insurance credit accounts shall be deposited in a special fund in the state treasury. Interest accruing on amounts in the special fund shall be credited pro rata among the accounts. Amounts shall be paid from the special fund at the request of the Department of Personnel and Training, which shall determine, in cooperation with the Board of Trustees of the Virginia Retirement System, the amount required to be withdrawn from an electing retired employee's supplemental health insurance credit account in order to cover, in conjunction with the health care credit, the premium for the retiree-only or family health insurance coverage.*

*D. Amounts in a retiree's supplemental health insurance credit account shall be exempt from taxation and exempt from execution, attachment, garnishment or any other process to the same extent, and subject to the same conditions, as are retirement allowances and benefits pursuant to § 51.1-124.4.*

*E. In the event that an electing retiree dies prior to exhausting the amount in the retiree's supplemental health insurance credit account, the balance in the account shall be paid in the same manner as provided in § 51.1-163.*

**[ 2. That the provisions of this act shall be effective on the first day of the third month following the date that the Department of Personnel and Training obtains a ruling of the Internal Revenue Service that affirmatively states that the plan established by this act shall be treated as a qualified plan for federal income tax purposes. ]**

ENGROSSED

HB2397E