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SENATE BILL NO. 891

Offered January 14, 1999

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

Patrons—Houck; Delegate: Dickinson

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 2.1-20.1:2 of the Code of Virginia is 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 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. *Except as provided in subdivision 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.

4. *A retired state employee may elect to participate in the state health plan established by § 2.1-20.1, notwithstanding a previous failure to elect to participate, or a discontinuation of participation, in such plan, if (i) the retired state employee would have been eligible to participate in the state health care plan upon retiring under the Virginia Retirement System, State Police Officers Retirement System, Judicial Retirement System or any retirement system authorized pursuant to § 51.1-126 by making an appropriate election within thirty-one days of the effective date of retirement; (ii) the retired state employee was enrolled in a managed health care program for Medicare beneficiaries that was offered by a managed care organization owned by a corporation formed by the University of Virginia and the University of Virginia Health Services Foundation and was discontinued effective December 31, 1998; and (iii) the election to participate in the state health plan is made between July 1 and July 31, 1999.*

C. The Virginia Retirement System shall actuarially determine the amount necessary to fund all

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

64 **2. That the provisions of this act shall not apply with respect to any retired state employee who is**
65 **eligible to enroll, or has enrolled prior to the effective date of this act, in a health insurance**
66 **program, comparable to the state retirees health insurance program administered by the**
67 **Department of Personnel and Training, that is administered by the University of Virginia for**
68 **retired state employees formerly employed at such University. Enrollment by such retired state**
69 **employees in a health insurance program administered by either the University of Virginia or the**
70 **Department of Personnel and Training, as authorized by this act, shall not affect the eligibility of**
71 **such state retirees for the health insurance credit provided by § 2.1-20.1:2 of the Code of Virginia.**

72 **3. That the University of Virginia shall provide, at its own cost, such staff assistance as shall be**
73 **necessary to ensure that the retired state employees described in this act are provided the**
74 **opportunity to enroll in a program of health insurance required to be provided pursuant to this**
75 **act, either by the Department of Personnel and Training or the University of Virginia, or in**
76 **another health insurance program in which such retired state employees may elect to enroll.**