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SENATE BILL NO. 955

Senate Amendments in [] — January 28, 1999

A BILL to amend and reenact § 2.1-20.1:2 of the Code of Virginia and 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 participation in the state retiree health benefits program; health insurance credits for retired state employees.

Patron—Stosch

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, and 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:

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

A. The Commonwealth shall pay the cost of coverage for A state employees employee, as defined in § 2.1-20.1, 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 *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.* 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~~ The amount of each monthly health insurance credit payable under this section shall be two dollars and fifty cents per year of creditable service, not to exceed a maximum monthly allowance of seventy-five dollars, which amount shall be credited monthly to any retired state employee participating in the state retiree health plan established by § 2.1-20.1 benefits program pursuant to § 2.1-20.1:5 or a an alternative 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 alternative 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 or 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 retiree health plan benefits program, 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 *electing or eligible* to participate in the state retiree health plan benefits program 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.

D. Notwithstanding anything contained in this section to the contrary, the Medical College of Virginia Hospitals Authority shall pay the cost of coverage for employees of such Authority who (i)

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60 retired under the Virginia Retirement System or any retirement system authorized pursuant to
61 §§ 23-50.16:24.1, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority
62 prior to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998;
63 and (iii) served no less than fifteen years of creditable service as regularly employed full-time employees
64 of such Authority or the Commonwealth.

65 § 2.1-20.1:5. Participation in the state retiree health benefits program.

66 A. As used in this section:

67 ["Involuntarily separated" means separated from state service as the result of any dismissal,
68 requested resignation, or failure to obtain reappointment, excluding a separation resulting from a
69 conviction for a felony or crime involving moral turpitude or dishonesty or a separation related to the
70 job performance or misconduct of the state employee.]

71 "Retiree health benefits program" or "program" means the plan for providing health insurance
72 coverage for retired state employees provided pursuant to subsection E of § 2.1-20.1.

73 "State employee" has the same meaning as defined in § 2.1-20.1.

74 "State retiree" means state employee retired under the Virginia Retirement System, State Police
75 Officers Retirement System, Judicial Retirement System or any retirement system authorized pursuant to
76 § 51.1-126, who is eligible to receive a monthly retirement annuity from the Virginia Retirement System.

77 B. A state retiree shall be eligible to participate in the retiree health benefits program only if he
78 makes an election to participate in the program either:

79 1. Concurrently with his application to the Virginia Retirement System for monthly retirement
80 benefits at any time subsequent to the termination of employment with the Commonwealth; or

81 2. Within thirty-one days following the date of termination of employment with the Commonwealth,
82 whether or not an election is made to receive monthly retirement benefits from the Virginia Retirement
83 System [, provided that only state retirees who have been involuntarily separated shall be eligible to
84 make an election under this subdivision] .

85 C. If a state retiree (i) makes an election to participate in the retiree health benefits program
86 pursuant to subdivision B 2 and (ii) the state retiree's coverage under the retiree health benefits
87 program ceases for any reason prior to the date that the state retiree commences to receive monthly
88 retirement annuity payments, the state retiree shall be barred from thereafter making an election under
89 subdivision B 1 to participate in the retiree health benefits program when the state retiree applies for
90 monthly retirement benefits. In addition, except as provided in subsection D, a state retiree who fails to
91 elect to participate in the retiree health benefits program by making an election authorized by
92 subdivision B 1 or B 2, or who, once having elected to participate, discontinues participation, is barred
93 from participating in the retiree health benefits program thereafter.

94 D. Any state retiree [who was involuntarily separated] who on July 1, 1999, is participating in the
95 retiree health benefits program and is receiving monthly retirement annuity payments may elect, by
96 notifying the Virginia Retirement System and the Department of Personnel and Training before
97 September 1, 1999, (i) to cease receiving monthly retirement annuity payments until re-applying for such
98 benefits at a later date and to continue participation in the retiree health benefits program or (ii) to
99 cease both receiving monthly retirement annuity payments and participating in the retiree health benefits
100 program until such time as a concurrent election to apply for both monthly retirement benefits and
101 participation in the program is made under subdivision B 1.