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HOUSE BILL NO. 1513

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations
on February 5, 2020)

(Patron Prior to Substitute—Delegate McQuinn)

A *BILL to amend and reenact § 51.1-1402 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 51.1-1402.1, relating to health insurance credits for retired school division employees other than teachers.*

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-1402 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 51.1-1402.1 as follows:

§ 51.1-1402. Health insurance credits for retired local government employees.

A. Retired local government employees, *other than employees of a local schools division who are not teachers as defined in § 51.1-124.3*, whose localities have elected to participate in the Virginia Retirement System, including the hybrid retirement program described in § 51.1-169, who have rendered at least 15 years of total creditable service under the System shall receive a health insurance credit to their monthly retirement allowance, which shall be applied to reduce the retired member's health insurance premium cost, provided the retiree's employer elects to participate in the credit program. The amount of each monthly health insurance credit payable under this section shall be \$1.50 for each full year of the retired member's creditable service, not to exceed a maximum monthly credit of \$45; however, each former member whose retirement was for disability, a participant receiving long-term disability pursuant to § 51.1-1157 or 51.1-1165, or a member of the hybrid retirement program receiving long-term disability pursuant to coverage under subsection A of § 51.1-1153 shall receive a monthly health insurance credit of \$45. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System. 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. Those retired employees who purchase an alternative policy from a carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified in subsection C. Eligibility for the credit and payment of the credit shall be determined in a manner prescribed by the Virginia Retirement System.

C. The credit shall be in the amount provided in subsection A or the amount of premium paid for the personal health insurance policy, whichever is less.

D. The cost of the monthly health insurance credit payable under this section shall be borne by the locality.

E. The Virginia Retirement System shall actuarially determine the amount necessary to fund all credits provided under this section, reflect the cost of such credits in the applicable 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.

§ 51.1-1402.1. Health insurance credits for retired school division employees other than teachers.

A. *Employees of a local school division who are not teachers as defined in § 51.1-124.3, who retired under the Virginia Retirement System, including the hybrid retirement program described in § 51.1-169, and who rendered at least 15 years of total creditable service under the System shall receive a health insurance credit to their 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 \$1.50 for each full year of the retired member's creditable service; however, each former member whose retirement was for disability, participant receiving long-term disability pursuant to § 51.1-1157 or 51.1-1165, or member of the hybrid retirement program receiving long-term disability pursuant to coverage under subsection A of § 51.1-1153 shall receive a monthly health insurance credit of \$1.50 multiplied by the smaller of (i) twice the amount of his creditable service or (ii) the amount of creditable service he would have completed at age 60 if he had remained in service to that age. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System. 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. *In addition to the health insurance credit authorized in subsection A, localities may elect to provide an additional health insurance credit of \$1 per month for each full year of the retired member's*

60 *creditable service. The costs of such additional health insurance credit shall be borne by the locality.*

61 *C. Those retired employees who purchase an alternative policy from a carrier or organization of*
62 *their own choosing shall be eligible to receive a credit in the amount specified in subsection D.*
63 *Eligibility for the credit and payment of the credit shall be determined in a manner prescribed by the*
64 *Virginia Retirement System.*

65 *D. The credit referenced in subsection C shall be in (i) the amount provided in subsection A, or*
66 *subsection A and subsection B if the additional credit as authorized by subsection B is provided, or (ii)*
67 *the amount of premium paid for the personal health insurance policy, whichever is less.*

68 *E. The Commonwealth and the locality, if appropriate, shall be charged with the credit as provided*
69 *for in subsection F.*

70 *F. The Virginia Retirement System shall actuarially determine the amount necessary to fund all*
71 *credits provided under this section, reflect the cost of such credits in the applicable employer*
72 *contribution rate pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to*
73 *carry out the provisions of this section. The costs associated with the administration of the health*
74 *insurance credit program provided for in this section shall be recovered from the health insurance*
75 *credit trust fund.*

76 **2. That the provisions of this act shall apply to all eligible retired employees of a local school**
77 **division who are not teachers as defined in § 51.1-124.3, regardless of their date of retirement.**
78 **However, the health insurance credit under § 51.1-1402.1 of the Code of Virginia, as created by**
79 **this act, shall only be available on a prospective basis for those eligible retired employees of a local**
80 **school division who retired prior to July 1, 2020, but who did not receive a health insurance credit**
81 **pursuant to such section prior to such date.**

82 **3. That the provisions of this act shall not apply to any former member of a retirement system**
83 **provided by Chapter 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3**
84 **(§ 51.1-300 et seq.) of Title 51.1 of the Code of Virginia who retired prior to July 1, 2020, and**
85 **whose retirement was for disability, if such application would reduce the monthly health insurance**
86 **credit payable to such former member.**