

HOUSE BILL NO. 2314

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations

on \_\_\_\_\_)

(Patron Prior to Substitute--Delegate Rasoul)

A BILL to amend and reenact § 51.1-1400 of the Code of Virginia, relating to health insurance credits for retired state employees.

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

**1. That § 51.1-1400 of the Code of Virginia is amended and reenacted as follows:**

**§ 51.1-1400. Health insurance credits for retired state employees.**

A. The Commonwealth shall provide a credit toward the cost of health insurance coverage for any former state employee, as defined in § 2.2-2818, who retired under the Virginia Retirement System, State Police Officers' Retirement System, Judicial Retirement System, Virginia Law Officers' Retirement System, or any retirement system authorized pursuant to § 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4, 51.1-126.5, 51.1-126.7, or 51.1-169 and who (i) rendered at least 15 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. The amount of each monthly health insurance credit payable under this section shall be \$4 per year of creditable service, which amount shall be credited monthly to any retired state employee participating in the state retiree health benefits program pursuant to § 51.1-1405 or an alternative personal health insurance plan as provided herein. Effective January 1, 2024, the amount of each such monthly health insurance credit payable under this section for retirees who rendered at least 30 years of total creditable service under the Retirement System shall be increased annually by the same percentage as any annual post-retirement supplement for retirees, as calculated for employees hired on or after July 1, 2010, pursuant to § 51.1-166. However, such credit shall not exceed the health insurance premium for retiree-only coverage as provided under such alternative personal health insurance plan. Any ~~(i)~~ (a) employee

27 participant pursuant to § 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4, 51.1-126.5, or 51.1-126.7  
28 receiving long-term disability, or ~~(ii)~~ (b) retired state employee retired under the provisions of § 51.1-156  
29 or 51.1-307, or ~~(iii)~~ (c) any participating employee receiving long-term disability pursuant to § 51.1-1112,  
30 51.1-1123, 51.1-1157, or 51.1-1165 shall receive a maximum monthly credit which is the greater of ~~(i)~~  
31 (1) \$120, ~~(ii)~~ (2) \$4 per year for each year of creditable service at the time of disability retirement, or ~~(iii)~~  
32 (3) \$4 per year for each year of creditable service at the time of eligibility for long-term disability.  
33 Effective January 1, 2024, the amount of maximum monthly credit for such employees and retirees shall  
34 be increased annually by the same percentage as any annual post-retirement supplement for retirees, as  
35 calculated for employees hired on or after July 1, 2010, pursuant to § 51.1-166. Any person included in  
36 the membership of a retirement system provided by Chapter 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et  
37 seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) who elects to defer his retirement pursuant to  
38 subsection C of § 51.1-153, subsection C of § 51.1-205 or subsection C of § 51.1-305 shall be entitled to  
39 receive the allowable credit provided by this section on the effective date of his retirement.

40 B. For those retired state employees:

41 1. Participating in the state retiree health benefits program, such credit shall be applied to the  
42 monthly premium deducted from benefits payable to retired state employees in accordance with Chapters  
43 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), and 3 (§ 51.1-300 et seq.). In the  
44 event that either no benefit is payable or the benefit payable is insufficient to deduct the entire health care  
45 premium, the payment of the credit shall be determined in the manner prescribed by the Virginia  
46 Retirement System. Eligibility for the credit shall be determined in a manner prescribed by the Virginia  
47 Retirement System.

48 2. Not electing or eligible to participate in the state retiree health benefits program and who  
49 purchase an alternative personal health insurance policy from a carrier or organization of his own  
50 choosing, such retirees shall be eligible to receive a credit in the amount specified in subsection A.  
51 Eligibility for the credit and payment for the credit shall be determined in a manner prescribed by the  
52 Virginia Retirement System.

53 C. Any person included in the membership of a retirement system provided by Chapter 1 (§ 51.1-  
54 124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) who (i) rendered at  
55 least 15 years of total creditable service as a state employee as defined in § 2.2-2818 and (ii) after  
56 terminating state service, was employed by a local government that does not elect to provide a health  
57 insurance credit under § 51.1-1401 or 51.1-1402, shall be eligible for the credit provided by subsection A,  
58 provided that the retired employee is participating in a health insurance plan. The Commonwealth shall  
59 be charged with the credit as provided for in subsection D. In such case, the health insurance credit shall  
60 be determined based upon the amount of state service or service as a teacher, whichever is greater.

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

66 E. Notwithstanding anything contained in this section to the contrary, the Virginia Commonwealth  
67 University Health System Authority shall pay the cost of coverage for employees of such Authority who  
68 (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to § 23.1-  
69 2416, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority prior to July 1,  
70 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and (iii) served no  
71 less than 15 years of creditable service as regularly employed full-time employees of such Authority or  
72 the Commonwealth.

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