



Virginia  
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# HB 1513 Overview

Virginia Association of Counties

Virginia Municipal League

Virginia Association of School Superintendents

Virginia Association of School Business Officials

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## Health Insurance Credit Overview



## HB 1513 Overview



## Employer Resources



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# Health Insurance Credit Overview



# What Is the Health Insurance Credit?

## The Health Insurance Credit

**Provides a reimbursement** to assist with the cost of retiree health insurance premiums.

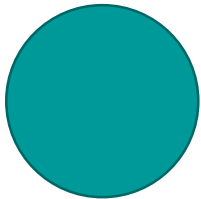
**Is a dollar amount set by the General Assembly** for each year of service and is added to the monthly retirement benefit payment.

**Ends upon the death of the retiree** and cannot exceed the amount of the individual health insurance premium.

# Eligibility Requirements



Retiring with 15 or more years of service credit from an eligible employer; or



Retiring on disability retirement; or

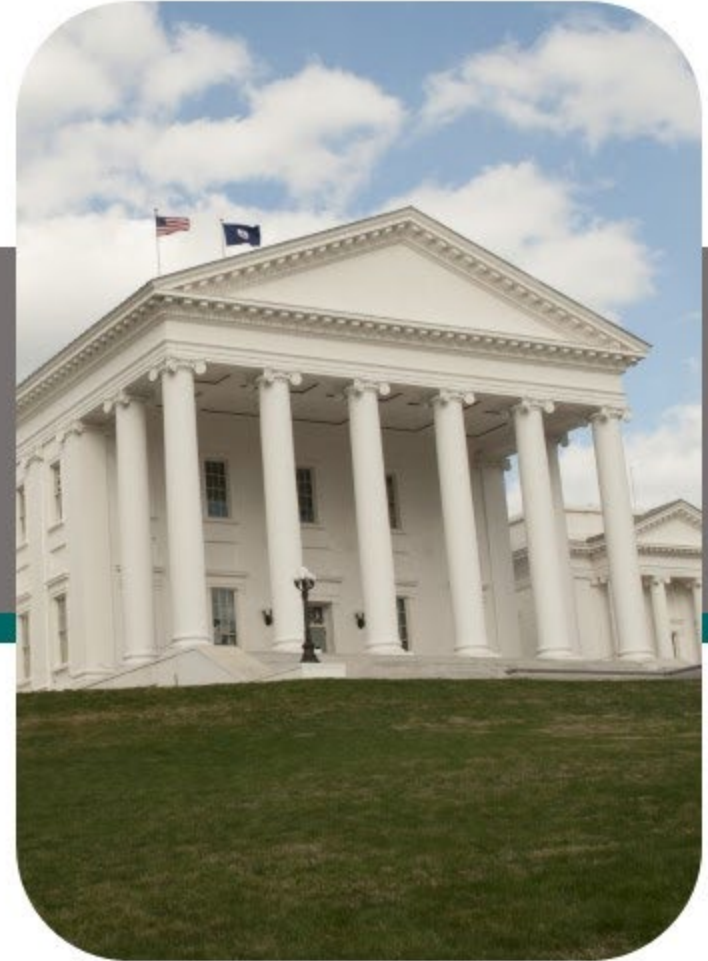


Receiving a long-term disability benefit through the Virginia Local Disability Program (VLDP) if the employer participates in the health insurance credit program.








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# HB 1513: Health Insurance Credit

-  As of July 1, 2021, requires school divisions that provide retirement benefits to non-teachers to provide a health insurance credit of \$1.50 per year of service to all retirees with at least 15 years of total creditable service.
-  Eligible non-teachers who retired before July 1, 2021, but who previously did not receive a health insurance credit, will begin receiving it July 1, 2021, with the August 1 benefit payment.
-  A school division may, at its option, elect an additional \$1 per year, for a total health insurance credit of \$2.50 per year of service.
-  Removes the \$45 cap. (Currently, non-teachers are eligible for a credit of \$1.50 per year of service, capped at \$45 per month, if the locality has elected such coverage.)
-  Does not apply to any non-teacher school division employee who retired on disability before July 1, 2020, if this would reduce the retiree's current monthly credit amount.

## **37 of the 132 school divisions have elected to provide the health insurance credit for their non-teacher support positions**

- All 132\* participating school divisions that have elected to provide VRS coverage to their non-teacher support employees must provide the benefit, beginning July 1, 2021.
- Participating school divisions that currently provide the benefit will continue to pay the benefit using the current provisions and with the cap of \$45, until July 1, 2021.
- School divisions may elect to increase the benefit by \$1 for a total \$2.50 per year of service.
- The health insurance credit under the new provisions will become effective July 1, 2021; however, benefit funding begins July 1, 2020.

\* Of the 145 school divisions, 132 have elected to provide retirement benefits to their support personnel (cafeteria workers, janitorial staff, bus drivers, etc.)

# HB 1513: Implementation



VRS is responsible for implementing HB 1513: Health insurance credit for retired non-teacher school division support staff.



The payment of benefits under this bill is delayed until July 1, 2021, but the legislation, which requires funding, goes into effect on July 1, 2020. Pre-funding of the benefit begins July 1, 2020, to provide a source of payments in 2021.



VRS will work with the employers to pre-fund the benefit starting July 1, 2020 by charging the impacted school divisions for the new health insurance credit benefit. Some funding will be provided through the SOQ formula, beginning July 1, 2020.



The additional contributions will be used solely to pre-fund the benefit that is payable next year.

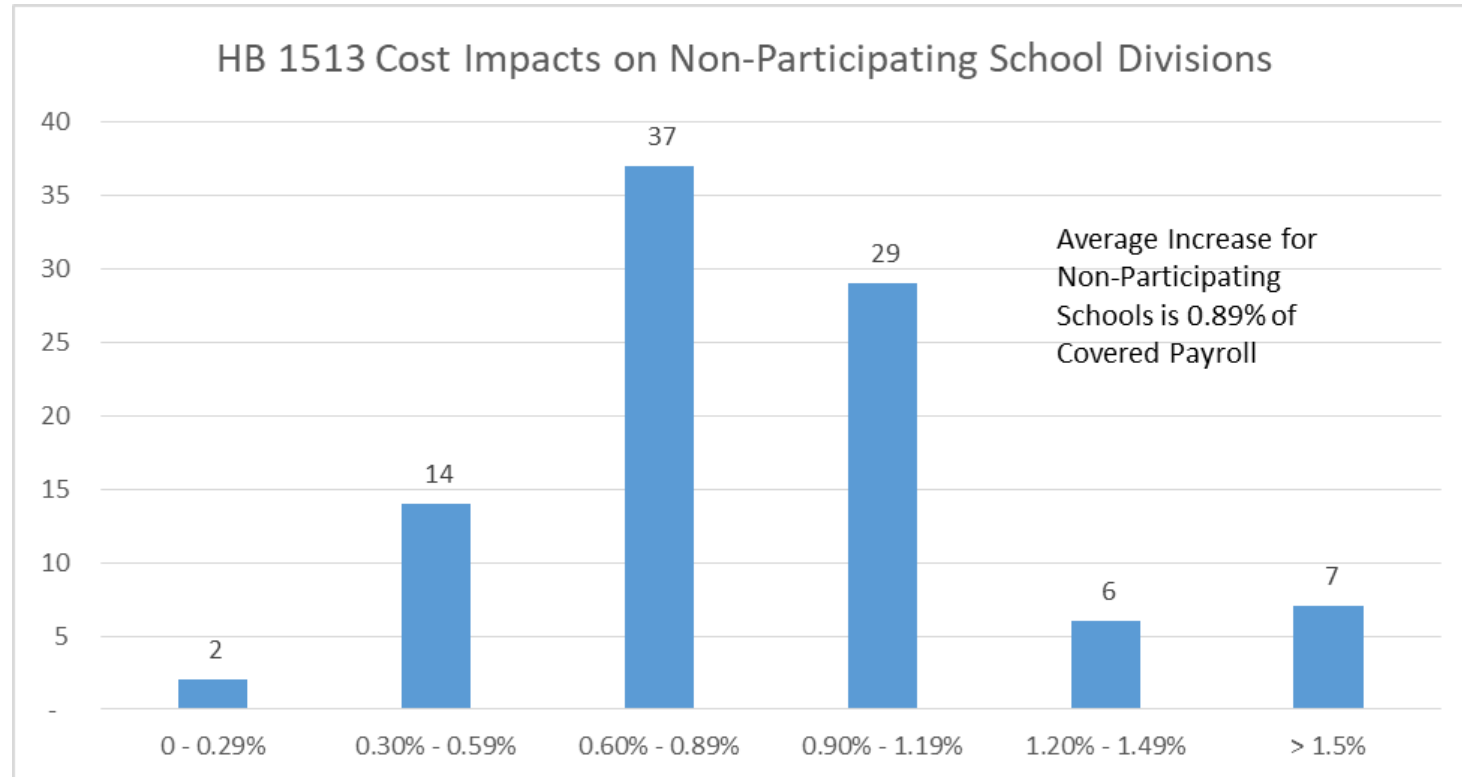
# HB 1513 Costs Impacts

HB 1513 – Impact of Legislation in Aggregate				
Employer Group	Number	Unfunded Liability as of June 30, 2019	Increase in Unfunded Liability	Increase in Annual Cost as Percentage of Covered Payroll
Participating School Divisions	37	\$6,217,500	\$451,200	0.01%
Non-Participating School Divisions	95	\$0	\$28,656,600	0.78%
Total School Divisions	132	\$6,217,500	\$29,107,800	

The Department of Education estimates an additional state general fund cost of \$976,000 in FY 2021 and \$1,024,000 in FY 2022 to provide funding support for the \$1.50 per year of service Health Insurance Credit (HIC) for funded Standards of Quality (SOQ) Non-Professional positions.

The costs above reflect the provisions of HB 1513 commencing on July 1, 2021.

# HB 1513 Costs – Non-Participating Schools



While the cost for non-participating employers in aggregate is 0.78% of covered payroll, the cost impacts vary by employer and range from 0.24% of covered payroll to 2.04% of covered payroll, with an average cost of 0.89%.

Cost impacts assume all eligible members will receive the full health insurance credit benefit.




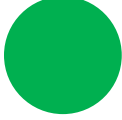


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# Employer Resources



# HB 1513: Employer Resources

-  VRS **Legislative Summary** posted to the website May 1, which includes a brief summary of the bill.
-  The June **Employer Update** will feature additional information regarding the benefit and pre-funding.
-  An **on-demand webinar**, available in June, will provide additional information on the benefit and pre-funding.
-  A **letter**, sent to each participating school division in June, will provide employer-specific cost information.