

Senate Bill 847

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Tina Kotek for Public Employees Retirement System)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes changes to the health insurance subsidies retired PERS members can get. (Flesch Readability Score: 71.7).

Changes the calculation of the Retirement Health Insurance Account subsidy under the Public Employees Retirement System.

Allows members of the Oregon Public Service Retirement Plan to receive the Retiree Health Insurance Premium Account subsidy.

A BILL FOR AN ACT

1
2 Relating to health insurance subsidies under the Public Employees Retirement System; amending
3 ORS 238.420 and 238A.050.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 238.420 is amended to read:

6 238.420. (1) As used in this section, "eligible retired member" means:

7 (a) A retired member of the Public Employees Retirement System who is retired for service or
8 disability, is receiving a retirement allowance or benefit under the system, had eight years or more
9 of qualifying service in the system at the time of retirement or is receiving a disability retirement
10 allowance including a pension computed as if the member had eight years or more of creditable
11 service in the system at the time of retirement, and is eligible for federal Medicare coverage; or

12 (b) A person who is a surviving spouse or dependent of a deceased eligible retired member as
13 provided in paragraph (a) of this subsection at the time of death, who is eligible for federal Medicare
14 coverage and who:

15 (A) Is receiving a retirement allowance or benefit under the system; or

16 (B) Was covered at the time of the retired member's death by the retired member's health in-
17 surance contracted for under ORS 238.410, and the member retired before May 1, 1991.

18 (2) For purposes of subsection (1)(a) of this section, "qualifying service" means creditable service
19 in the system and any periods of employment with an employer participating in the system required
20 of the employee before becoming a member of the system.

21 (3) Of the monthly cost of coverage for an eligible retired member under a health care insurance
22 contract that provides [*coverage supplemental to federal*] Medicare **or Medicare Supplement** cover-
23 age entered into under ORS 238.410, an amount equal to [*\$60 or the total monthly cost of that cov-*
24 *erage*] **100 percent of the five-year average of monthly cost of coverage among all carriers**
25 **contracted by the Public Employees Retirement Board, as calculated by the board, or the**
26 **actual total monthly cost of that coverage to an eligible retired member**, whichever is less,
27 shall be paid from the Retirement Health Insurance Account established by subsection (4) of this

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 section, and any monthly cost in excess of [\$60] **that amount** shall be paid by the eligible retired
 2 member in the manner provided in ORS 238.410 (4). **The board shall adopt rules establishing the**
 3 **frequency by which the subsidy under this subsection is adjusted.** Any amount paid under this
 4 subsection shall be exempt from all state, county and municipal taxes imposed on the eligible retired
 5 member.

6 (4) Pursuant to section 401(h) of the Internal Revenue Code, the Retirement Health Insurance
 7 Account is established within the Public Employees Retirement Fund, separate and distinct from the
 8 General Fund. Interest earned by the account shall be credited to the account. All moneys in the
 9 account are continuously appropriated to the Public Employees Retirement Board and may be used
 10 only to pay costs of health care insurance contract coverage under subsection (3) of this section,
 11 paying the administrative costs incurred by the board under this section and investment of moneys
 12 in the account under any law of this state specifically authorizing that investment.

13 (5) The Retirement Health Insurance Account shall be funded by employer contributions. Each
 14 public employer that is a member of the system shall transmit to the board such amounts as the
 15 board determines to be actuarially necessary to fund the liabilities of the account. The level of em-
 16 ployer contributions shall be established by the board using the same actuarial assumptions it uses
 17 to determine employer contribution rates to the Public Employees Retirement Fund. The amounts
 18 shall be transmitted at the same time and in the same manner as contributions for pension benefits
 19 are transmitted under ORS 238.225.

20 (6) As provided in section 401(h)(5) of the Internal Revenue Code of 1986, upon satisfaction of
 21 all liabilities for providing benefits described in subsection (1) of this section, any amount remaining
 22 in the Retirement Health Insurance Account shall be returned to the employers participating in the
 23 retirement system on an equitable basis as determined by the board.

24 (7) No member of the system shall have an interest in the Retirement Health Insurance Account.

25 **SECTION 2.** ORS 238A.050 is amended to read:

26 238A.050. (1) The Oregon Public Service Retirement Plan is part of the Public Employees Re-
 27 tirement System and is administered by the Public Employees Retirement Board.

28 (2) ORS 238.008, 238.225, 238.229, 238.235, 238.285, 238.410, **238.415, 238.420**, 238.445, 238.447,
 29 238.450, 238.455, 238.458, 238.460, 238.465, 238.470, 238.600, 238.601, 238.605, 238.610, 238.615, 238.618,
 30 238.630, 238.635, 238.640, 238.645, 238.655, 238.660, 238.661, 238.665, 238.675, 238.692, 238.694, 238.695,
 31 238.696, 238.698, 238.700, 238.705, 238.710 and 238.715 apply to the Oregon Public Service Retirement
 32 Plan.

33 (3) The Oregon Investment Council shall invest the assets of the Oregon Public Service Retire-
 34 ment Plan as a part of the Public Employees Retirement Fund. Except as provided by subsection (4)
 35 of this section, the investment of Oregon Public Service Retirement Plan assets is subject to the
 36 provisions of ORS 293.701 to 293.857. The Oregon Investment Council may invest assets of the indi-
 37 vidual account program and pension program differently than the other assets of the Public Em-
 38 ployees Retirement System.

39 (4) Investment of the assets of the Oregon Public Service Retirement Plan is not subject to the
 40 limitations imposed by ORS 293.726 (6).

41 (5) The board may contract with a private provider for the administration of the individual ac-
 42 count program. The board is not subject to the provisions of ORS chapter 279A or 279B in awarding
 43 a contract under the provisions of this subsection. The board shall establish procedures for inviting
 44 proposals and awarding contracts under this subsection.