SENATE AMENDMENTS TO
SENATE BILL 847

By COMMITTEE ON LABOR AND BUSINESS

March 14

1   On page 1 of the printed bill, delete lines 5 through 27.

2   On page 2, delete lines 1 through 24 and insert:

3   "**SECTION 1.** ORS 238.420 is amended to read:

4   "238.420. (1) As used in this section, 'eligible retired member' means:

5   "(a) A retired member of the Public Employees Retirement System who is retired for service or

6 disability, is receiving a retirement allowance or benefit under the system, had eight years or more

7 of qualifying service in the system at the time of retirement or is receiving a disability retirement

8 allowance including a pension computed as if the member had eight years or more of creditable

9 service in the system at the time of retirement, and is eligible for federal Medicare coverage; or

10   "(b) A person who is a surviving spouse or dependent of a deceased eligible retired member as

11 provided in paragraph (a) of this subsection at the time of death, who is eligible for federal Medicare

12 coverage and who:

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

14   "(B) Was covered at the time of the retired member's death by the retired member's health in-

15 surance contracted for under ORS 238.410, and the member retired before May 1, 1991.

16   "(2) For purposes of subsection (1)(a) of this section, 'qualifying service' means creditable service

17 in the system and any periods of employment with an employer participating in the system required

18 of the employee before becoming a member of the system.

19   "(3) Of the monthly cost of coverage for an eligible retired member under a health care insur-

20 ance contract that provides [*coverage supplemental to federal*] Medicare **or Medicare supplement**

21 coverage entered into under ORS 238.410, an amount equal to [*$60*] **$100** or the total monthly cost

22 of that coverage, whichever is less, shall be paid from the Retirement Health Insurance Account

23 established by subsection (4) of this section, and any monthly cost in excess of [*$60*] **$100** shall be

24 paid by the eligible retired member in the manner provided in ORS 238.410 (4). Any amount paid

25 under this subsection shall be exempt from all state, county and municipal taxes imposed on the

26 eligible retired member.

27   "(4) Pursuant to section 401(h) of the Internal Revenue Code, the Retirement Health Insurance

28 Account is established within the Public Employees Retirement Fund, separate and distinct from the

29 General Fund. Interest earned by the account shall be credited to the account. All moneys in the

30 account are continuously appropriated to the Public Employees Retirement Board and may be used

31 only to pay costs of health care insurance contract coverage under subsection (3) of this section,

32 paying the administrative costs incurred by the board under this section and investment of moneys

33 in the account under any law of this state specifically authorizing that investment.

34   "(5) The Retirement Health Insurance Account shall be funded by employer contributions. Each

35 public employer that is a member of the system shall transmit to the board such amounts as the

1 board determines to be actuarially necessary to fund the liabilities of the account. The level of em-

2 ployer contributions shall be established by the board using the same actuarial assumptions it uses

3 to determine employer contribution rates to the Public Employees Retirement Fund. The amounts

4 shall be transmitted at the same time and in the same manner as contributions for pension benefits

5 are transmitted under ORS 238.225.

6 "(6) As provided in section 401(h)(5) of the Internal Revenue Code of 1986, upon satisfaction of

7 all liabilities for providing benefits described in subsection (1) of this section, any amount remaining

8 in the Retirement Health Insurance Account shall be returned to the employers participating in the

9 retirement system on an equitable basis as determined by the board.

10 "(7) No member of the system shall have an interest in the Retirement Health Insurance Ac-

11 count.".

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