Requested by SENATE COMMITTEE ON LABOR AND BUSINESS

PROPOSED AMENDMENTS TO
SENATE BILL 847

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

6   is retired for service or disability, is receiving a retirement allowance or

7   benefit under the system, had eight years or more of qualifying service in the

8   system at the time of retirement or is receiving a disability retirement al-

9   lowance including a pension computed as if the member had eight years or

10   more of creditable service in the system at the time of retirement, and is

11   eligible for federal Medicare coverage; or

12   "(b) A person who is a surviving spouse or dependent of a deceased eli-

13   gible retired member as provided in paragraph (a) of this subsection at the

14   time of death, who is eligible for federal Medicare 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

17   member's health insurance contracted for under ORS 238.410, and the mem-

18   ber retired before May 1, 1991.

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

20   means creditable service in the system and any periods of employment with

21   an employer participating in the system required of the employee before be-

1 coming a member of the system.

2 "(3) Of the monthly cost of coverage for an eligible retired member under

3 a health care insurance contract that provides [*coverage supplemental to*

4 *federal*] Medicare **or Medicare supplement** coverage entered into under

5 ORS 238.410, an amount equal to [*$60*] **$100** or the total monthly cost of that

6 coverage, whichever is less, shall be paid from the Retirement Health In-

7 surance Account established by subsection (4) of this section, and any

8 monthly cost in excess of [*$60*] **$100** shall be paid by the eligible retired

9 member in the manner provided in ORS 238.410 (4). Any amount paid under

10 this subsection shall be exempt from all state, county and municipal taxes

11 imposed on the eligible retired member.

12 "(4) Pursuant to section 401(h) of the Internal Revenue Code, the Retire-

13 ment Health Insurance Account is established within the Public Employees

14 Retirement Fund, separate and distinct from the General Fund. Interest

15 earned by the account shall be credited to the account. All moneys in the

16 account are continuously appropriated to the Public Employees Retirement

17 Board and may be used only to pay costs of health care insurance contract

18 coverage under subsection (3) of this section, paying the administrative costs

19 incurred by the board under this section and investment of moneys in the

20 account under any law of this state specifically authorizing that investment.

21 "(5) The Retirement Health Insurance Account shall be funded by em-

22 ployer contributions. Each public employer that is a member of the system

23 shall transmit to the board such amounts as the board determines to be

24 actuarially necessary to fund the liabilities of the account. The level of em-

25 ployer contributions shall be established by the board using the same

26 actuarial assumptions it uses to determine employer contribution rates to the

27 Public Employees Retirement Fund. The amounts shall be transmitted at the

28 same time and in the same manner as contributions for pension benefits are

29 transmitted under ORS 238.225.

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

1 upon satisfaction of all liabilities for providing benefits described in sub-

2 section (1) of this section, any amount remaining in the Retirement Health

3 Insurance Account shall be returned to the employers participating in the

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

5 "(7) No member of the system shall have an interest in the Retirement

6 Health Insurance Account.".

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