
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 991 Session of
2005

INTRODUCED BY BOSCOLA, LAVALLE, BROWNE, COSTA, RAFFERTY,
KITCHEN, RHOADES, KASUNIC, MUSTO, STOUT AND FONTANA,
NOVEMBER 15, 2005

REFERRED TO BANKING AND INSURANCE, NOVEMBER 15, 2005

AN ACT

1 Providing for health care assistance for certain steelworkers;
2 establishing the Steelworker Health Care Assistance Retiree
3 Board and the Steelworker Health Care Assistance Retiree
4 Trust Fund; providing for issuance of bonds and for an annual
5 transfer of funds; and making a repeal.

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5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Steelworker
9 Health Care Assistance Retiree Exemption Act.

10 Section 2. Declaration of policy.

11 The General Assembly finds and declares as follows:

12 (1) That there exists a crisis in the steel industry
13 caused by the collapse of the Russian and Asian domestic
14 steel markets and the subsequent dumping of their steel in
15 the United States, much of it in violation of Federal trade
16 laws. The results are significant and are a link to the
17 potential loss of our entire steel industry.

18 (2) Since January 1997, a total of 54,000 steelworker
19 jobs have been lost.

20 (3) Thirty-five companies have filed for bankruptcy,
21 representing approximately 30% of the country's steelmaking
22 capacity.

23 (4) Companies posted operating losses of \$1.3 billion
24 during the first nine months of 2001.

25 (5) Steel prices have fallen to unprecedented levels and
26 despite a slight recovery due to the Federal Government's
27 section 201 tariff program are still below their 20-year
28 average.

29 (6) Approximately 600,000 retirees and dependents rely
30 on the domestic steel industry for health care benefits.

1 (7) Pennsylvania steelworkers helped to build this
2 country's economy, and the production of steel added greatly
3 to our national defense and forged a strong sense of security
4 in this Commonwealth.

5 (8) As of March 31, 2002, over 20,000 retired LTV
6 Corporation retirees lost their health coverage due to the
7 Voluntary Employees Beneficiary Association decision to not
8 ensure claims.

9 (9) Bethlehem Steel has announced plans to terminate
10 benefits for its retirees, 40,000 of whom are Pennsylvania
11 residents.

12 (10) The loss of benefits makes the need for decisive
13 action at the State level more urgent. Pennsylvania has a
14 clear and compelling interest to aid this population of
15 retirees.

16 Section 3. Definitions.

17 The following words and phrases when used in this act shall
18 have the meanings given to them in this section unless the
19 context clearly indicates otherwise:

20 "Board." The Steelworker Health Care Assistance Retiree
21 Board established under section 4 (relating to Steelworker
22 Health Care Assistance Retiree Board).

23 "Contractor." The term as it is defined under section 2303
24 of the act of May 17, 1921 (P.L.682, No.284), known as The
25 Insurance Company Law of 1921.

26 "Department." The Department of Labor and Industry of the
27 Commonwealth.

28 "Eligible retiree." A resident of this Commonwealth who is a
29 retiree of a steel company that paid health care benefits
30 administered by the Voluntary Employees Beneficiary Association,

1 expired as of March 31, 2002. The term shall also include the
2 surviving spouse and any dependent of such retiree.

3 "Fund." The Steelworker Health Care Assistance Retiree Trust
4 Fund established under section 7 (relating to Steelworker Health
5 Care Assistance Retiree Trust Fund).

6 "Medicare." The Federal program established under Title
7 XVIII of the Social Security Act (49 Stat. 620, 42 U.S.C. § 1395
8 et seq.).

9 "PACE." The Pharmaceutical Assistance Contract for the
10 Elderly program provided for in Chapter 5 of the act of August
11 26, 1971 (P.L.351, No.91), known as the State Lottery Law.

12 "PACENET." The Pharmaceutical Assistance Contract for the
13 Elderly Needs Enhancement Tier program provided for in Chapter 5
14 of the act of August 26, 1971 (P.L.351, No.91), known as the
15 State Lottery Law.

16 "Program." The Steelworker Health Care Assistance Retiree
17 Program established under section 6 (relating to Steelworker
18 Health Care Assistance Retiree Program).

19 Section 4. Steelworker Health Care Assistance Retiree Board.

20 (a) Establishment.--The Steelworker Health Care Assistance
21 Retiree Board is established as a departmental board under the
22 department.

23 (b) Membership.--The board shall consist of the following
24 members:

25 (1) One member appointed by the Majority Leader of the
26 Senate.

27 (2) One member appointed by the Minority Leader of the
28 Senate.

29 (3) One member appointed by the Majority Leader of the
30 House of Representatives.

1 (4) One member appointed by the Minority Leader of the
2 House of Representatives.

3 (5) The Secretary of Labor and Industry or his designee.

4 (6) The Insurance Commissioner or his designee.

5 (7) One member from the International United
6 Steelworkers of America Union appointed by the Governor.

7 (8) One member appointed by the Governor.

8 (9) One member from the Steelworkers Organization of
9 Active Retirees appointed by the Governor.

10 (c) Compensation.--Members of the board shall receive no
11 compensation for their services but shall be reimbursed for
12 their necessary expenses incurred while serving as board
13 members.

14 (d) Vacancies.--A vacancy on the board shall be filled by
15 the appointing authority for the balance of the term.

16 (e) Terms of members.--Members of the board shall serve
17 terms of four years and until a successor is appointed and
18 qualified. Members may serve only two consecutive full terms. A
19 member of the board may be removed by the department or by a
20 majority of the other board members for malfeasance in office,
21 failure to attend regularly scheduled meetings or any cause that
22 renders the member incapable of or unfit to discharge his
23 duties.

24 (f) Meetings.--Meetings of the board shall be subject to 65
25 Pa.C.S. Ch. 7 (relating to open meetings) and the act of June
26 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know
27 Law. A quorum for a meeting shall be a majority of the total
28 membership of the board. Any action of the board requires the
29 affirmative vote of a majority of a quorum.

30 Section 5. Powers and duties of Steelworker Health Care

1 Assistance Retiree Board.

2 The board shall:

3 (1) Implement a health care benefits program pursuant to
4 section 6 (relating to Steelworker Health Care Assistance
5 Retiree Program).

6 (2) Administer the fund established under section 7
7 (relating to Steelworker Health Care Assistance Retiree Trust
8 Fund).

9 Section 6. Steelworker Health Care Assistance Retiree Program.

10 (a) Implementation.--The board shall implement the
11 Steelworker Health Care Assistance Retiree Program to provide
12 group health plans for eligible retirees.

13 (b) Structure.--The board shall model the structure of the
14 program on the structure of the children's health insurance
15 program under Article XXIII of the act of May 17, 1921 (P.L.682,
16 No.284), known as The Insurance Company Law of 1921. The board
17 shall structure the program so that it includes the following
18 provisions:

19 (1) Eligible retirees who are eligible to receive
20 Medicare must enroll or continue to be enrolled in a Medicare
21 program. The program shall provide for the enrollment of the
22 eligible retirees who are eligible to receive Medicare in a
23 commercially available Medicare supplement plan. The program
24 shall provide for the enrollment of eligible retirees who are
25 eligible to receive Medicare in a commercially available
26 prescription drug coverage plan to provide for prescription
27 drugs not covered under PACE or PACENET. The board shall set
28 the amount of monthly premiums to be paid by eligible
29 retirees who are eligible to receive Medicare and the amount
30 of copayment required for prescription drugs.

1 (2) Eligible retirees who are not eligible for Medicare
2 may enroll in a commercially available health care plan that
3 offers a comprehensive benefit package and a commercially
4 available prescription drug coverage plan with coverages and
5 benefits similar to those they had or did receive from their
6 prior employer. The board shall set the amount of monthly
7 premiums to be paid by eligible retirees who are not eligible
8 for Medicare and the amount of copayment required for
9 prescription drugs. Any eligible retiree under this paragraph
10 who subsequently becomes eligible for Medicare must satisfy
11 the requirements of paragraph (1) and any other requirements
12 set by the board.

13 (3) The board shall make every effort to ensure that
14 administration costs are kept at a minimum. The board shall
15 require contractors to follow the provisions of section
16 2311(b)(2) of The Insurance Company Law of 1921.

17 (4) The board shall make every effort to ensure that
18 contractors participate in the program.

19 (c) Comparable program.--If the Federal Government enacts a
20 program providing benefits comparable to those contained in this
21 act as determined by the Steelworker Health Care Assistance
22 Retiree Board, then the program established by this act shall be
23 discontinued.

24 (d) Modification of program.--If the Federal Government
25 enacts a program which the Steelworkers Health Care Assistance
26 Retiree Board determines not to be comparable to the program
27 established by this act, the board may provide additional group
28 health plan coverage and benefits which supplement any such
29 program.

30 Section 7. Steelworker Health Care Assistance Retiree Trust

1 Fund.

2 (a) Establishment.--The Steelworker Health Care Assistance
3 Retiree Trust Fund is established in the State Treasury. The
4 fund shall be administered by the board. All interest earned
5 from the investment or deposit of moneys accumulated in the fund
6 shall be deposited in the fund for the same use.

7 (b) Funds.--All moneys deposited into the fund shall be held
8 in trust, shall not be considered general revenue of the
9 Commonwealth and are hereby appropriated on a continuing basis
10 to effectuate the purposes of this act as determined by the
11 board.

12 (c) Source of fund.--The proceeds realized from the sale of
13 bonds under this act shall be paid into the fund and are hereby
14 specifically dedicated to the purpose of this act. The moneys
15 shall be paid periodically by the State Treasurer to the board
16 at such times and in such amounts as may be necessary to satisfy
17 the purpose of this act.

18 Section 8. Authority to borrow.

19 The issuing officials shall borrow, on the credit of the
20 Commonwealth, such sum or sums of money not exceeding in the
21 aggregate the sum of \$225,000,000 as may be necessary to carry
22 out the purposes of this act.

23 Section 9. Bonds, issue, maturity, interest, etc.

24 (a) Issuance.--As evidence of the indebtedness authorized in
25 this act, general obligation bonds of the Commonwealth shall be
26 issued for such total amount, in such forms, in such
27 denominations and subject to such terms and conditions of issue,
28 redemption and maturity, rate or rates of interest and time of
29 payment of interest as the issuing officials shall direct,
30 except that the latest stated maturity date shall not exceed 25

1 years from the date of the bond first issued for each such
2 series.

3 (b) Signatures and seal.--All bonds issued under the
4 authority of this act shall bear facsimile signatures of the
5 issuing officials and a facsimile of the Great Seal of the
6 Commonwealth and shall be countersigned by two duly authorized
7 officers of the duly authorized loan and transfer agents of the
8 Commonwealth.

9 (c) Full faith and credit.--All bonds issued in accordance
10 with the provisions of this act shall be direct obligations of
11 the Commonwealth, and the full faith and credit of the
12 Commonwealth are hereby pledged for the payment of the interest
13 thereon as the same shall become due and for the payment of the
14 principal thereof at maturity. All bonds issued under the
15 provisions of this act shall be exempt from taxation for State
16 and local purposes. The principal of and interest on such bonds
17 shall be payable in lawful money of the United States of
18 America.

19 (d) Form.--Bonds issued under this act may be issued as
20 coupon bonds or registered as to both principal and interest as
21 the issuing officials may determine. If interest coupons are
22 attached, they shall contain the facsimile signature of the
23 State Treasurer.

24 (e) Amount.--The issuing officials shall provide for the
25 amortization of the bonds issued under this act in substantial
26 and regular amounts over the term of the debt.

27 (f) Preparation.--The issuing officials shall proceed to
28 have the necessary bonds prepared and printed. The bonds, as
29 soon as they are prepared and printed, shall be deposited with
30 the duly authorized loan and transfer agent of the Commonwealth,

1 there to remain until sold in accordance with the provisions of
2 this act.

3 Section 10. Sale of bonds.

4 (a) Offering for sale.--When bonds are issued under this
5 act, they shall be offered for sale and shall be sold by the
6 issuing officials to the highest and best bidder or bidders
7 after due public advertisement, on such terms and conditions and
8 upon such open competitive bidding as the issuing officials
9 shall direct. The manner and character of advertisement and the
10 times of advertising shall be prescribed by the issuing
11 officials.

12 (b) Private sale.--Any portion of any bond issue offered
13 under subsection (a) and not sold or subscribed for may be
14 disposed of by private sale by the issuing officials, in such
15 manner and at such prices as the Governor shall direct.

16 (c) Series.--When bonds are issued from time to time, the
17 bonds of each issue shall constitute a separate series to be
18 designated by the issuing officials or may be combined for sale
19 as one series with other general obligation bonds of the
20 Commonwealth.

21 Section 11. Refunding bonds.

22 The issuing officials are hereby authorized to provide by
23 resolution for the issuance of refunding bonds for the purpose
24 of refunding any bonds issued under the provisions of this act
25 and then outstanding, either by voluntary exchange with the
26 holders of such outstanding bonds with accrued interest and any
27 premium payable thereon, at maturity or at any call date. The
28 issuance of refunding bonds, the maturities and other details
29 thereof, the rights of the holders thereof and the duties of the
30 issuing officials in respect to refunding bonds shall be

1 governed by the provisions of this act, insofar as they may be
2 applicable. Refunding bonds may be issued by the issuing
3 officials to refund bonds originally issued or to refund bonds
4 previously issued for refunding purposes.

5 Section 12. Registration of bonds.

6 The Auditor General shall prepare the necessary registry book
7 to be kept in the office of the duly authorized loan and
8 transfer agent of the Commonwealth for the registration of any
9 bonds, at the request of owners thereof, according to the terms
10 and conditions of issue directed by the issuing officials. All
11 bonds which are issued under this act without interest coupons
12 attached shall be registered in the registry books kept by the
13 duly authorized loan and transfer agent of the Commonwealth.

14 Section 13. Transfer of funds.

15 The sum of \$15,000,000 shall be transferred annually from the
16 Health Endowment Account for Long-Term Hope established in
17 section 303(b) of the act of June 26, 2001 (P.L.755, No.77),
18 known as the Tobacco Settlement Act, to the Steelworker Health
19 Care Assistance Retiree Trust Fund.

20 Section 14. Repeal.

21 The act of June 26, 2001 (P.L.755, No.77), known as the
22 Tobacco Settlement Act, is repealed insofar as it is
23 inconsistent with this act.

24 Section 15. Effective date.

25 This act shall take effect immediately.