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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 376 Session of  
2007

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INTRODUCED BY BOSCOLA, MELLOW, STOUT, LAVALLE, TARTAGLIONE,  
COSTA, MUSTO, FONTANA, RAFFERTY, KITCHEN, BROWNE, RHOADES AND  
LOGAN, MARCH 13, 2007

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REFERRED TO BANKING AND INSURANCE, MARCH 13, 2007

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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.

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

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

27          "Eligible retiree." A resident of this Commonwealth who is a  
28 retiree of a steel company that paid health care benefits  
29 administered by the Voluntary Employees Beneficiary Association,  
30 which expired March 31, 2002. The term shall also include the

1 surviving spouse and any dependent of such retiree.

2 "Fund." The Steelworker Health Care Assistance Retiree Trust  
3 Fund established under section 7.

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

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

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

14 "Program." The Steelworker Health Care Assistance Retiree  
15 Program established under section 6.  
16 Section 4. Steelworker Health Care Assistance Retiree Board.

17 (a) Establishment.--The Steelworker Health Care Assistance  
18 Retiree Board is established as a departmental board under the  
19 department.

20 (b) Membership.--The board shall consist of the following  
21 members:

22 (1) One member appointed by the Majority Leader of the  
23 Senate.

24 (2) One member appointed by the Minority Leader of the  
25 Senate.

26 (3) One member appointed by the Majority Leader of the  
27 House of Representatives.

28 (4) One member appointed by the Minority Leader of the  
29 House of Representatives.

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

1           (6) The Insurance Commissioner or his designee.

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

4           (8) One member appointed by the Governor.

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

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

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

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

21      (f) Meetings.--Meetings of the board shall be subject to 65  
22      Pa.C.S. Ch. 7 (relating to open meetings) and the act of June  
23      21, 1957 (P.L.390, No.212), referred to as the Right-to-Know  
24      Law. A quorum for a meeting shall be a majority of the total  
25      membership of the board. Any action of the board requires the  
26      affirmative vote of a majority of a quorum.

27      Section 5. Powers and duties of Steelworker Health Care  
28                      Assistance Retiree Board.

29      The board shall:

30           (1) Implement a health care benefits program pursuant to

1 section 6.

2 (2) Administer the fund.

3 Section 6. Steelworker Health Care Assistance Retiree Program.

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

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

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

25 (2) Eligible retirees who are not eligible for Medicare  
26 may enroll in a commercially available health care plan that  
27 offers a comprehensive benefit package and a commercially  
28 available prescription drug coverage plan with coverages and  
29 benefits similar to those they had or did receive from their  
30 prior employer. The board shall set the amount of monthly

1 premiums to be paid by eligible retirees who are not eligible  
2 for Medicare and the amount of copayment required for  
3 prescription drugs. Any eligible retiree under this paragraph  
4 who subsequently becomes eligible for Medicare must satisfy  
5 the requirements of paragraph (1) and any other requirements  
6 set by the board.

7 (3) The board shall make every effort to ensure that  
8 administration costs are kept at a minimum. The board shall  
9 require contractors to follow the provisions of section  
10 2311(b)(2) of The Insurance Company Law of 1921.

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

13 (c) Comparable program.--If the Federal Government enacts a  
14 program providing benefits comparable to those contained in this  
15 act as determined by the Steelworker Health Care Assistance  
16 Retiree Board, then the program established by this act shall be  
17 discontinued.

18 (d) Modification of program.--If the Federal Government  
19 enacts a program which the Steelworkers Health Care Assistance  
20 Retiree Board determines not to be comparable to the program  
21 established by this act, the board may provide additional group  
22 health plan coverage and benefits which supplement any such  
23 program.

24 Section 7. Steelworker Health Care Assistance Retiree Trust  
25 Fund.

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

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

6 (c) Source of fund.--The proceeds realized from the sale of  
7 bonds under this act shall be paid into the fund and are hereby  
8 specifically dedicated to the purpose of this act. The moneys  
9 shall be paid periodically by the State Treasurer to the board  
10 at such times and in such amounts as may be necessary to satisfy  
11 the purpose of this act.

12 Section 8. Authority to borrow.

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

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

18 (a) Issuance.--As evidence of the indebtedness authorized in  
19 this act, general obligation bonds of the Commonwealth shall be  
20 issued for such total amount, in such forms, in such  
21 denominations and subject to such terms and conditions of issue,  
22 redemption and maturity, rate or rates of interest and time of  
23 payment of interest as the issuing officials shall direct,  
24 except that the latest stated maturity date shall not exceed 25  
25 years from the date of the bond first issued for each such  
26 series.

27 (b) Signatures and seal.--All bonds issued under the  
28 authority of this act shall bear facsimile signatures of the  
29 issuing officials and a facsimile of the Great Seal of the  
30 Commonwealth and shall be countersigned by two duly authorized



1 officers of the duly authorized loan and transfer agents of the  
2 Commonwealth.

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

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

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

21 (f) Preparation.--The issuing officials shall proceed to  
22 have the necessary bonds prepared and printed. The bonds, as  
23 soon as they are prepared and printed, shall be deposited with  
24 the duly authorized loan and transfer agent of the Commonwealth,  
25 there to remain until sold in accordance with the provisions of  
26 this act.

## 27 Section 10. Sale of bonds.

28 (a) Offering for sale.--When bonds are issued under this  
29 act, they shall be offered for sale and shall be sold by the  
30 issuing officials to the highest and best bidder or bidders

1 after due public advertisement, on such terms and conditions and  
2 upon such open competitive bidding as the issuing officials  
3 shall direct. The manner and character of advertisement and the  
4 times of advertising shall be prescribed by the issuing  
5 officials.

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

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

#### 15 Section 11. Refunding bonds.

16 The issuing officials are hereby authorized to provide by  
17 resolution for the issuance of refunding bonds for the purpose  
18 of refunding any bonds issued under the provisions of this act  
19 and then outstanding, either by voluntary exchange with the  
20 holders of such outstanding bonds with accrued interest and any  
21 premium payable thereon, at maturity or at any call date. The  
22 issuance of refunding bonds, the maturities and other details  
23 thereof, the rights of the holders thereof and the duties of the  
24 issuing officials in respect to refunding bonds shall be  
25 governed by the provisions of this act, insofar as they may be  
26 applicable. Refunding bonds may be issued by the issuing  
27 officials to refund bonds originally issued or to refund bonds  
28 previously issued for refunding purposes.

#### 29 Section 12. Registration of bonds.

30 The Auditor General shall prepare the necessary registry book

1 to be kept in the office of the duly authorized loan and  
2 transfer agent of the Commonwealth for the registration of any  
3 bonds, at the request of owners thereof, according to the terms  
4 and conditions of issue directed by the issuing officials. All  
5 bonds which are issued under this act without interest coupons  
6 attached shall be registered in the registry books kept by the  
7 duly authorized loan and transfer agent of the Commonwealth.

8 Section 13. Transfer of funds.

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

14 Section 14. Inconsistent repeal.

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

18 Section 15. Effective date.

19 This act shall take effect immediately.