
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 473 Session of
2007

INTRODUCED BY WONDERLING, RHOADES, FONTANA, BOSCOLA, ROBBINS,
C. WILLIAMS, STOUT, ERICKSON, RAFFERTY, COSTA, O'PAKE, PIPPY,
STACK, ORIE, MELLOW, M. WHITE AND LOGAN, MARCH 15, 2007

REFERRED TO FINANCE, MARCH 15, 2007

AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated
2 Statutes, further providing for the definition of "eligible
3 annuitants" and for health insurance premium assistance.

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

6 Section 1. The definition of "eligible annuitants" in
7 section 8102 of Title 24 of the Pennsylvania Consolidated
8 Statutes is amended to read:

9 § 8102. Definitions.

10 The following words and phrases when used in this part shall
11 have, unless the context clearly indicates otherwise, the
12 meanings given to them in this section:

13 * * *

14 "Eligible annuitants." All current and prospective
15 annuitants with 24 1/2 or more eligibility points and all
16 current and prospective disability annuitants. Beginning January
17 1, 1995, "eligible annuitants" shall include members with 15 or
18 more eligibility points who terminated or who terminate school

1 service on or after attaining superannuation retirement age and
2 who are annuitants with an effective date of retirement after
3 superannuation age. Beginning January 1, 2008, "eligible
4 annuitants" shall include members with 15 or more eligibility
5 points who are annuitants with an effective date of retirement
6 before superannuation age and who have attained 65 years of age.

7 * * *

8 Section 2. Section 8509 of Title 24 is amended to read:

9 § 8509. Health insurance premium assistance program.

10 (a) Contribution rate.--[Effective July 1, 1991, the
11 premium]

12 (1) Effective July 1, 1991, the premium assistance
13 contribution rate established in section 8328(f) (relating to
14 actuarial cost method) shall be sufficient to provide
15 reserves in the health insurance account as of June 30, 1992,
16 for the payment of premium assistance set forth in subsection
17 (b) during the fiscal year beginning July 1, 1992, for all
18 eligible annuitants who by that date elect to be
19 participating eligible annuitants and all additional eligible
20 annuitants who elect to be participating eligible annuitants
21 in the health insurance premium assistance program during the
22 fiscal year beginning July 1, 1992. For each fiscal year
23 beginning after July 1, 1991, the premium assistance
24 contribution rate shall be established to provide reserves
25 sufficient, when combined with unexpended amounts from the
26 reserves set aside the previous fiscal year for health
27 insurance assistance payments, to provide premium assistance
28 payments in the subsequent fiscal year for all participating
29 eligible annuitants. The board is authorized to expend an
30 amount not to exceed 2% of the health insurance account each

1 year to pay for the direct expense of administering the
2 health insurance premium assistance program, which
3 expenditure may be included in the board's consideration when
4 it establishes the premium assistance contribution rate each
5 year.

6 (2) Effective January 1, 2008, the premium assistance
7 payments for annuitants under 65 years of age shall equal 28%
8 of the monthly premium amount charged by the health insurance
9 carrier approved by the board. Beginning at 65 years of age,
10 the premium assistance payments shall equal 65% of the
11 monthly premium amount charged by the health insurance
12 carrier approved by the board, plus 2% of the monthly premium
13 for each year after the annuitants attain 65 years of age,
14 but in no event shall the amount of premium assistance equal
15 more than 100% of the monthly premium amount. In determining
16 individual amounts of the premium assistance, the percentage
17 shall be applied to the lowest cost plan made available to
18 the annuitant by the health insurance carriers approved by
19 the board, but in no event shall the amount be less than that
20 provided during the previous plan year for annuitants 66
21 years of age or older. Increases in premium assistance
22 payments for annuitants over 65 years of age shall be
23 implemented at the beginning of the health insurance
24 carriers' contract year coincident with or next following the
25 annuitants' dates of birth.

26 (b) Amount of premium assistance.--Participating eligible
27 annuitants shall receive premium assistance payments as provided
28 in paragraphs (1) and (2). Such payments shall be made by the
29 board to the participating eligible annuitants for their payment
30 directly to their approved insurance carriers. Such payments may

1 also be paid by the board, at the board's discretion, directly
2 to the participating eligible annuitants' approved insurance
3 carriers. The board shall have the right to verify the
4 application and receipt of the payments by the participating
5 eligible annuitants and their approved insurance carriers. The
6 premium assistance payments are as follows:

7 (1) Effective July 1, 1992, \$55 per month or the actual
8 monthly premium, whichever is less.

9 (2) Effective January 1, 2002, \$100 per month or the
10 actual monthly premium, whichever is less.

11 (c) Participating eligible annuitants.--An eligible
12 annuitant may elect to participate in the health insurance
13 premium assistance program by filing an election to be covered
14 by a health insurance carrier approved by the board and to
15 participate in the health insurance premium assistance program.
16 Participation in the health insurance premium assistance program
17 shall begin upon the effective date of the health insurance
18 coverage provided by a health insurance carrier approved by the
19 board, but in no event before the effective date of retirement.

20 Section 3. This act shall take effect in 60 days.