WEST VIRGINIA LEGISLATURE
SEVENTY-NINTH LEGISLATURE
REGULAR SESSION, 2010

ENROLLED

Senate Bill No. 442
(BY SENATORS HELMICK AND UNGER)

[Passed March 13, 2010; in effect from passage.]
AN ACT to amend and reenact §5-16D-1 of the Code of West Virginia, 1931, as amended, relating to clarifying that the Public Employees Insurance Agency Finance Board may offset annual retiree premium increases with amounts held in the trust.

Be it enacted by the Legislature of West Virginia:

That §5-16D-1 of the Code of West Virginia, 1931, as amended, be amended and reenacted to read as follows:

ARTICLE 16D. WEST VIRGINIA RETIREMENT HEALTH BENEFIT TRUST FUND.

§5-16D-1. Definitions.

1 As used in this article, the term:

2 (a) “Actuarial accrued liability” means that portion, as
determined by a particular actuarial cost method, of the
actuarial present value of fund obligations and adminis-
trative expenses which is not provided by future normal
costs.
(b) "Actuarial cost method" means a method for determining the actuarial present value of the obligations and administrative expenses of the fund and for developing an actuarially equivalent allocation of the value to time periods, usually in the form of a normal cost and an actuarial accrued liability. Acceptable actuarial methods are the aggregate, attained age, entry age, frozen attained age, frozen entry age and projected unit credit methods.

(c) "Actuarially sound" means that calculated contributions to the fund are sufficient to pay the full actuarial cost of the fund. The full actuarial cost includes both the normal cost of providing for fund obligations as they accrue in the future and the cost of amortizing the unfunded actuarial accrued liability over a period of no more than thirty years.

(d) "Actuarial present value of total projected benefits" means the present value, at the valuation date, of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probability of payment.

(e) "Actuarial assumptions" means assumptions regarding the occurrence of future events affecting the fund such as mortality, withdrawal, disability and retirement; changes in compensation and offered post-employment benefits; rates of investment earnings and other asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and other relevant items.

(f) "Actuarial valuation" means the determination, as of a valuation date, of the normal cost, actuarial accrued liability, actuarial value of assets and related actuarial present values for the fund.

(g) "Administrative expenses" means all expenses incurred in the operation of the fund, including all investment expenses.
(h) “Annual required contribution” means the amount employers must contribute in a given year to fully fund the
trust, as determined by the actuarial valuation in accordance with requirements of generally accepted accounting
principles. This amount shall represent a level of funding
that if paid on an ongoing basis is projected to cover the
normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty
years.

(i) “Board” means the Public Employees Insurance Agency Finance Board created in section four, article
sixteen of this chapter.

(j) “Cost-sharing multiple employer plan” means a single plan with pooling (cost-sharing) arrangements for the
participating employers. All risk, rewards, and costs, including benefit costs, are shared and not attributed
individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate
applies for each employer.

(k) “Covered health care expenses” means all actual health care expenses paid by the health plan on behalf of
fund beneficiaries. Actual health care expenses include claims payments to providers and premiums paid to
intermediary entities and health care providers by the health plan.

(l) “Employer” means any employer as defined by section two, article sixteen of this chapter which has or
will have retired employees in any Public Employees Insurance Agency health plan.

(m) “Employer annual required contribution” means the portion of the annual required contribution which is the
responsibility of that particular employer.

(n) “Fund” means the West Virginia Retiree Health Benefit Trust Fund established under this article.
(o) "Fund beneficiaries" means all persons receiving post-employment health care benefits through the health plan.

(p) "Health plan" means the health insurance plan or plans established under article sixteen of this chapter.

(q) "Minimum annual employer payment" means the annual amount paid by employers which, when combined with the retirees' contributions on their premiums that year, provide sufficient funds such that the annual finance plan of the finance board will cover all projected retiree covered health care expenses and related administrative costs for that year. The finance board shall develop the minimum annual employer payment as part of its financial plan each year as addressed in section five, article sixteen of this chapter.

(r) "Normal cost" means that portion of the actuarial present value of the fund obligations and expenses which is allocated to a valuation year by the actuarial cost method used for the fund.

(s) "Obligations" means the administrative expenses of the fund and the cost of covered health care expenses incurred on behalf of fund beneficiaries.

(t) "Other post-employment benefits" or "retiree post-employment health care benefits" means those benefits as addressed by governmental accounting standards board statement no. 43 or any subsequent governmental standards board statement that may be applicable to the fund.

(u) "Plan for other post-employment benefits" means the fiscal funding plan for retiree post-employment health care benefits as it relates to governmental accounting standards board statement no. 43 or any subsequent governmental accounting standards board statements that may be applicable to the fund.
(v) "Retiree" means retired employee as defined by section two, article sixteen of this chapter.

(w) "Retirement system" or "system" means the West Virginia Consolidated Public Retirement Board created and established by article ten of this chapter and includes any retirement systems or funds administered or overseen by the Consolidated Public Retirement Board.

(x) "Unfunded actuarial accrued liability" means for any actuarial valuation the excess of the actuarial accrued liability over the actuarial value of the assets of the fund under an actuarial cost method used by the fund for funding purposes.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

In effect from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within.................................................. this the..............................

Day of .................................................., 2010.

Governor
PRESENTED TO THE GOVERNOR
MAR 28 2010
Time 11:40 am