

1 HOUSE BILL NO. 707

2 INTRODUCED BY J. COHENOUR

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING RETIREMENT, HEALTH INSURANCE, AND SICK
5 LEAVE TRANSFER BENEFITS TO MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND
6 CERTAIN MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM WHO BETWEEN JULY 1, 2003, AND
7 JULY 1, 2005, VOLUNTARILY TERMINATE EMPLOYMENT OR WHO ARE INVOLUNTARILY TERMINATED
8 FROM EMPLOYMENT BECAUSE OF A REDUCTION IN FORCE; SPECIFYING THE ELIGIBILITY CRITERIA
9 AND BENEFITS; AMENDING SECTION 2-18-1205, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
10 DATE AND A TERMINATION DATE."

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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14 **Section 1.** Section 2-18-1205, MCA, is amended to read:
15 **"2-18-1205. Continuation of health insurance and employer contributions.** (1) During the period
16 of unemployment as a result of privatization, reorganization of an agency, closure of or a reduction in force at
17 an agency, or other actions by the legislature, the employee is entitled to remain covered by the state's group
18 health insurance plan and to the continuation of the employer's contribution to the employee's group health
19 insurance for 6 months from the effective date of layoff or until the employee becomes employed, whichever
20 occurs first.

21 (2) For the purposes of this section, the term "agency" includes the Montana university system.

22 (3) A member of the Montana public employees' retirement system created in 19-3-103 or a member
23 of the teachers' retirement system created in 19-20-102 who is employed by a state agency, who between July
24 1, 2003, and July 1, 2005, voluntarily retires from state employment or is involuntarily terminated from state
25 employment because of a reduction in force, and who is eligible for normal or early retirement under applicable
26 retirement system provisions:

27 (a) must be considered for a period of 36 months from termination or layoff to be in active service or
28 covered employment for the purposes of determining the employee's continued eligibility to remain on the group
29 health insurance plan provided for under 2-18-704(1); and

30 (b) must receive from the state agency from which retired or terminated the employer's contribution to

1 the employee's group health insurance or the cost of the employee's premium, whichever is the lesser amount,
 2 until the employee becomes employed and is eligible for another group health plan of substantially the same
 3 or greater benefit at an equivalent cost or for 36 months, whichever occurs first."

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 5 **NEW SECTION. Section 2. Retirement incentive for certain employees -- rulemaking.** (1) A
 6 member of the Montana public employees' retirement system created in 19-3-103 or a member of the teachers'
 7 retirement system created in 19-20-102 who is employed by a state agency, as defined in 2-18-101, who
 8 between July 1, 2003, and July 1, 2005, voluntarily retires from state employment or who is involuntarily
 9 terminated from state employment because of a reduction in force, and who is eligible for normal or early
 10 retirement under applicable retirement system provisions is eligible from the effective date of the employee's
 11 termination for benefits provided in this section.

12 (2) For each retirement system member eligible under subsection (1), the state shall pay the full cost
 13 of purchasing for the member up to 3 years of additional service that the member is eligible or would have been
 14 eligible to purchase under applicable retirement system provisions at the time of the member's termination from
 15 employment.

16 (3) Payments made under subsection (2) may be made in installments for up to 10 years. The public
 17 employees' retirement board and the teachers' retirement board may charge interest at a rate established by
 18 the appropriate retirement board.

19 (4) The public employees' retirement board and the teachers' retirement board may adopt rules to
 20 implement this section.

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 22 **NEW SECTION. Section 3. Sick leave benefits transfer incentive for certain employees.** A
 23 member of the Montana public employees' retirement system created in 19-3-103 or of the teachers' retirement
 24 system created in 19-20-102 who is employed by a state agency, as defined in 2-18-101, who between July 1,
 25 2003, and July 1, 2005, voluntarily retires from state employment or is involuntarily terminated from state
 26 employment because of a reduction in force, and who is eligible for normal or early retirement under applicable
 27 retirement system provisions may make the following determinations for converting sick leave upon termination
 28 or retirement:

29 (1) accept a lump-sum payout of sick leave pursuant to 2-18-618(6); or

30 (2) designate the cash value of the sick leave, which must be calculated at full value without the

1 one-fourth payout, as provided under 2-18-618(6), and must be based on the employee's salary or wage at the
2 time that the sick leave is converted from hours into a wage or a salary equivalent, for deposit into a medical
3 savings account, pursuant to 15-61-202, under the conditions of 15-61-202 and the following terms:

4 (a) deposit an amount up to \$3,000, which is tax free pursuant to rules governing a medical savings
5 account as provided under 15-61-202;

6 (b) pay taxes to the federal and state governments on the amount deposited in the medical savings
7 account that is in excess of the tax-free amount in subsection (2)(a);

8 (c) use the medical savings account to cover health insurance premiums of the employee or of
9 dependents or for any qualified health care expenses allowed for medical savings accounts under 15-61-202
10 and 15-61-204;

11 (d) pay any withdrawal tax penalties, as provided under 15-61-203, and, if penalties are imposed, forfeit
12 the remainder of the account that is the difference between the cash value described in subsection (2) and the
13 lump-sum payment described in subsection (1); and

14 (e) maintain updated address and other information for the department of administration to serve as
15 account administrator.

16 (3) A member who chooses to be subject to subsection (2) may not use the medical savings account
17 administered by the department of administration for any additional deposits or expect additional deposits into
18 the account from the state, except for interest paid on the account.

19 (4) The department of administration may adopt rules to implement this section.
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21 NEW SECTION. Section 4. Codification instruction. [Sections 2 and 3] are intended to be codified
22 as an integral part of Title 2, chapter 18, and the provisions of Title 2, chapter 18, apply to [sections 2 and 3].
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24 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.
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26 NEW SECTION. Section 6. Termination. [This act] terminates July 1, 2005.
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