

**Council on Human Resources**  
**DHRM - PDS Training Room 4**  
**Thursday, December 14, 2006**

**Members Present:**

Marvin Boots	Betty Bowman
Claudia Farr	John McE Garrett
Oliver Hill, Jr.	Anne Howard
Sabrina Johnson	Wayne Ozmore
Suzanne Puryear	Cheryl Smith
Carol Strickler	

**Members Absent:**

Jim Frogue	Sandra Price-Stroble
Anna Thomson	

**Others Present:**

Bill Anderson, Department of Employee Dispute Resolution  
Mary Habel, DHRM Health Benefits Program  
Dan Hinderliter, DHRM Contracts & Finance  
Susan Keith, VRS Employer Representative Program Manager  
Rick Pugh, DHRM Agency HR Services  
Bob Weaver, DHRM Agency HR Services  
Carol Rauschberg, DHRM Agency HR Services

**Call To Order**

The Council on Human Resources met on Thursday, December 14, 2006, at 9:30 p.m. at the Department of Human Resource Management, PDS Room #4.

Council Vice Chair, Sandra Johnson, welcomed council members and guests. Council Members, DHRM staff and guest introduced themselves and provided a little background. Cheryl Smith, newly appointed council member was welcomed to the meeting.

## **Retired State Employee return to work as P-14**

Susan Keith, VRS Employer Representative Program Manager, discussed returned to work for retirees. She states the subject of returning to work 2 years ago was thought to be isolated to the school division primarily because of their nature of working 10 months, working in the summer, etc. and what grow around that could be out of compliance with Federal or State Law. But it's not isolated to the school division.

She discussed some of the parameters that the Virginia Retirement System has to operate under in order to administer the retirement plan. 1) Break in service - in service distribution, 2) part-time guidelines, 3) plan qualification implications and, 4) pension protection act that the President signed recently.

Susan states that Virginia Retirement System is a qualified plan. There is a 61, 000,000 trust fund which is not taxable right now. If we loss our qualification status, that will become immediately taxable as well as all members contribution, as well as pretax contribution in the retirees taxes. Loosing our tax qualification would be a horrific.

She discussed the definition of a retirement plan - "after retirement". After retirement means the individual is truly savored from employment. That that person is actually not on a vacation and is truly savored from the job. And that is what prevents in-service distribution. In order for a plan any retirement plan to qualify under the IRS guidelines it has to pass 9 test and VRS has pass those 9 test. Test such as it has to be created in the United States; has to be for the exclusive benefit of the employees, etc. Several questions were post to IRS and reviewed and it was determined to allow a 30 day break in-services. Many retirement plans in the United States are looking to review and revise their break in-service and they're upping those breaks to 6 months to 12 months. VRS may do that at some point in time, but we're taking the stand that we would prefer to educate our employers to insure that they're hiring practices support not hiring retirees into any type of position prior to the 30 day break in service.

Some of the implications for Retirees - the potential tax consequences, has the potential to reduce pension income for the life of the retiree and social implications - decisions based on what looks attractive at the time.

Break In Service - A retiree can return to work with the same employer if there has been a 30 days break in service; no pre-arrangement for re-hire; it has to be a true severance in employment; it has to be at a time when someone would normally be working. One of the most importation statements is that all state employers are considered the same employer.

According to the Code of VA all full time employees as a condition of employment, must be recorded for retirement purposes. If that is the case, then the retiree cannot be in a full-time covered position and receiving retirement benefits. Two code sections prohibit that 51.1-114.3 a recipient of a beneficiary cannot be receiving a benefit and be in a covered position at the same time. If someone is returning to a full time position, the

retirement benefits must stop and that person must again become a contributing member of VRS. If a retiree wants to return to work in a part-time capacity, that's fine. We're finding that employers are becoming creative in their interpretation of part-time. VRS has been communicating and educating that 80% of full time could be considered a part-time position. Further discussion was held regarding retirees return to work

Phase Retirement - is the topic at the Retirement System as to what can be done within federal and state law. VRS interpretation of the federal law, does not allow phase retirement. Phase Retirement is a way for someone to start taking some of their retirement benefits and continue working and receiving a salary at the same time. This takes place over a defined period.

Pension Protection Act - Federal allows for someone 62 or normal retirement age, could retire and still continue to receive their retirement benefits and work in that same position. This is new; this is the federal act that the President recently passed. The state code would have to conform with the Pension Protect Act language and this will require legislation. VRS legislation was discussed.

Susan discussed modifying or changing retirement patterns. She states the retirement pattern will impact the actuary function use to calculate the distribution rate for the employer. Because you are changing the retirement pattern, the contribution that would be normally coming into the retirement system are not going to come in because you will have someone that's working stepping down from a P-14 position. That position was not a P-14 position it was a contributing position.

#### JLARC Study on Compensation

November 16, JLARC passed a resolution to study compensation under the VRS and they asked that with all the issues with return to work, age retirement be one of the studies.

Sara Wilson suggested Council write a letter to JLARC. She then asked Council if there was an interest in phase retirement. Further discussion was held. HR Council Chair, John Garrett stated Council should talk to JLARC to see what extent this issue will be considered and let them know.... John asked if there was an interest in the Phase Retirement study. Council members agreed that there was an interest. John asked that JLARC come to our meeting and discuss the Phase Retirement study.

#### Question

Is the 30 days a federal rule or your interpretation?

How clear is the 30 day rule?

Is phase retirement require pending break in service?

Are there any states where phase retirement exists?

What is phase retirement?

What is its goal?

Does the salary decrease with phase retirement?

In phase retirement, can you make a choice?  
Will VRS submit legislation?

It was suggested that the return to work for retirees, wage employment and phase retirement study by JLARC be discussed at the next Council meeting.

### **CVC Update**

Anne informed Council that the Commonwealth of Virginia Campaign has geared up December 13, 2006. A little bit behind with our tracking the national trend and the local trend. Shooting for 3.5 to 3.7 million.

### **Budget Issues**

Sara informed Council that she hasn't heard anything on budget yet. It should be announced on Friday, December 15, 2006. She states this issue should be carried over to next Council meeting.

### **Retiree Medicare Part D Benefits**

Mary Habel responded to questions related to how the plan works. The questions asked were:

1. Review the process for deleting drugs from the formulary for Medicare and enhanced Medicare Part D program?
2. Who made this decision?
3. What criteria are used when a drug is eliminated from the formulary?
4. Discussion of policy of eliminating drugs during the contract year.

Mary states on the formulary, the Commonwealth's program is Medicare Part D benefits, which are in compliance with standard requirements. As far as formulary goes, we comply with standard under Medicare Part D (PDP) or prescription drug plans like MEDCO, Specific Care, etc. create a Medicare Part D benefit. They develop a formulary which has to be consistent with Medicare requirements. The requirements are you have to have at least 2 drugs in every drug class. Ex: if you had hypertension, formulary has to have at least two hypertension drugs or high cholesterol; it has to have two cholesterol drugs. Mary further discussed the formulary. The less expensive plans like Humana Plan it's 8 dollars a month, it has a narrower formulary, that works for some but not everyone.

Process of deleting of drugs from the formulary - Mary states the downside of Medical Part D program in general is when you sign up for a program, you're locked in for a year. But the PDP can change the formulary at any time during the plan. What's been discovered is that this really doesn't happen, formularies are fairly consistent and the Commonwealth's formulary is very consistent; there's been a couple of changes during the course of the plan. But for the most part, most of the coverage the beginning of the year will be covered as of January 31, 2007. We find that Part D programs are changing on the anniversary date and the new plan roll over January 1.

What is the process for changing this formulary - Commonwealth is a Medicare Part D Program, MEDCO is our PDP. They have to submit their formulary to Medicare CMS for approval and they have done that. CMS has a group of drugs are not covered; weight gain, weight loss, cold & cough, Viagra, fertilities drugs, etc. Marvin Boots suggested that a separate formulary program be setup. Mary further discussed retiree's prescription drug formulary. Mary will give Council the number of people covered under COVA Care.

John thanked Mary and Sara for the free flu shot. Sara discussed the wellness campaign. Mary stated there were over 400 flu shots were given. John states one of the things that made it work was legislation that was past that allowed Pharmacist to give the shot. Mary further explained the legislation regarding pharmacist administering the flu shot. Mary will provide Council members with further information.

### Questions

How many people in the workforce are covered under COVA Care use any of these drugs?

Why would we have to partner with Anthem?

Were Retirees eligible for the flu shot?

Will the Retirees be eligible for the Wellness Campaign?

### **Employee Emergency Preparedness**

Sara introduced Rue White as the new head of HR Policy. She coordinates all the emergency management issues on the HR side. She monitors the weather and is the representative on all the emergency preparedness needs.

Rue states the last time she met with the Council she talked about HR's involvement in emergency management. Discussed the 2005-2006 survey on preparedness emergency. One of the things in the top 5 issues is workforce management. She states whether they're talking about Katrina or the Avian flu, workforce management is a big issue. She discussed the Executive Order which went to the Governor for signature. All executive branch agencies including Higher Ed. will be required to conduct emergency preparedness training and promotion. Each executive agency has to have an emergency management plan and it will be a requirement for all. Each agency must certify annual.

Rue states they've partnered with The Virginia Department of Health and developed a public health emergency policy which will cover any type of pandemic illness, communicative disease or other type of life threats. They have drafted a policy, which has gone out to the policy committee for review. They are getting comments back now and they have been positive.

She states that one of the solutions to the policy is that an agency can decide to pay wage employees to come in as a result of the communicative disease health care threat.

Marvin Boots asked that the minutes recognize Sara Wilson for her work here as well as nationally. Sara stated that she is the President of National Association of State Personnel Executive (NASPE) in all 50 states. The Council congratulated her. Sara stated it's very nice for Virginia and NASPE is hosting the conference in Williamsburg/James sometime in the middle of July.

Sabrina Johnson, Vice Chair informed Council that it was 11:00 and asked if there was any issues anyone would like to bring up or carry over to the next meeting.

John Garrett thanked Barbara Tanner for her excellent communication skills. And keeping the Council informed, Council Members applauded.

Oliver Hill, Jr. stated at the next meeting, he would like to talk to someone about a whistle blower. Sara stated that she would help with that issue and assist with drafting a letter for him.

Barbara reminded everyone of their Financial Statements due by January 15, 2007. She asked Council if they were in agreement with the 2007 Council meeting schedule. Everyone stated dates are fine.

### **Adjourned**

Next Council meeting is March 22, 2007. Meeting was adjourned at 11:15 a.m.

Respectfully Submitted,

Barbara Tanner  
Executive Assistant