



Special Report on the  
Temporary Textile Workers'  
Health Benefits Program

(Senate Bills 29 and 30,  
as Introduced)

Senate Finance Committee  
Virginia General Assembly

February 20, 2000

## **Special Report on the Temporary Health Benefits Program for Displaced Textile Workers**

Mr. Chairmen and Members of the Committee:

I thank you for the opportunity to present this special report.

The central question is, "Why should the state respond to the situation in Southside?" After all, there is unemployment in every region of Virginia. Becoming unemployed is a difficult event -- but with the safety net of unemployment insurance and the help of friends, families and neighbors, people can generally manage.

But this report addresses not just the plight of individuals. It addresses the plight of entire communities.

A network of friends, families, and neighbors cannot effectively respond to unemployment rates that increase 25 percent, or 62 percent or 102 percent from one year to the next. This is what has happened in Carroll and Henry Counties and in the City of Martinsville.

Unemployment increases of that magnitude drain the resources of an entire region. It affects not just the employees and their families, but also the businesses, which depend on the spending of those employees for their own livelihood. It is an economic disaster that resembles natural disaster that we read about with great empathy.

Mr. Chairman, the program proposed today is in the spirit of neighbors helping one another. That's what we do in this Commonwealth. The program addresses a pressing worry for the unemployed -- health coverage for displaced employees and their families.

This program keeps faith with Virginia tradition and values. The program is targeted in scope. It is temporary. It is fiscally responsible. It's not a "hand out" but a "hand up" for our neighbors.

# **Temporary Health Benefits Program for Displaced Textile Workers**

## **Program Scope**

- Is restricted to unemployed textile workers who worked for textile companies located in the West Piedmont Planning District – Counties of Franklin, Henry, Patrick, and Pittsylvania and the Cities of Danville and Martinsville – and Carroll County.
- Is targeted to some 7,000 former textile workers and their families.

## **Program Benefits**

- Program is available from June 1, 2000 to May 30, 2001.
- Qualified former textile workers will receive benefits for themselves and their spouses until the worker finds full-time employment or the program ends in May of 2001.
- Children (18 years or younger) are to be covered under the program created by the General Assembly in 1998 to provide health insurance for children of families whose income is less than 185 percent of poverty.
- Limited health insurance coverage for the unemployed worker and spouse is provided under the Cost Alliance option administered through the Local Choice health benefits program operated by the Virginia Department of Personnel and Training. The \$200 monthly premium per contract unit is paid by the state. Covered individuals are responsible for all customary co-payments and deductibles.

## **Program Administration**

- The Virginia Employment Commission will determine eligibility and issue the necessary authorizations to participate in the program.
- The Department of Personnel and Training will serve as the health plan administrator.
- The Department of Social Services will determine eligibility for the children's health insurance coverage.
- About \$12.3 million GF is proposed for the program.