

By Senator Lawson

6-1326-04

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A bill to be entitled  
An act relating to the retiree health insurance  
subsidy; amending s. 112.363, F.S.; increasing  
the minimum and maximum health insurance  
subsidies; increasing the contribution paid by  
employers of members in state-administered  
retirement plans; providing legislative  
findings; providing effective dates.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (3) and (8) of section 112.363,  
Florida Statutes, are amended to read:

112.363 Retiree health insurance subsidy.--

(3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--

(a) Beginning January 1, 1988, each eligible retiree  
or a beneficiary who is a spouse or financial dependent  
thereof shall receive a monthly retiree health insurance  
subsidy payment equal to the number of years of creditable  
service, as defined in s. 121.021(17), completed at the time  
of retirement multiplied by \$1; however, no retiree may  
receive a subsidy payment of more than \$30 or less than \$10.

(b) Beginning January 1, 1989, each eligible retiree  
or a beneficiary who is a spouse or financial dependent shall  
receive a monthly retiree health insurance subsidy payment  
equal to the number of years of creditable service, as defined  
in s. 121.021(17), completed at the time of retirement  
multiplied by \$2; however, no retiree may receive a subsidy  
payment of more than \$60 or less than \$20.

(c) Beginning January 1, 1991, each eligible retiree  
or a beneficiary who is a spouse or financial dependent shall

1 receive a monthly retiree health insurance subsidy payment  
2 equal to the number of years of creditable service, as defined  
3 in s. 121.021(17), completed at the time of retirement  
4 multiplied by \$3; however, no retiree may receive a subsidy  
5 payment of more than \$90 or less than \$30.

6 (d) Beginning January 1, 1999, each eligible retiree  
7 or, if the retiree is deceased, his or her beneficiary who is  
8 receiving a monthly benefit from such retiree's account and  
9 who is a spouse, or a person who meets the definition of joint  
10 annuitant in s. 121.021(28), shall receive a monthly retiree  
11 health insurance subsidy payment equal to the number of years  
12 of creditable service, as defined in s. 121.021(17), completed  
13 at the time of retirement multiplied by \$5; however, no  
14 eligible retiree or such beneficiary may receive a subsidy  
15 payment of more than \$150 or less than \$50. If there are  
16 multiple beneficiaries, the total payment must not be greater  
17 than the payment to which the retiree was entitled.

18 (e)1. Beginning July 1, 2001, each eligible retiree of  
19 the defined benefit program of the Florida Retirement System,  
20 or, if the retiree is deceased, his or her beneficiary who is  
21 receiving a monthly benefit from such retiree's account and  
22 who is a spouse, or a person who meets the definition of joint  
23 annuitant in s. 121.021(28), shall receive a monthly retiree  
24 health insurance subsidy payment equal to the number of years  
25 of creditable service, as defined in s. 121.021(17), completed  
26 at the time of retirement multiplied by \$5; however, no  
27 eligible retiree or beneficiary may receive a subsidy payment  
28 of more than \$150 or less than \$30. If there are multiple  
29 beneficiaries, the total payment must not be greater than the  
30 payment to which the retiree was entitled. The health  
31 insurance subsidy amount payable to any person receiving the

1 retiree health insurance subsidy payment on July 1, 2001,  
2 shall not be reduced solely by operation of this subparagraph.

3         2. Beginning July 1, 2002, each eligible participant  
4 of the Public Employee Optional Retirement Program of the  
5 Florida Retirement System who has met the requirements of this  
6 section, or, if the participant is deceased, his or her spouse  
7 who is the participant's designated beneficiary, shall receive  
8 a monthly retiree health insurance subsidy payment equal to  
9 the number of years of creditable service, as provided in this  
10 subparagraph, completed at the time of retirement, multiplied  
11 by \$5; however, no eligible retiree or beneficiary may receive  
12 a subsidy payment of more than \$150 or less than \$30. For  
13 purposes of determining a participant's creditable service  
14 used to calculate the health insurance subsidy, a  
15 participant's years of service credit or fraction thereof  
16 shall be based on the participant's work year as defined in s.  
17 121.021(54). Credit shall be awarded for a full work year  
18 whenever health insurance subsidy contributions have been made  
19 as required by law for each month in the participant's work  
20 year. In addition, all years of creditable service retained  
21 under the Florida Retirement System defined benefit program  
22 shall be included as creditable service for purposes of this  
23 section.

24         (f)1. Beginning January 1, 2005, each eligible retiree  
25 of the defined benefit program of the Florida Retirement  
26 System or, if the retiree is deceased, his or her beneficiary  
27 who is receiving a monthly benefit from such retiree's account  
28 and who is a spouse or a person who meets the definition of a  
29 joint annuitant in s. 121.021(28) shall receive a monthly  
30 retiree health insurance subsidy payment equal to the number  
31 of years of creditable service, as defined in s. 121.021(17),

1 completed at the time of retirement multiplied by \$7; however,  
2 an eligible retiree or beneficiary may not receive a subsidy  
3 payment of more than \$210 or less than \$42. If there are  
4 multiple beneficiaries, the total payment must not be greater  
5 than the payment to which the retiree was entitled. The health  
6 insurance subsidy amount payable to any person receiving the  
7 retiree health insurance subsidy payment on January 1, 2005,  
8 may not be reduced solely by operation of this subparagraph.

9 2. Beginning January 1, 2005, each eligible  
10 participant of the Public Employee Optional Retirement Program  
11 of the Florida Retirement System who has met the requirements  
12 of this section or, if the participant is deceased, his or her  
13 spouse who is the participant's designated beneficiary shall  
14 receive a monthly retiree health insurance subsidy equal to  
15 the number of years of creditable service, as provided in this  
16 subparagraph, completed at the time of retirement multiplied  
17 by \$7; however, an eligible retiree or beneficiary may not  
18 receive a subsidy payment of more than \$210 or less than \$42.  
19 For purposes of determining a participant's creditable service  
20 used to calculate the health insurance subsidy, a  
21 participant's years of service credit or fraction thereof  
22 shall be based on the participant's work year as defined in s.  
23 121.021(54). Credit shall be awarded for a full work year  
24 whenever health insurance subsidy contributions have been made  
25 as required by law for each month in the participant's work  
26 year. In addition, all years of creditable service retained  
27 under the Florida Retirement System defined benefit program  
28 shall be included as creditable service for purposes of this  
29 section.

30 (8) CONTRIBUTIONS.--For purposes of funding the  
31 insurance subsidy provided by this section:

1 (a) Beginning October 1, 1987, the employer of each  
2 member of a state-administered retirement plan shall  
3 contribute 0.24 percent of gross compensation each pay period.

4 (b) Beginning January 1, 1989, the employer of each  
5 member of a state-administered retirement plan shall  
6 contribute 0.48 percent of gross compensation each pay period.

7 (c) Beginning January 1, 1994, the employer of each  
8 member of a state-administered retirement plan shall  
9 contribute 0.56 percent of gross compensation each pay period.

10 (d) Beginning January 1, 1995, the employer of each  
11 member of a state-administered retirement plan shall  
12 contribute 0.66 percent of gross compensation each pay period.

13 (e) Beginning July 1, 1998, the employer of each  
14 member of a state-administered retirement plan shall  
15 contribute 0.94 percent of gross compensation each pay period.

16 (f) Beginning July 1, 2001, the employer of each  
17 member of a state-administered plan shall contribute 1.11  
18 percent of gross compensation each pay period.

19 (g) Beginning January 1, 2005, the employer of each  
20 member of a state-administered retirement plan shall  
21 contribute 1.55 percent of gross compensation each pay period.

22  
23 Such contributions shall be submitted to the Department of  
24 Management Services and deposited in the Retiree Health  
25 Insurance Subsidy Trust Fund.

26 Section 2. The Legislature finds that a proper and  
27 legitimate state purpose is served when employees and retirees  
28 of the state and of its political subdivisions, and the  
29 dependents, survivors, and beneficiaries of such employees and  
30 retirees, are extended the basic protections afforded by  
31 governmental retirement systems that provide fair and adequate

1 benefits that are managed, administered, and funded in an  
2 actuarially sound manner, as required by section 14, Article X  
3 of the State Constitution and part VII of chapter 112, Florida  
4 Statutes. Therefore, the Legislature determines and declares  
5 that this act fulfills an important state interest.

6 Section 3. This act shall take effect upon becoming a  
7 law.

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SENATE SUMMARY

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Increases the health insurance subsidy for members of state-administered retirement systems to \$7 per year of creditable service, with a minimum benefit of \$42 a month and a maximum of \$210 a month.