

By the Committee on Governmental Oversight and Productivity;
and Senators Lawson, Dockery, Crist and Argenziano

585-1860-05

1 A bill to be entitled

2 An act relating to the retiree health insurance

3 subsidy; amending s. 112.363, F.S.; increasing

4 the minimum and maximum health insurance

5 subsidies; providing for an annual

6 cost-of-living adjustment to the subsidy;

7 increasing the contribution paid by employers

8 of members in state-administered retirement

9 plans; providing legislative findings;

10 providing effective dates.

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

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14 Section 1. Subsections (3) and (8) of section 112.363,

15 Florida Statutes, are amended to read:

16 112.363 Retiree health insurance subsidy.--

17 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--

18 (a) Beginning January 1, 1988, each eligible retiree

19 or a beneficiary who is a spouse or financial dependent

20 thereof shall receive a monthly retiree health insurance

21 subsidy payment equal to the number of years of creditable

22 service, as defined in s. 121.021(17), completed at the time

23 of retirement multiplied by \$1; however, no retiree may

24 receive a subsidy payment of more than \$30 or less than \$10.

25 (b) Beginning January 1, 1989, each eligible retiree

26 or a beneficiary who is a spouse or financial dependent shall

27 receive a monthly retiree health insurance subsidy payment

28 equal to the number of years of creditable service, as defined

29 in s. 121.021(17), completed at the time of retirement

30 multiplied by \$2; however, no retiree may receive a subsidy

31 payment of more than \$60 or less than \$20.

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

1 (c) Beginning January 1, 1991, each eligible retiree
2 or a beneficiary who is a spouse or financial dependent shall
3 receive a monthly retiree health insurance subsidy payment
4 equal to the number of years of creditable service, as defined
5 in s. 121.021(17), completed at the time of retirement
6 multiplied by \$3; however, no retiree may receive a subsidy
7 payment of more than \$90 or less than \$30.

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

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

1 | payment to which the retiree was entitled. The health
2 | insurance subsidy amount payable to any person receiving the
3 | retiree health insurance subsidy payment on July 1, 2001,
4 | shall not be reduced solely by operation of this subparagraph.

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

30 | ~~(f)1.~~ Beginning January 1, 2006, each eligible retiree
31 | of the defined benefit program of the Florida Retirement

1 System or, if the retiree is deceased, his or her beneficiary
2 who is receiving a monthly benefit from such retiree's account
3 and who is a spouse or a person who meets the definition of a
4 joint annuitant in s. 121.021 shall receive a monthly retiree
5 health insurance subsidy payment equal to the number of years
6 of creditable service, as defined in s. 121.021, completed at
7 the time of retirement multiplied by \$6; however, an eligible
8 retiree or beneficiary may not receive a subsidy payment of
9 more than \$180 or less than \$36. If there are multiple
10 beneficiaries, the total payment must not be greater than the
11 payment to which the retiree was entitled. Notwithstanding any
12 other provision in this section to the contrary, the spouse at
13 the time of death shall be the participant's beneficiary
14 unless such participant has designated a different beneficiary
15 subsequent to the participant's most recent marriage. The
16 health insurance subsidy amount payable to any person
17 receiving the retiree health insurance subsidy payment on
18 January 1, 2005, may not be reduced solely by operation of
19 this subparagraph.

20 2. Beginning January 1, 2006, each eligible
21 participant of the Public Employee Optional Retirement Program
22 of the Florida Retirement System who has met the requirements
23 of this section or, if the participant is deceased, his or her
24 spouse who is the participant's designated beneficiary shall
25 receive a monthly retiree health insurance subsidy equal to
26 the number of years of creditable service, as provided in this
27 subparagraph, completed at the time of retirement multiplied
28 by \$6; however, an eligible retiree or beneficiary may not
29 receive a subsidy payment of more than \$180 or less than \$36.
30 For purposes of determining a participant's creditable service
31 used to calculate the health insurance subsidy, a

1 participant's years of service credit or fraction thereof
2 shall be based on the participant's work year as defined in s.
3 121.021. Credit shall be awarded for a full work year whenever
4 health insurance subsidy contributions have been made as
5 required by law for each month in the participant's work year.
6 In addition, all years of creditable service retained under
7 the Florida Retirement System defined benefit program shall be
8 included as creditable service for purposes of this section.
9 Notwithstanding any other provision in this section to the
10 contrary, the spouse at the time of death shall be the
11 participant's beneficiary unless such participant has
12 designated a different beneficiary subsequent to the
13 participant's most recent marriage.

14 (g)1. Beginning January 1, 2007, each eligible retiree
15 of the defined benefit program of the Florida Retirement
16 System or, if the retiree is deceased, his or her beneficiary
17 who is receiving a monthly benefit from such retiree's account
18 and who is a spouse or a person who meets the definition of a
19 joint annuitant in s. 121.021 shall receive a monthly retiree
20 health insurance subsidy payment equal to the number of years
21 of creditable service, as defined in s. 121.021, completed at
22 the time of retirement multiplied by \$7; however, an eligible
23 retiree or beneficiary may not receive a subsidy payment of
24 more than \$210 or less than \$42. If there are multiple
25 beneficiaries, the total payment must not be greater than the
26 payment to which the retiree was entitled. Notwithstanding any
27 other provision in this section to the contrary, the spouse at
28 the time of death shall be the participant's beneficiary
29 unless such participant has designated a different beneficiary
30 subsequent to the participant's most recent marriage. The
31 health insurance subsidy amount payable to any person

1 receiving the retiree health insurance subsidy payment on
2 January 1, 2005, may not be reduced solely by operation of
3 this subparagraph.

4 2. Beginning January 1, 2007, each eligible
5 participant of the Public Employee Optional Retirement Program
6 of the Florida Retirement System who has met the requirements
7 of this section or, if the participant is deceased, his or her
8 spouse who is the participant's designated beneficiary shall
9 receive a monthly retiree health insurance subsidy equal to
10 the number of years of creditable service, as provided in this
11 subparagraph, completed at the time of retirement multiplied
12 by \$7; however, an eligible retiree or beneficiary may not
13 receive a subsidy payment of more than \$210 or less than \$42.
14 For purposes of determining a participant's creditable service
15 used to calculate the health insurance subsidy, a
16 participant's years of service credit or fraction thereof
17 shall be based on the participant's work year as defined in s.
18 121.021. Credit shall be awarded for a full work year whenever
19 health insurance subsidy contributions have been made as
20 required by law for each month in the participant's work year.
21 In addition, all years of creditable service retained under
22 the Florida Retirement System defined benefit program shall be
23 included as creditable service for purposes of this section.
24 Notwithstanding any other provision in this section to the
25 contrary, the spouse at the time of death shall be the
26 participant's beneficiary unless such participant has
27 designated a different beneficiary subsequent to the
28 participant's most recent marriage.

29 (8) CONTRIBUTIONS.--For purposes of funding the
30 insurance subsidy provided by this section:
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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, 2006, the employer of each
20 member of a state-administered retirement plan shall
21 contribute 1.75 percent of gross compensation each pay period.

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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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9 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
10 COMMITTEE SUBSTITUTE FOR
11 Senate Bill 2266

12 The Committee Substitute provides a two-step HIS subsidy
13 increase. The first step, from \$5 to \$6, occurs January 1,
14 2006 while the second step increase to \$7 occurs January 1,
15 2007. The CS funds the full increase beginning July 1, 2006 by
16 raising the employer contribution rate from 1.11% to 1.75% of
17 payroll.
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