

CHAMBER ACTION

1 The Local Government Council recommends the following:

2  
3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to retiree health insurance subsidy;  
7 amending s. 112.363, F.S.; revising provisions for  
8 determination of the amount of the subsidy for retirees of  
9 the defined benefit program and eligible participants of  
10 the Public Employee Optional Retirement Program of the  
11 Florida Retirement System or their beneficiaries;  
12 providing that the spouse at the time of a Florida  
13 Retirement System participant's death is considered the  
14 beneficiary for purposes of the retiree health insurance  
15 subsidy unless a different beneficiary has been  
16 designated; revising the contribution paid by employers of  
17 state-administered retirement plans; providing a finding  
18 of important state interest; providing an effective date.

19  
20 Be It Enacted by the Legislature of the State of Florida:  
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22 Section 1. Paragraphs (f) and (g) are added to subsection  
23 (3) of section 112.363, Florida Statutes, and paragraphs (g) and  
24 (h) are added to subsection (8) of said section, to read:

25 112.363 Retiree health insurance subsidy.--

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

27 (f)1. Beginning January 1, 2006, each eligible retiree of  
28 the defined benefit program of the Florida Retirement System or,  
29 if the retiree is deceased, his or her beneficiary who is  
30 receiving a monthly benefit from such retiree's account and who  
31 is a spouse or a person who meets the definition of a joint  
32 annuitant in s. 121.021 shall receive a monthly retiree health  
33 insurance subsidy payment equal to the number of years of  
34 creditable service, as defined in s. 121.021, completed at the  
35 time of retirement multiplied by \$6; however, an eligible  
36 retiree or beneficiary may not receive a subsidy payment of more  
37 than \$180 or less than \$36. If there are multiple beneficiaries,  
38 the total payment must not be greater than the payment to which  
39 the retiree was entitled. Notwithstanding any other provision in  
40 this section, the spouse at the time of death shall be the  
41 participant's beneficiary unless such participant has designated  
42 a different beneficiary subsequent to the participant's most  
43 recent marriage. The health insurance subsidy amount payable to  
44 any person receiving the retiree health insurance subsidy  
45 payment on January 1, 2005, may not be reduced solely by  
46 operation of this subparagraph.

47 2. Beginning January 1, 2006, each eligible participant of  
48 the Public Employee Optional Retirement Program of the Florida  
49 Retirement System who has met the requirements of this section

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50 or, if the participant is deceased, his or her spouse who is the  
51 participant's designated beneficiary shall receive a monthly  
52 retiree health insurance subsidy equal to the number of years of  
53 creditable service, as provided in this subparagraph, completed  
54 at the time of retirement multiplied by \$6; however, an eligible  
55 retiree or beneficiary may not receive a subsidy payment of more  
56 than \$180 or less than \$36. For purposes of determining a  
57 participant's creditable service used to calculate the health  
58 insurance subsidy, a participant's years of service credit or  
59 fraction thereof shall be based on the participant's work year  
60 as defined in s. 121.021. Credit shall be awarded for a full  
61 work year whenever health insurance subsidy contributions have  
62 been made as required by law for each month in the participant's  
63 work year. In addition, all years of creditable service retained  
64 under the Florida Retirement System defined benefit program  
65 shall be included as creditable service for purposes of this  
66 section. Notwithstanding any other provision in this section,  
67 the spouse at the time of death shall be the participant's  
68 beneficiary unless such participant has designated a different  
69 beneficiary subsequent to the participant's most recent  
70 marriage.

71 (g)1. Beginning January 1, 2007, each eligible retiree of  
72 the defined benefit program of the Florida Retirement System or,  
73 if the retiree is deceased, his or her beneficiary who is  
74 receiving a monthly benefit from such retiree's account and who  
75 is a spouse or a person who meets the definition of a joint  
76 annuitant in s. 121.021 shall receive a monthly retiree health  
77 insurance subsidy payment equal to the number of years of

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78 | creditable service, as defined in s. 121.021, completed at the  
79 | time of retirement multiplied by \$7; however, an eligible  
80 | retiree or beneficiary may not receive a subsidy payment of more  
81 | than \$210 or less than \$42. If there are multiple beneficiaries,  
82 | the total payment must not be greater than the payment to which  
83 | the retiree was entitled. Notwithstanding any other provision in  
84 | this section, the spouse at the time of death shall be the  
85 | participant's beneficiary unless such participant has designated  
86 | a different beneficiary subsequent to the participant's most  
87 | recent marriage. The health insurance subsidy amount payable to  
88 | any person receiving the retiree health insurance subsidy  
89 | payment on January 1, 2005, may not be reduced solely by  
90 | operation of this subparagraph.

91 | 2. Beginning January 1, 2007, each eligible participant of  
92 | the Public Employee Optional Retirement Program of the Florida  
93 | Retirement System who has met the requirements of this section  
94 | or, if the participant is deceased, his or her spouse who is the  
95 | participant's designated beneficiary shall receive a monthly  
96 | retiree health insurance subsidy equal to the number of years of  
97 | creditable service, as provided in this subparagraph, completed  
98 | at the time of retirement multiplied by \$7; however, an eligible  
99 | retiree or beneficiary may not receive a subsidy payment of more  
100 | than \$210 or less than \$42. For purposes of determining a  
101 | participant's creditable service used to calculate the health  
102 | insurance subsidy, a participant's years of service credit or  
103 | fraction thereof shall be based on the participant's work year  
104 | as defined in s. 121.021. Credit shall be awarded for a full  
105 | work year whenever health insurance subsidy contributions have

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

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106 been made as required by law for each month in the participant's  
107 work year. In addition, all years of creditable service retained  
108 under the Florida Retirement System defined benefit program  
109 shall be included as creditable service for purposes of this  
110 section. Notwithstanding any other provision in this section,  
111 the spouse at the time of death shall be the participant's  
112 beneficiary unless such participant has designated a different  
113 beneficiary subsequent to the participant's most recent  
114 marriage.

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

117 (g) Beginning July 1, 2005, the employer of each member of  
118 a state-administered retirement plan shall contribute 1.22  
119 percent of gross compensation each pay period.

120 (h) Beginning July 1, 2006, the employer of each member of  
121 a state-administered retirement plan shall contribute 1.66  
122 percent of gross compensation each pay period.

123  
124 Such contributions shall be submitted to the Department of  
125 Management Services and deposited in the Retiree Health  
126 Insurance Subsidy Trust Fund.

127 Section 2. The Legislature finds that a proper and  
128 legitimate state purpose is served when employees and retirees  
129 of the state and of its political subdivisions, and the  
130 dependents, survivors, and beneficiaries of such employees and  
131 retirees, are extended the basic protections afforded by  
132 governmental retirement systems that provide fair and adequate  
133 benefits that are managed, administered, and funded in an

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134 | actuarially sound manner, as required by s. 14, Art. X of the  
135 | State Constitution and part VII of chapter 112, Florida  
136 | Statutes. Therefore, the Legislature determines and declares  
137 | that this act fulfills an important state interest.

138 |       Section 3. This act shall take effect upon becoming a law.