## Florida Senate - 2007

By Senator Lawson

6-120-07

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 a cost-of-living
6	adjustment to the subsidy; increasing the
7	contribution paid by employers of members in
8	state-administered retirement plans; providing
9	legislative findings; providing effective
10	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.

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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

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1 payment to which the retiree was entitled. The health 2 insurance subsidy amount payable to any person receiving the retiree health insurance subsidy payment on July 1, 2001, 3 shall not be reduced solely by operation of this subparagraph. 4 2. Beginning July 1, 2002, each eligible participant 5 б 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 who is the participant's designated beneficiary, shall receive 9 a monthly retiree health insurance subsidy payment equal to 10 the number of years of creditable service, as provided in this 11 12 subparagraph, completed at the time of retirement, multiplied 13 by \$5; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. For 14 purposes of determining a participant's creditable service 15 used to calculate the health insurance subsidy, a 16 17 participant's years of service credit or fraction thereof 18 shall be based on the participant's work year as defined in s. 121.021(54). Credit shall be awarded for a full work year 19 whenever health insurance subsidy contributions have been made 20 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 shall be included as creditable service for purposes of this 2.4 section. Notwithstanding any other provision in this section 25 26 to the contrary, the spouse at the time of death shall be the 27 participant's beneficiary unless such participant has 2.8 designated a different beneficiary subsequent to the 29 participant's most recent marriage. 30 (f)1. Beginning January 1, 2008, each eligible retiree of the defined benefit program of the Florida Retirement 31

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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, 2007, may not be reduced solely by operation of
19	this subparagraph.
20	2. Beginning January 1, 2008, 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

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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.
б	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	(q)1. Beginning January 1, 2009, 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
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1 receiving the retiree health insurance subsidy payment on 2 January 1, 2007, may not be reduced solely by operation of 3 this subparagraph. 4 2. Beginning January 1, 2009, each eligible participant of the Public Employee Optional Retirement Program 5 6 of the Florida Retirement System who has met the requirements 7 of this section or, if the participant is deceased, his or her spouse who is the participant's designated beneficiary shall 8 receive a monthly retiree health insurance subsidy equal to 9 10 the number of years of creditable service, as provided in this subparagraph, completed at the time of retirement multiplied 11 12 by \$7; however, an eligible retiree or beneficiary may not 13 receive a subsidy payment of more than \$210 or less than \$42. For 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 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 health insurance subsidy contributions have been made as 19 required by law for each month in the participant's work year. 2.0 21 In addition, all years of creditable service retained under 2.2 the Florida Retirement System defined benefit program shall be 23 included as creditable service for purposes of this section. Notwithstanding any other provision in this section to the 2.4 contrary, the spouse at the time of death shall be the 25 participant's beneficiary unless such participant has 26 27 designated a different beneficiary subsequent to the 2.8 participant's most recent marriage. 29 (8) CONTRIBUTIONS. -- For purposes of funding the 30 insurance subsidy provided by this section: 31

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1 (a) Beginning October 1, 1987, the employer of each 2 member of a state-administered retirement plan shall contribute 0.24 percent of gross compensation each pay period. 3 4 (b) Beginning January 1, 1989, the employer of each member of a state-administered retirement plan shall 5 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 contribute 0.56 percent of gross compensation each pay period. 9 10 (d) Beginning January 1, 1995, the employer of each member of a state-administered retirement plan shall 11 12 contribute 0.66 percent of gross compensation each pay period. 13 (e) Beginning July 1, 1998, the employer of each member of a state-administered retirement plan shall 14 contribute 0.94 percent of gross compensation each pay period. 15 (f) Beginning July 1, 2001, the employer of each 16 17 member of a state-administered plan shall contribute 1.11 18 percent of gross compensation each pay period. 19 (g) Beginning January 1, 2008, the employer of each member of a state-administered retirement plan shall 20 21 contribute 1.75 percent of gross compensation each pay period. 22 23 Such contributions shall be submitted to the Department of Management Services and deposited in the Retiree Health 2.4 25 Insurance Subsidy Trust Fund. Section 2. The Legislature finds that a proper and 26 27 legitimate state purpose is served when employees and retirees 2.8 of the state and of its political subdivisions, and the dependents, survivors, and beneficiaries of such employees and 29 retirees, are extended the basic protections afforded by 30 governmental retirement systems that provide fair and adequate 31

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benefits that are managed, administered, and funded in an actuarially sound manner, as required by Section 14, Article X of the State Constitution and part VII of chapter 112, Florida Statutes. Therefore, the Legislature determines and declares that this act fulfills an important state interest. б Section 3. This act shall take effect upon becoming a law. SENATE SUMMARY Increases the retiree health insurance subsidies beginning January 1, 2008. Provides for a cost-of-living adjustment. Increases the contribution paid by employers of members in state-administered retirement plans.