

By Senator Lawson

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1 A bill to be entitled

2 An act relating to the retiree health insurance subsidy;
3 amending s. 112.363, F.S.; increasing the minimum and
4 maximum health insurance subsidies; providing for a cost-
5 of-living adjustment to the subsidy; increasing the
6 contribution paid by employers of members in state-
7 administered retirement plans; providing legislative
8 findings; providing effective dates.

9
10 Be It Enacted by the Legislature of the State of Florida:

11
12 Section 1. Subsections (3) and (8) of section 112.363,
13 Florida Statutes, are amended to read:

14 112.363 Retiree health insurance subsidy.--

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

16 (a) Beginning January 1, 1988, each eligible retiree or a
17 beneficiary who is a spouse or financial dependent thereof shall
18 receive a monthly retiree health insurance subsidy payment equal
19 to the number of years of creditable service, as defined in s.
20 121.021(17), completed at the time of retirement multiplied by
21 \$1; however, no retiree may receive a subsidy payment of more
22 than \$30 or less than \$10.

23 (b) Beginning January 1, 1989, each eligible retiree or a
24 beneficiary who is a spouse or financial dependent shall receive
25 a monthly retiree health insurance subsidy payment equal to the
26 number of years of creditable service, as defined in s.
27 121.021(17), completed at the time of retirement multiplied by
28 \$2; however, no retiree may receive a subsidy payment of more
29 than \$60 or less than \$20.

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30 (c) Beginning January 1, 1991, each eligible retiree or a
31 beneficiary who is a spouse or financial dependent shall receive
32 a monthly retiree health insurance subsidy payment equal to the
33 number of years of creditable service, as defined in s.

34 121.021(17), completed at the time of retirement multiplied by
35 \$3; however, no retiree may receive a subsidy payment of more
36 than \$90 or less than \$30.

37 (d) Beginning January 1, 1999, each eligible retiree or, if
38 the retiree is deceased, his or her beneficiary who is receiving
39 a monthly benefit from such retiree's account and who is a
40 spouse, or a person who meets the definition of joint annuitant
41 in s. 121.021(28), shall receive a monthly retiree health
42 insurance subsidy payment equal to the number of years of
43 creditable service, as defined in s. 121.021(17), completed at
44 the time of retirement multiplied by \$5; however, no eligible
45 retiree or such beneficiary may receive a subsidy payment of more
46 than \$150 or less than \$50. If there are multiple beneficiaries,
47 the total payment must not be greater than the payment to which
48 the retiree was entitled.

49 (e)1. Beginning July 1, 2001, each eligible retiree of the
50 defined benefit program of the Florida Retirement System, or, if
51 the retiree is deceased, his or her beneficiary who is receiving
52 a monthly benefit from such retiree's account and who is a
53 spouse, or a person who meets the definition of joint annuitant
54 in s. 121.021(28), shall receive a monthly retiree health
55 insurance subsidy payment equal to the number of years of
56 creditable service, as defined in s. 121.021(17), completed at
57 the time of retirement multiplied by \$5; however, no eligible
58 retiree or beneficiary may receive a subsidy payment of more than

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59 | \$150 or less than \$30. If there are multiple beneficiaries, the
60 | total payment must not be greater than the payment to which the
61 | retiree was entitled. The health insurance subsidy amount
62 | payable to any person receiving the retiree health insurance
63 | subsidy payment on July 1, 2001, shall not be reduced solely by
64 | operation of this subparagraph.

65 | 2. Beginning July 1, 2002, each eligible participant of the
66 | Public Employee Optional Retirement Program of the Florida
67 | Retirement System who has met the requirements of this section,
68 | or, if the participant is deceased, his or her spouse who is the
69 | participant's designated beneficiary, shall receive a monthly
70 | retiree health insurance subsidy payment equal to the number of
71 | years of creditable service, as provided in this subparagraph,
72 | completed at the time of retirement, multiplied by \$5; however,
73 | no eligible retiree or beneficiary may receive a subsidy payment
74 | of more than \$150 or less than \$30. For purposes of determining
75 | a participant's creditable service used to calculate the health
76 | insurance subsidy, a participant's years of service credit or
77 | fraction thereof shall be based on the participant's work year as
78 | defined in s. 121.021(54). Credit shall be awarded for a full
79 | work year whenever health insurance subsidy contributions have
80 | been made as required by law for each month in the participant's
81 | work year. In addition, all years of creditable service retained
82 | under the Florida Retirement System defined benefit program shall
83 | be included as creditable service for purposes of this section.
84 | Notwithstanding any other provision in this section to the
85 | contrary, the spouse at the time of death shall be the
86 | participant's beneficiary unless such participant has designated
87 | a different beneficiary subsequent to the participant's most

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88 recent marriage.

89 (f)1. Beginning January 1, 2009, each eligible retiree of
90 the defined benefit program of the Florida Retirement System or,
91 if the retiree is deceased, his or her beneficiary who is
92 receiving a monthly benefit from such retiree's account and who
93 is a spouse or a person who meets the definition of a joint
94 annuitant in s. 121.021 shall receive a monthly retiree health
95 insurance subsidy payment equal to the number of years of
96 creditable service, as defined in s. 121.021, completed at the
97 time of retirement multiplied by \$6; however, an eligible retiree
98 or beneficiary may not receive a subsidy payment of more than
99 \$180 or less than \$36. If there are multiple beneficiaries, the
100 total payment must not be greater than the payment to which the
101 retiree was entitled. Notwithstanding any other provision in this
102 section to the contrary, the spouse at the time of death shall be
103 the participant's beneficiary unless such participant has
104 designated a different beneficiary subsequent to the
105 participant's most recent marriage. The health insurance subsidy
106 amount payable to any person receiving the retiree health
107 insurance subsidy payment on January 1, 2008, may not be reduced
108 solely by operation of this subparagraph.

109 2. Beginning January 1, 2009, each eligible participant of
110 the Public Employee Optional Retirement Program of the Florida
111 Retirement System who has met the requirements of this section
112 or, if the participant is deceased, his or her spouse who is the
113 participant's designated beneficiary shall receive a monthly
114 retiree health insurance subsidy equal to the number of years of
115 creditable service, as provided in this subparagraph, completed
116 at the time of retirement multiplied by \$6; however, an eligible

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117 retiree or beneficiary may not receive a subsidy payment of more
118 than \$180 or less than \$36. For purposes of determining a
119 participant's creditable service used to calculate the health
120 insurance subsidy, a participant's years of service credit or
121 fraction thereof shall be based on the participant's work year as
122 defined in s. 121.021. Credit shall be awarded for a full work
123 year whenever health insurance subsidy contributions have been
124 made as required by law for each month in the participant's work
125 year. In addition, all years of creditable service retained under
126 the Florida Retirement System defined benefit program shall be
127 included as creditable service for purposes of this section.
128 Notwithstanding any other provision in this section to the
129 contrary, the spouse at the time of death shall be the
130 participant's beneficiary unless such participant has designated
131 a different beneficiary subsequent to the participant's most
132 recent marriage.

133 (g)1. Beginning January 1, 2010, each eligible retiree of
134 the defined benefit program of the Florida Retirement System or,
135 if the retiree is deceased, his or her beneficiary who is
136 receiving a monthly benefit from such retiree's account and who
137 is a spouse or a person who meets the definition of a joint
138 annuitant in s. 121.021 shall receive a monthly retiree health
139 insurance subsidy payment equal to the number of years of
140 creditable service, as defined in s. 121.021, completed at the
141 time of retirement multiplied by \$7; however, an eligible retiree
142 or beneficiary may not receive a subsidy payment of more than
143 \$210 or less than \$42. If there are multiple beneficiaries, the
144 total payment must not be greater than the payment to which the
145 retiree was entitled. Notwithstanding any other provision in this

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146 section to the contrary, the spouse at the time of death shall be
147 the participant's beneficiary unless such participant has
148 designated a different beneficiary subsequent to the
149 participant's most recent marriage. The health insurance subsidy
150 amount payable to any person receiving the retiree health
151 insurance subsidy payment on January 1, 2008, may not be reduced
152 solely by operation of this subparagraph.

153 2. Beginning January 1, 2010, each eligible participant of
154 the Public Employee Optional Retirement Program of the Florida
155 Retirement System who has met the requirements of this section
156 or, if the participant is deceased, his or her spouse who is the
157 participant's designated beneficiary shall receive a monthly
158 retiree health insurance subsidy equal to the number of years of
159 creditable service, as provided in this subparagraph, completed
160 at the time of retirement multiplied by \$7; however, an eligible
161 retiree or beneficiary may not receive a subsidy payment of more
162 than \$210 or less than \$42. For purposes of determining a
163 participant's creditable service used to calculate the health
164 insurance subsidy, a participant's years of service credit or
165 fraction thereof shall be based on the participant's work year as
166 defined in s. 121.021. Credit shall be awarded for a full work
167 year whenever health insurance subsidy contributions have been
168 made as required by law for each month in the participant's work
169 year. In addition, all years of creditable service retained under
170 the Florida Retirement System defined benefit program shall be
171 included as creditable service for purposes of this section.
172 Notwithstanding any other provision in this section to the
173 contrary, the spouse at the time of death shall be the
174 participant's beneficiary unless such participant has designated

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175 a different beneficiary subsequent to the participant's most
176 recent marriage.

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

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

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

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

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

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

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

197 (g) Beginning January 1, 2009, the employer of each member
198 of a state-administered retirement plan shall contribute 1.75
199 percent of gross compensation each pay period.

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201 Such contributions shall be submitted to the Department of
202 Management Services and deposited in the Retiree Health Insurance
203 Subsidy Trust Fund.

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204 Section 2. The Legislature finds that a proper and
205 legitimate state purpose is served when employees and retirees of
206 the state and of its political subdivisions, and the dependents,
207 survivors, and beneficiaries of such employees and retirees, are
208 extended the basic protections afforded by governmental
209 retirement systems that provide fair and adequate benefits that
210 are managed, administered, and funded in an actuarially sound
211 manner, as required by Section 14, Article X of the State
212 Constitution and part VII of chapter 112, Florida Statutes.
213 Therefore, the Legislature determines and declares that this act
214 fulfills an important state interest.

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